

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES AND PROCEDURES

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POLICIES & PROCEDURES MANUAL

Subject: **COVERED EMPLOYEES/GROUPS/BOARD MEMBERS**

Section: **1.1**

Employee Groups

The term "Employee Group" as used in these regulations, is defined as one of the following:

- A. The Superintendent, Management Employees, Supervisory Employees, Confidential Employees and Retirees;
- B. Any group defined as an "Employee Group" in an existing applicable collective Bargaining agreement; and
- C. Temporary, substitute, adjunct and seasonal employees.

Individuals who are on a contract for services, including independent contractors, and/or who are not paid and reported on the district payroll are not eligible for coverage as an employee.

Retired employees generally follow the group from which they retired. Districts may, however, treat all retirees from all groups as one group and offer a single benefit plan for all retirees (See also, "Retirees").

Full-time Covered Employees

For purposes of this policy, "full-time" is any employee entitled to 100% of the employer contribution towards the employee's medical, dental and/or vision benefits and as defined in the collective bargaining agreement, memorandum of understanding, employer policy, administrative regulation, etc., which outlines the medical, dental and vision benefits provided to the employee.

Each participating district is responsible for the payment to the JPA of a full medical premium (for one of the plans offered to the individual's Employee Group) for each full-time employee of the district that is in a paid status and who is included in Employee Groups A and B, above. Individuals for whom an exception was made at the time of the May 21, 1986 motion are exempted.

Each participating district is responsible for the payment to the JPA of a full dental and or vision premium (for the plan offered to the individual's Employee Group) for every full-time employee of the district that is in a paid status and who is included in Employee Groups A and B, above.

Full-time employees included in Employee Groups A and B, above, may not opt out of the bargained coverage.

If more than one family member is a covered employee of a JPA district, that district must pay the premium for the plan offered to each individual's Employee Group.

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POLICIES & PROCEDURES MANUAL

Subject: **COVERED EMPLOYEES/GROUPS/BOARD MEMBERS**

Section: **1.1**

Less than Full-Time Covered Employees

The District will determine eligible less than full-time covered employees. The person who is named as "the insured" must be an employee, Board member or a retired employee or Board member. Less than full-time employees must enroll within 31 days from the date they become eligible.

School Board Members

Coverage for School Board members is at the option of each district.

If offered by the district, new School Board members have 31 days to elect coverage.

1. School Board members who initially elect not to participate may enroll during a subsequent open enrollment period.

A School Board member can enroll the first of the following month with proof of loss of Coverage.

2. Once enrolled in the program, no School Board member can opt out of the program and later re-enroll without proof of loss of coverage.
3. BSSP insurance is secondary to any other insurance except in the following instance:

School Board members with Medicare and premiums paid by their District, County Office or College District will have Medicare secondary to other coverage.

Individuals on COBRA

An individual enrolled in a BSSP plan under the provisions of The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) is not considered to be an active employee.

Conformity to Self-Insured Schools of California (SISC)

The policies, procedures, guidelines and criteria, etc. as adopted by SISC will supersede those of BSSP with respect to coverage provided in a SISC program through BSSP. SISC guidelines will apply to benefits programs administered through SISC as well as those programs administered independent of SISC.

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POLICIES & PROCEDURES MANUAL

Subject: **RETIREEES**

Section: **1.2**

Note: All provisions of this policy require continuous coverage as an employee, retiree or dependent spouse under a BSSP medical plan unless otherwise excepted below.

- A. Coverage for retired employees is at the option of each district. Contributions may be paid by the retiree and/or the district but all contributions will be remitted to BSSP JPA by the district.
- B. A retiree must qualify for retirement according to the district requirements or the requirements of the State Teachers' Retirement System (STRS) or the Public Employees' Retirement System (PERS).
- C. Retirees and their covered spouses/registered domestic partners and dependent children must secure Medicare Parts A and B when eligible.
- D. Retirees and/or covered spouses/registered domestic partners who discontinue coverage may not re-enroll in any plan unless:
 - 1. The individual becomes an eligible employee or the spouse/registered domestic partner of another individual covered under either an active or retiree plan of BSSP JPA; or
 - 2. The spouse/registered domestic partner provides proof of creditable coverage terminating immediately prior to the enrollment date.

The provisions of policy 1.8, Break in Coverage, do not apply to a retiree or the spouse/registered domestic partner of a retiree.

- E. Where both spouses have the option of retiree coverage from the same or different member districts of BSSP JPA:
 - 1. Each spouse/registered domestic partner may enroll in an individual retiree plan under his/her member district; or
 - 2. The couple may enroll in a retiree plan under the member district of one of the spouses/registered domestic partners.
 - a. When coverage for the spouse/registered domestic partner under which the couple is enrolled terminates:
 - i. The couple may enroll a retiree plan under the member district of the other spouse/registered domestic partner, or
 - ii. The individuals may enroll in individual plans under their respective member districts.
 - b. Upon the death of the spouse/registered domestic partner under which the coverage is provided, the surviving spouse/registered domestic partner may enroll in an individual retiree plan under his/her member district.

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POLICIES & PROCEDURES MANUAL

Subject: **RETIREEES**

Section: **1.2**

3. Upon dissolution of the marriage or termination of the domestic partnership, each individual may enroll in an individual plan under his/her member district.
- F. CONFORMITY TO SELF-INSURED SCHOOLS OF CALIFORNIA (SISC): SISC guidelines will apply to benefits programs administered through SISC as well as those programs administered independent of SISC.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **ELIGIBILITY**

Section: **1.4**

INSUREDS: An “insured” must be an employee, board member, or a retired employee or board member of the member district. Each member district may set eligibility standards for insureds who receive coverage from that district. The standards set by the district must not conflict with the regulations established in this manual.

An "employee" must meet the IRS definition of an employee and must be on the district payroll. Individuals who are on a contract for services, including independent contractors, and/or who are not paid and reported on the district payroll are not eligible for coverage as an employee.

An updated copy of the district's eligibility language for each bargaining unit must be forwarded to the JPA Executive Director annually. Changes in eligibility must be approved in writing by BSSP, and SISC where applicable, prior to implementation.

DATES OF COVERAGE:

- A. An employee is eligible for coverage on one of the following dates as selected by the employee’s member district:
 - 1. Date of hire;
 - 2. First of the month following date of hire; or
 - 3. First of the month following employee’s initial administrative period in accordance with the provision of the Patient Protection and Affordable Care Act.

- B. A dependent is eligible for coverage on the later of the date the:
 - 1. Employee becomes eligible for coverage; or
 - 2. Dependent qualifies as such under this policy.

DEPENDENTS

- A. The following are eligible to enroll as dependents:
 - 1. The employee’s spouse or registered domestic partner; and
 - 2. The employee’s or the employee’s spouse’s or registered domestic partner’s child.

- B. Definition of Dependents
 - 1. Spouse is the employee's spouse as recognized by any state. Spouse does not include any person who is in active service in the armed forces.

 - 2. Registered domestic partner is an individual who has filed, along with the employee, a Declaration of Domestic Partnership with the State of California, or a similar declaration issued by another state.

 - 3. Child is the employee’s, spouse's or registered domestic partner’s natural child, stepchild, or legally adopted child, subject to the following:
 - a. The child is under 26 years of age. Coverage will terminate on the last day of the month in which the child turns age 26.

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POLICIES & PROCEDURES MANUAL

Subject: **ELIGIBILITY**

Section: **1.4**

- b. The unmarried child is 26 years of age, or more and: (i) was covered under the prior plan, or has six or more months of creditable coverage, (ii) is claimed as a dependent on the employee's prior year's federal income tax return, and (iii) is incapable of self-sustaining employment due to a physical or mental condition. A physician must certify in writing that the child is incapable of self-sustaining employment due to a physical or mental condition. The certification must be received, at no expense, within 60-days of the date the employee receives the request. BSSP may request proof of continuing dependency and that a physical or mental condition still exists, but not more often than once each year after the initial certification. This exception will last until the child is no longer chiefly dependent on the employee, spouse or domestic partner for support and maintenance due to a continuing physical or mental condition.
- c. A child who is in the process of being adopted is considered a legally adopted child if the district receives legal evidence of: (i) the intent to adopt; and (ii) the employee's, spouse's or registered domestic partner's: (a) right to control the health care of the child; or (b) assumption of a legal obligation for full or partial financial responsibility for the child in anticipation of the child's adoption.

Legal evidence to control the health care of the child means a written document, including, but not limited to, a health facility minor release report, a medical authorization form, or relinquishment form, signed by the child's birth parent, or other appropriate authority, or in the absence of a written document, other evidence of the employee's, the spouse's or the registered domestic partner the right to control the health care of the child.

Exception. A foster child is not covered unless BSSP receives legal evidence of (a) the intent to adopt issued by the court and (b) the employee, spouse or registered domestic partner's assumption of a legal obligation for full or partial financial responsibility for the child in anticipation of the child's adoption.

- d. A child for whom the subscriber, spouse or domestic partner is a legal guardian is concerned eligible on the date of the court decree (the "eligibility date"). Eligibility of a guardian child will terminate at the earlier of the last day of the month in which the child turns age 18 or upon termination of the guardianship.

CONFORMITY TO SELF-INSURED SCHOOLS OF CALIFORNIA (SISC): SISC guidelines will apply to benefits programs administered through SISC as well as those programs administered independent of SISC.

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POLICIES & PROCEDURES MANUAL

Subject: **NEGOTIATIONS**

Section: **1.5**

Districts contract with the JPA for specific plan benefits but districts negotiate with bargaining units for specific benefit levels. Districts must ensure that the bargaining unit contract language does not grant benefits that are not provided for or allowed under the JPA agreement.

Examples of Things to Avoid:

- a. Benefits under JPA plans do not vest to employees or retirees. Plan provisions are guaranteed only for the plan year (July through June). JPA policy is to not make changes to existing plans that reduce benefits but the JPA reserves the right to do so on a year by year basis with the approval of the JPA Board of Directors.
- b. JPA plan administrators may change from time to time. Specific references to providers (such as Blue Cross) should be avoided in bargaining unit contracts, because such references may create a situation where the district cannot honor contract provisions because of a JPA-initiated change.

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POLICIES & PROCEDURES MANUAL

Subject: **WITHDRAWAL**

Section: **1.7**

1. A notice to withdraw is considered a withdrawal.
2. Notice must be received by:
 - a. January 31 for an effective date of the following July 1 for property and liability coverage; and
 - b. March 31 for an effective date of the following October 1 for employee benefit programs.
3. Districts may notice withdrawal of an employee group (active employees and retirees covered by that group) without impacting other district employee groups' participation in BSSP programs.
4. A district or employee group may withdraw from a specific program without withdrawing from the remaining programs, however, a district may not remain in the fully-insured life insurance program without participation in the medical, dental and/or vision programs.
5. Rescission of a notice of withdrawal may be considered by the Board. Rescission may require an actuary study, at the sole cost of the member district, to determine any impact on premium rates prior to consideration of the rescission by the Board.

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POLICIES & PROCEDURES MANUAL

Subject: **RE-ENROLLMENT AFTER BREAK IN COVERAGE**

Section: **1.8**

A break in coverage occurs whenever an employee or retiree elects to drop coverage for any length of time for any reason. Failure to elect COBRA constitutes an employee's or retiree's election to drop coverage.

Conformity to Self-Insured Schools of California (SISC)

Effective July 1, 2017, re-enrollment in any medical, dental or vision benefit plan will be subject to the policies, procedures, guidelines and criteria, etc. as adopted by SISC. SISC guidelines will apply to benefits programs administered through SISC as well as those administered independent of SISC.

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POLICIES & PROCEDURES MANUAL

Subject: **OPEN ENROLLMENT**

Section: **1.9**

Each employee's individual elections must be made in writing to the employer district or via the JPA's benefits administration portal and will remain in force until the next open enrollment period. The employer district is responsible for payment of all contributions for employees participating in coverage.

- I. Effective July 1, 2017, the policies, procedures, guidelines and criteria, etc. as adopted by SISC will supersede those of BSSP with respect to coverage provided in a SISC program through BSSP. SISC guidelines will apply to benefits programs administered through SISC as well as those programs administered independent of SISC.
- II. The JPA will allow the following open enrollment periods:
 - A. Each spring (generally mid- to late-April through June 30) with changes effective the following October 1 (and July 1, 2017). The Executive Director may modify the dates slightly, if necessary, to prevent the opening or closing of the period on Saturdays or Sundays.
 - B. Districts that negotiate a change in the district-paid contribution toward a benefit, eligibility for a benefit, unit selection of a plan, movement to tiered rates or opportunity for individual selection of a plan may arrange for a special open enrollment period:
 1. The special open enrollment may be up to 31 days in length, subject to approval by the Executive Director;
 2. The effective date of changes elected during the special open enrollment period is subject to approval by the Executive Director.

Notification to BSSP must be made in writing by the district's superintendent or appointed director to the BSSP Board.

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12/15/2014, 12/19/2014, 03/16/2015, 03/21/2016, 04/27/2016, 03/23/2017,
03/01/2018

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POLICIES & PROCEDURES MANUAL

Subject: **TERMINATION OF COVERAGE**

Section: **1.10**

When coverage is terminated for any reason, the district must notify the employee and/or dependents of COBRA benefits and conversion rights, if any. Failure to do so may result in severe Federal and State financial and criminal penalties to the district.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **SECTION 125 PLAN**

Section: **1.11**

Districts may offer a Section 125 plan to employees. Full-time employees may not, however, be given the option of declining medical, dental, or vision plans in exchange for other benefits.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **LEGAL ACTIONS AGAINST BSSP**

Section: **1.12**

The administration office of BSSP has been designated as the office of record for service of all legal action against BSSP. The Executive Director has been designated as the agent for service of process.

The Board has designated counsel for the handling of claims matters. The Executive Director, with the approval of the Executive Committee, has the responsibility of assigning other matters to appropriate counsel.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **PURCHASING**

Section: **1.13**

The Executive Director shall be charged with the development and execution of sound procedures to implement this policy. Procedures are as follows:

1. All purchases of supplies and equipment will be initiated by a purchase order approved by the Executive Director.
2. The Executive Director will assure that purchases contemplated are within the approved BSSP budget and that they provide the maximum value for BSSP within the framework of law, policy, and sound business practice.
3. All other purchases will be approved by the Executive Director who will assure that they are within the authorized budget or that approval of the Executive Committee or Board of Directors is obtained before authorization by the Executive Director.

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POLICIES & PROCEDURES MANUAL

Subject: **GIFTS AND DONATIONS**

Section: **1.14**

The Board of Directors may accept on behalf of and in the name of BSSP, such gifts, donations, bequests, and devices (subsequently termed gifts) as are made of BSSP. Such gifts shall be subject to the following conditions:

- 1) The Board of Directors shall accept only those gifts that are of value to BSSP and/or have a legitimated use by BSSP.
- 2) The Board of Directors shall reserve the right to determine the conditions of acceptance, the nature of use, and the final disposition of any gift.
- 3) All gifts accepted by BSSP shall become BSSP property and will be deemed acceptable when full title and ownership are turned over to BSSP.
- 4) All gifts of money, including bequests or endowments, become the property of BSSP. Use of these funds is subject to recommendation of the Executive Director and approval of the Board of Directors.
- 5) Transportation, installation, maintenance, insurance, and other cost factors shall be investigated before a gift is recommended for acceptance.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **CONFLICT OF INTEREST CODE**

Section: **1.15**

The Political Reform Act, Government Code sections 81000, et seq., requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission has adopted a regulation, 2 Cal. Adm. Code Section 18730, which contains the terms of a standard Conflict of Interest Code, which can be incorporated by reference and which may be amended by the Fair Political Practices Commission to conform to amendments in The Political Reform Act after public notice and hearings. Therefore, the terms of 2 Cal. Adm. Code Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission, along with the attached Appendix in which officials and employees are designated and disclosure categories are set forth, are hereby incorporated by reference and constitute the Conflict of Interest Code of the Butte Schools Self-funded Programs.

Pursuant to Section 4(A) of the standard Code, designated employees shall file statements of economic interests with the agency. Upon receipt of the statements of the members of the Board and the designated parties, the agency shall make and retain a copy and forward the original of these statements to the Fair Political Practices commission.

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POLICIES & PROCEDURES MANUAL

Subject: **CONFLICT OF INTEREST CODE**

Section: **1.15**

APPENDIX

<u>Designated Positions</u>	<u>Disclosure Category</u>
Board Member	All
Alternate Board Member	All
Executive Director	All
Consultant ¹	All
Third Party and/or Claims Administrator	All
Insurance Broker	All
Risk Manager	All
General Counsel	All

Disclosure Categories

1. Investments and business positions in business entities, and sources of income, of the type of contract with the agency to supply materials, commodities, supplies, books, machinery, vehicles or equipment utilized by the agency.
2. Investments and business positions in business entities, and sources of income, which are contractors, or subcontractors, engaged in the performance of work on services of the type utilized by the agency, including but not limited to, insurance companies, carriers, holding companies, underwriters, agents or accounting firms.
3. Investments and business positions in business entities, and sources of income, which have filed claims, or have claims pending against the agency.
4. Investments and business positions in business entities, and sources of income, from banks or savings and loans.
5. Investments and business positions in, and income from, entities in which the Authority is empowered to invest its funds.
6. Interests in commercial real property (or interests in real property used for commercial leasing purposes).

¹ With respect to Consultants, the President of the Board may determine in writing that a particular consultant, although a "designated person", is hired to perform a range of duties that are limited in scope and thus is not required to comply with disclosure requirements described in this Section. Such determination shall include a description of the consultant's duties and, based upon that description of the consultant's duties, a statement of the extent of disclosure requirements. A copy of this determination shall be retained by the Butte Schools Self-funded Programs Joint Powers Authority. Nothing herein excuses any such consultant from any other provisions of the Conflict of Interest Code.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **CONFLICT OF INTEREST CODE**

Section: **1.15**

Designations

The positions of Board Member, Executive Director and Consultants have been designated as those positions subject to the provisions of the Conflict of Interest Code in that those positions are the only positions having any substantial responsibility relative to the Butte Schools Self-Funded Programs Joint Powers Authority (hereinafter referred to as BSSP) decision making process or policy. The term consultant includes the insurance brokers, the general counsel, the risk manager and the third party and/or claims administrator even though said positions are separately specified as well.

Disclosure Responsibilities

The categories relative to the types of interests that must be disclosed are based upon the types of financial interests relevant to the BSSP business which is confined to providing various types of insurance coverage to local public entities.

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POLICIES & PROCEDURES MANUAL

Subject: **MEMBER CONTRIBUTION RATES**

Section: **1.16**

DETERMINATION OF RATES

After review of an actuarial report update, the Board will select the contribution rates appropriate for each program. A summary of the reports, including contribution rates and funding information, will be submitted to the membership as soon as possible.

MID-YEAR APPLICATIONS

Any district/agency seeking to join a BSSP program after the beginning of the fiscal year will be charged a pro-rated rate.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **BOARD AGENDA ITEMS**

Section: **1.17**

Placement of Items on Agenda

A Board member may request the President place an item on the Board agenda. The request shall be submitted to the President, in writing, fourteen (14) days prior to the meeting. Supporting material must accompany the request.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **RETENTION OF RECORDS**

Section: **1.18**

Policy Statement

Butte Schools Self-funded Programs has an obligation to create and maintain records and information in accordance with accepted records management practices and standards. It shall be BSSP's policy to maintain records in accordance with the following schedule.

Records Retention Schedule

<u>TITLE</u>	<u>RETENTION PERIOD*</u>	<u>CLASS</u>
Administration	Permanent	1
Actuarial reports	Permanent	1
Annual Reports	Permanent	1
Certificates of coverage	Permanent	1
Financial audit reports	Permanent	1
General correspondence	3 years after audit	3
Policy and procedures	Permanent	1
Master documents	Permanent	1
JPA Agreement & amendments		
Bylaws & amendments		
Boards / Committees	Permanent	1
Agendas		
Meeting notices		
Minutes of Board meetings		
Minutes of Committee meetings		
Resolutions		
Claims		
Audit reports	Permanent	1
Files	3 years after audit	3
Monthly reports	3 years after audit	3
Carrier claims reports	1 year after audit	1
Computer Records		
Hardware listing	Permanent	1
Software listing	Permanent	1
Software manuals	Permanent	1
Contracts		
Agreements & Contracts	3 years following end of contract	3

Approved: 04/22/1993

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Subject: **RETENTION OF RECORDS**

Section: **1.18**

Records Retention Schedule (continued)

<u>TITLE</u>	<u>RETENTION PERIOD*</u>	<u>CLASS</u>
Elections		
General	Permanent	1
Financial		
Accounts Payable	3 years after audit	3
Check register **	3 years after audit	3
G/L summary report	3 years after audit	3
Invoices	3 years after audit	3
Invoices-fixed assets	Permanent	1
Purchase order copies	3 years after audit	3
Accounts Receivable	3 years after audit	3
Invoices	3 years after audit	3
Invoice listing	3 years after audit	3
Banking	3 years after audit	3
Bank statements	3 years after audit	3
Cancelled & voided checks**	3 years after audit	3
Deposit slips	3 years after audit	3
Signature authorizations	3 years after audit	3
Financial Reporting		
Adjusting journal entries	Permanent	1
Banking reconciliations	3 years after audit	3
Budget	3 years after audit	3
Chart of accounts	3 years after audit	3
General ledger	Permanent	1
Quarterly financial statements	3 years after audit	3
Payroll records**	Permanent	1
Payroll tax reports	Permanent	1
Property & equipment schedule	Permanent	1
Insurance		
Endorsements	Permanent	1
Insurance policies	Permanent	1

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **RETENTION OF RECORDS**

Section: **1.18**

Records Retention Schedule (continued)

<u>TITLE</u>	<u>RETENTION PERIOD*</u>	<u>CLASS</u>
Government Reports		
Secretary of State filing	Permanent	1
State Controller reports	Permanent	1
Statement of Economic Interests	3 years after audit	3
Legal	Permanent	1
Correspondence		
Opinions		
Membership	Permanent	1
Correspondence		
Member records		
Personnel **	Permanent	1
Applications		
Contracts		
Disability claims		
Payroll		
Pension records		
Personnel files		
Salary and wage rate changes		
Time cards		
Unemployment claims		
Withholding exemptions certificates		
Workers' compensation reports		
W-2 forms		
Property Records	Permanent	1
Account ledger		
Appraisals		
Damage reports		
Deeds		
Maintenance and repair		
Plans and specifications		
Purchases		
Sales		
Taxes		

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **RETENTION OF RECORDS**

Section: **1.18**

The above schedule is based on Title 5 of the California Code of Regulations, which contains the state regulations pertaining to education, and the IRS suggested schedule for retention of business records.

The Executive Director shall prepare and maintain a Records Retention Manual for use in classifying records and scheduling their retention.

- * Pursuant to the Government Code Section 60201, unless otherwise provided by state statute, all records not specifically mentioned in this policy shall be retained for a period of not less than one year after the completion of the audit.
- ** Reports to be maintained by Butte County Office of Education under contract for accounting services.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **ADOPTION AND IMPLEMENTATION OF NEW BENEFIT
PLAN(S)**

Section: **1.19**

The Board may consider a new benefit plan for adoption as an option for members. Before action is taken to endorse a new benefit plan, the carrier must submit a benefit certificate detailing the coverages, application of deductibles/copays, and exclusions.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **HIPPA RELEASE OF SUMMARY DATA**

Section: **1.20**

The Administrative Simplification provisions of Title II, Subtitle F of the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) and its implementing regulations at 45 Code of Federal Regulations (“C.F.R.”) Parts 160-64 provide guidelines for the appropriate disclosure of a plan participant’s (employee’s, retiree’s or dependent’s) protected health information (PHI). The Butte Schools Self-Funded Programs is a health plan under HIPAA and has accordingly developed policies appropriate to the release of PHI, including historical claims data, to member districts that have participated in the Programs.

1. Member District’s Certification of Compliance

Neither BSSP nor any health insurance issuer or business associate servicing BSSP will disclose plan participants’ PHI to any member district unless such member district certifies that the member district agrees to abide by this policy.

2. Purpose of Disclosure

- (a) BSSP and any health insurance issuer or business associate servicing BSSP will disclose plan participants’ PHI to member district only to permit member district to carry out the following administration functions:
 - i. For the purpose of searching or marketing for appropriate employee benefits;
 - ii. Submission of claims data to the US Department of Health and Human Services to see reimbursement for retiree prescription drugs, pursuant to 42 CFR 423 subpart R and related guidance; and
 - iii. Submission of claims data to the US Department of Health and Human Services to see reimbursement for early retiree medical expenses, pursuant to 45 CFR 149 and related guidance.

Any disclosure to and use by member district of plan participants’ PHI will be subject to and consistent with the provisions of this policy and the specifications and requirements of HIPPA.

- (b) Neither BSSP nor any health insurance issuer or business associate servicing BSSP will disclose plan participants’ PHI to member district unless the disclosures are explained in the Privacy Practices Notice distributed to the plan participants.

- (c) Neither BSSP nor any health insurance issuer or business associate servicing BSSP will disclose plan participants’ PHI to member district for the purpose of employment-related actions or decisions or in connection with any other benefit or employee benefit plan of member district.

3. Restrictions on Member District’s Use and Disclosure of PHI.

- (a) Member district will neither use nor further disclose plan participants’ PHI, except as permitted by this policy or as required by law.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **HIPPA RELEASE OF SUMMARY DATA**

Section: **1.20**

- (b) Member district will ensure that any agent, including any subcontractor, to which it provides plan participants' PHI or electronic PHI agrees to the restrictions, conditions, and security measures of this policy with respect to plan participants' PHI or electronic PHI.
- (c) Member district will not use or disclose plan participants' PHI for employment-related actions or decisions, or in connection with any other benefit or employee benefit plan of member district.
- (d) Member district will report to BSSP any use or disclosure of plan participants' PHI that is inconsistent with the uses and disclosures allowed under this policy promptly upon learning of such inconsistent use or disclosure.
- (e) Member district will make PHI available to BSSP or to the plan participant who is the subject of the information in accordance with 45 C.F.R. § 164.524.
- (f) Member district will make plan participants' PHI available for amendment, and will on notice amend plan participants' PHI, in accordance with 45 C.F.R. § 164.526.
- (g) Member district will track disclosures it may make of plan participants' PHI that are accountable under 45 C.F.R. § 164.528 so that it can make available the information required for BSSP to provide an accounting of disclosures in accordance with 45 C.F.R. § 164.528.
- (h) Member district will make its internal practices, books, and records relating to its use and disclosure of plan participants' PHI available to BSSP and to the U.S. Department of Health and Human Services to determine BSSP's compliance with the HIPAA Privacy Rule at 45 C.F.R. Part 164, Subpart E.
- (i) Member district will, if feasible, return or destroy (and cause its subcontractors and agents to, if feasible, return or destroy) all plan participants' PHI, in whatever form or medium, received from BSSP or any health insurance issuer or business associate servicing BSSP, including all copies thereof and all data, compilations, or other works derived therefrom that allow identification of any participant who is the subject of the PHI, when the plan participants' PHI is no longer needed for the plan administration functions for which the disclosure was made. If it is not feasible to return or destroy all plan participants' PHI, member district will limit (and will cause its subcontractors and agents to limit) the use or disclosure of any plan participants' PHI that cannot feasibly be returned or destroyed to those purposes that make the return or destruction of the information infeasible.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **HIPPA RELEASE OF SUMMARY DATA**

Section: **1.20**

4. Security Measures for Electronic PHI

- (a) Member district will implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of plan participants' electronic PHI that member district creates, receives, maintains, or transmits on BSSP's behalf.
- (b) Member district will report to BSSP, upon BSSP's request, any attempted or successful:
 - i. Unauthorized access, use, disclosure, modification, or destruction of plan participants' electronic PHI or
 - ii. Interference with member district's system operations in member district's information systems, of which member district becomes aware, except any such security incident that results in disclosure of plan participants' PHI or electronic PHI not permitted by the BSSP Document, as amended by this Article, must be reported to BSSP as required by Paragraph 3(d), above.
- (c) Member district will support the adequate separation between member district and BSSP, as specified by Section 5, below, with reasonable and appropriate security measures.

5. Adequate Separation Between Member District and BSSP

- (a) The following employees or classes of employees or other workforce members under the control of member district may be given access to plan participants' PHI received from BSSP or a health insurance issuer or business associate servicing BSSP:
 - i. Superintendent or president
 - ii. Chief business official
 - iii. Member district's representative to the board of directors of the BSSP
 - iv. An employee designated in writing by one of the individuals listed in items i.-iii., above.

This list includes every employee or class of employees or other workforce members under the control of member district who may receive plan participants' PHI relating to payment under, the health care operations of, or other matters pertaining to BSSP in the ordinary course of business.

- (b) The employees, classes of employees or other workforce members identified in Paragraph 5(a), above will have access to plan participants' PHI only to perform the plan administration functions that member district provides for BSSP, as specified in Paragraph 2(a), above.
- (c) The employees, classes of employees or other workforce members identified in Paragraph 5(a), above will be subject to disciplinary action and sanctions, including termination of employment or affiliation with member district, for any

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **HIPPA RELEASE OF SUMMARY DATA**

Section: **1.20**

use or disclosure of plan participants' PHI in breach or violation of or noncompliance with the provisions of this policy. Member district will promptly report such breach, violation or noncompliance to BSSP, as required by Paragraph 3(d), above and will cooperate with BSSP to correct the breach, violation or noncompliance, to impose appropriate disciplinary action or sanctions on each employee or other workforce member causing the breach, violation or noncompliance, and to mitigate any deleterious effect of the breach, violation or noncompliance on any participant, the privacy of whose PHI may have been compromised by the breach, violation or noncompliance.

6. Definitions.

For purposes of this policy, the term "Participant" means an "individual" as defined in 45 C.F.R. §160.103. All terms not defined in this amendment shall have the meaning described in the HIPAA Administrative Simplification Rules.

7. Procedures for use of PHI for Marketing of Employee Benefits by Member Districts

All historical claims data are kept at business associates (Anthem Blue Cross, Medco, Delta Dental, VSP, etc.) who are hired as claims administrators by BSSP. BSSP will facilitate the request from member districts for summary or detailed PHI from business associates as part of the routine bidding process for employee benefits.

- (a) Butte Schools Self-Funded Programs will have a current business associate agreement with its claims administrators that ensures that historical claims data provided is de-identified according to the requirements of HIPAA and relevant California statutes.
- (b) The business associate will provide only the level of detail to BSSP that would be provided to any employer customer of their own fully insured operations.
- (c) Butte Schools Self-Funded Programs will require that a standard request letter be signed by each requesting school district.
 - i. The letter must be signed by an individual identified in paragraph 5.(a), above and be on district letterhead.
 - ii. The requesting letter should contain specific language that sets forth the purpose of the request and certain limitation the use of the data obtained.
 - iii. The letter shall identify all plan participants for which the information is requested.
 - iv. A sample letter is included as Exhibit A.
- (d) BSSP will provide forward the request to the appropriate business associate.

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POLICIES & PROCEDURES MANUAL

Subject: **HIPPA RELEASE OF SUMMARY DATA**

Section: **1.20**

- (e) The business associate will generate the report and return it to BSSP.
 - i. The report will have been de-identified to the extent required by HIPAA.
 - ii. BSSP will review the data to confirm that it has been de-identified before transmitting the information to requesting school districts. An inadvertent error on the part of the administrators may create a HIPAA penalty risk for BSSP; therefore, a review is appropriate. BSSP will determine that no names, social security or member ID numbers, addresses or other information is in the requested report that would allow a reader to associate a particular health condition with a particular individual.

- (f) BSSP will maintain a log to track when such summary health information is requested and transmitted.

- (g) BSSP will transmit a standard cover letter with each package of summary health information to each requesting member district with a standard cover letter. The standard cover letter will inform the member district that the enclosed information should be used only for the purposes of shopping for insurance and bidding for new health insurance. It will confirm that the receiving school district has promised in their request that it will keep PHI separate from any other human resources records. It will also confirm that managers responsible for the promotion or review of employees will not have access to the information provided. A sample transmission letter is included as Exhibit B.

- (h) BSSP will not retain any summary health information received from its plan administrators in response to the request of the participating school district.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **HIPPA RELEASE OF SUMMARY DATA**

Section: **1.20**

EXHIBIT A

Model Request Letter for Use of School Districts
(Official Letterhead of Requesting School District)
(Current Date)

Dear Sir or Madam:

Please accept this letter as our request to obtain historical claims data or summary health information which is required by our district solely for the purpose of obtaining bids for replacement insurance coverage. We affirm that this information will be used solely for the purpose of obtaining bids or modifying plan coverage. Such data will be kept separate from all other personnel records and to the fullest extent possible will not be shared with managers who have responsibility for evaluation and promotion of employees.

Signed by Authorized Employee / Representative of the Requesting School District

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **HIPPA RELEASE OF SUMMARY DATA**

Section: **1.20**

EXHIBIT B

Model Request Letter

For Use by Butte Schools Self-Funded Programs

(Official Letterhead)

(Current Date)

Dear Sir or Madam:

In response to your request dated _____, Butte Schools Self-Funded Programs has obtained summary health information from (name of appropriate administrator(s)) and that document is being forwarded to you with this letter. Butte Schools Self-Funded Programs does not keep a copy of this information so in the event of its loss by you a new request will have to be made by your district for another copy. Your request letter confirmed that you "will use this information solely for the purpose of obtaining bids or modifying plan coverage. Such data will be kept separate from all other personnel records and to the fullest extent possible will not be shared with managers who have responsibility for evaluation and promotion of employees".

Signed by Authorized Employee / Representative of Butte Schools Self-Funded Programs

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **INDIVIDUAL COVERAGE FOR SPOUSES /
REGISTERED DOMESTIC PARTNERS**

Section: **1.21**

An employee /retiree's surviving spouse/registered domestic partner may continue coverage in any BSSP medical, dental or vision plan when the employee/retiree's coverage terminates. Upon reaching the earlier of eligibility for Medicare or age 65, the surviving spouse will be moved to the medical plan available for Medicare-eligible retirees.

A retiree's spouse/registered domestic partner may continue coverage in any BSSP medical, dental or vision plan when the retiree's coverage terminates. Upon reaching the earlier of eligibility for Medicare or age 65, the surviving spouse will be moved to the medical plan available for Medicare-eligible retirees.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **CHARTER SCHOOL EMPLOYEES**

Section: **1.25**

Enrollment in employee benefit (such as medical, dental, vision and/or life) programs is available to employees of dependent, locally-funded charter schools which are operated by member district of BSSP JPA, subject to each and all of the following conditions:

1. The charter school must be approved for coverage by the BSSP Board of Directors prior to any charter school employee being enrolled in an employee benefits program;
2. Charter school employees must be covered under the chartering member district's workers' compensation coverage and must meet the same eligibility requirements as similar employees of the chartering entity. Full-time charter school employees are considered full-time covered employees in the JPA; and
3. If a charter school is operated by a nonprofit corporation organized under Section 501(c)(3) of the Internal Revenue code, under the California Nonprofit Corporation Law, or under any similar law, its employees are not eligible for coverage under Butte Schools Self-Funded programs.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **BUDGET**

Section: **2.1**

GENERAL

The budget shall be designed to meet the annual objectives of the BSSP Board of Directors. The budget, therefore, must be carefully organized and planned to insure adequate understanding of the financial needs of BSSP. The final budget will be adopted by the Board no later than June 30.

ADJUSTMENTS TO THE BUDGET

Adjustments to the budget which are under \$5,000 shall be approved by the Executive Committee. Adjustments over \$5,000 shall be approved by the full Board. Included with the adjustment will be a description of the reason for the adjustment, and the resulting balance in the account adjusted. Actions approved by the Board resulting in increases or decreases to revenue or expenses will be automatically adjusted in the budget the following month.

FUND BALANCES

The Board shall classify fund balances in compliance with Governmental Accounting Standards Board (GASB) Statement 54.

The Board of Directors shall commit funds that cannot be used for any other purpose unless the Board takes action to remove or change the constraint

The Executive Director shall identify the intended uses of the assigned funds.

When multiple fund balance types are available for an expenditure, the expenditure shall be first charged to the most restrictive fund balance in the following order:

1. Nonspendable fund balance
2. Restricted fund balance
3. Committed fund balance
4. Assigned fund balance
5. Unassigned fund balance

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **INVESTMENTS**

Section: **2.2**

The Board's purpose in setting financial and investment policies is to enable it to meet current requirements for the payment of operating expenses, defense, and settlement of claims in a timely fashion and to invest all excess funds in a manner that offers such appreciation opportunities as are consistent with conservation of principal, and consistent with the provisions of Government Code Section 53601 and 53656. To effectuate this purpose, the Board adopts the following policies:

1. Short Term Cash Policy

The Board's Short Term Cash Policy is to have sufficient investments in liquid accounts such as the Butte County pooled surplus investment fund or the California State Treasurer's Local Agency Investment Fund to meet the anticipated cash flow needs of the Fund for at least six months.

2. Long Term Investment Policy

The Board's Long Term Investment Policy is to invest excess funds in a manner that will tend to preserve capital and will provide a reasonable rate of return under prevailing market conditions. It is understood that terms of 1-5 years may be utilized to achieve goals in this area.

3. Board Oversight Policy

It is the policy of the Board to review Fund cash flow projections at least annually;

- (a) to determine the necessary funds to be transferred to the short term cash accounts of the Fund;
- (b) to review its long term investments, and
- (c) to plan for such future assessments as may be necessary to insure that the Fund will have sufficient resources to meet its obligations.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **AUDITS / ACTUARIAL**

Section: **2.3**

ANNUAL AUDIT

The Board of Directors shall provide for an annual financial audit of the JPA by an independent certified public accountant.

The Board will be responsible for selection of the independent auditor. A one year contract shall be issued with provision for a second and third year renewal. The Executive Director shall be responsible for recommending the terms of the contract with the auditor.

The auditor will provide a draft audit report to the Executive Director within 90 days of the close of the fiscal year. The final report shall be presented to the Board of Directors at the first Board meeting after September.

On approval of the audited annual financial report, a summary of the information in the report will be submitted to the membership as soon as possible.

CLAIMS AUDIT

The Board of Directors may provide for an independent claims audit at least every two years. The Claims Auditor will be independent of the JPA and the third party administrator. The audit will determine whether or not claims payments were accurate and appropriate. The Executive Director shall negotiate and recommend the contract with the Claims Auditor for approval to the Board.

ACTUARIAL STUDY

The Board of Directors shall provide for an actuarial study at least once every three years by an actuary enrolled under Subtitle C of Title III of the Federal Employee Retirement Income Security Act of 1974.

The draft actuarial study shall be available to the Executive Director 60 days prior to the next scheduled board meeting. The final report shall be presented at a regularly scheduled meeting of the Board.

The Board will be responsible for selection of the actuary. The Executive Director shall be responsible for recommending the terms of the contract renewal.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **CALCUATION OF ANNUAL PRO-RATA PERCENTAGES FOR
RATE STABILIZATION FUND AND SURPLUS**

Section: **2.4**

Within one hundred and eighty (180) days after the close of the fiscal year, the Board of Directors shall determine, using generally accepted accounting and actuarial principles:

- (a) The total unappropriated surplus of the JPA.
- (b) The amount of contributions paid for the closed fiscal year by all members.
- (c) The ratio each member's contribution to the self-funded programs bears to the total contributions of all members in the self-funded programs. This ratio shall be used to determine the member's proportional share of surplus and/or rate stabilization.
- (d) The surplus for the most recent fiscal year will be netted against the surplus determined for all prior fiscal years.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **RATE STABILIZATION FUND AND RETURN OF SURPLUS
POLICY**

Section: **2.5**

No more than ninety percent (90%) of any excess contributions to self-funded programs may be declared surplus by the Board of Directors no sooner than three years following the close of the fiscal year in which the excess contributions were collected. Distribution shall be by a pro-rata share of contributions in self-funded programs of the year for which the surplus is declared. The distributed surplus shall be reduced by any outstanding assessments, other liabilities and/or accrued penalties allowed by the Joint Powers Agreement. The remaining excess contributions shall be declared as rate stabilization funds.

A member district may leave its pro-rata surplus on deposit with the JPA. The surplus funds left on deposit with the JPA will be allocated interest at the average rate all earned by all other funds of the JPA.

Withdrawal of Funds:

1. Districts may withdraw funds once quarterly in increments of at least \$1,000. A withdrawal of more than \$250,000 requires a 30-day notice.
2. Withdrawals will be by S-transfer to the District's general fund.
3. District will provide two signatories for authorized withdrawals, with one signature being BSSP Board Member.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **CAL-CARD PROGRAM**

Section: **2.6**

The Butte School Self-Funded Programs will provide a CAL-Card VISA for the Executive Director, subject to the following terms and procedures:

Cardholder:

Each purchase receipt must be retained. If Internet purchases are made, printouts of the order or email receipt/confirmations must be retained. The cardholder receives the monthly CAL-Card invoice, verifies purchases and attaches receipts to the invoice. If a receipt is lost, a lost receipt report is to be submitted with the invoice. The invoice and related receipts are forwarded to the accounts payable clerk.

Three lost receipt report in a fiscal year may suspend purchasing privileges using the Cal-Card program.

All disputes or corrections to invoices are to be noted and reported immediately. The cardholder completes a CSQI form and faxes it to US Bank. A copy of the fax confirmation is to be retained with the dispute form (CSQI).

All purchases made with the CAL-Card must be made by the cardholder only. The cardholder is responsible for the security of the card and all transactions made with it.

The CAL-Card must not be used for personal purchases. If personal purchases are made, the situation may be handled as a misuse of government funds.

The CAL-Card can be used almost anywhere a VISA card is accepted.

The Cal-Card shall not be used by the cardholder for any of the following:

- Cash advances
- Rental or lease of land
- Gambling, betting
- Alcohol or tobacco products
- Weapons or firearms
- Securities, insurance
- Political or religious organizations
- Tax payment
- Court costs, fines, bail, or bond payments
- Equipment rentals
- Consultant and contract services
- Personal expenses

Accounts Payable Clerk:

Upon receipt of approved cardholder invoice, verify all receipts and appropriate documentation is attached.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **CAL-CARD PROGRAM**

Section: **2.6**

All cardholder invoices and dispute notices are to be reconciled with the monthly approving official summary invoice and sent to the approving official prior to payment.

Following approval, the accounts payable clerk processes payment.

Approving Official:

The primary approving official is the President. The secondary approving official is the Vice-President. The approving official is to review the official summary invoice and disputed transaction report to note that all requisitions and receipts are attached, timely resolutions to disputes are processed, and appropriate items are purchased from appropriate vendors.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **FUND BALANCE REPORTING**

Section: **2.7**

In accordance with GASB Statement 54, external financial reports shall report fund balances in within the following classifications based on the relative strength of constraints placed on the purposes for which resources can be used:

1. Nonspendable fund balance, including amounts that are not expected to be converted to cash, such as resources that are not in a spendable form or are legally or contractually required to be maintained intact;
2. Restricted fund balance, including amounts constrained to specific purposes by their providers or by law;
3. Committed fund balance, including amounts constrained to specific purposes by the Board;
4. Assigned fund balance, including amounts which the Board or its designee intends to use for a specific purpose, including:
 - a. Fluctuation margins
 - b. Stop-loss margins
 - c. Adverse claims margins
 - d. Unrealized gains (losses) of cash in county treasury
 - e. Rate stabilization
5. Unassigned fund balance, including amounts that are available for any purpose.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **UNDERWRITING**

Section: **2.8**

Butte Schools Self-Funded Programs (BSSP), a Joint Powers Authority (JPA), establishes the following underwriting criteria for the purpose of marketing to prospective members. Underwriting information is also used for rate development, contribution calculation, measuring member performance, and calculating dividends or assessments based upon equity levels. Underwriting standards and guidelines are also outlined in the Joint Powers Agreement and Bylaws as well as policies 1.16, Member Contribution Rates; Policy 1.23, Minimum Plan Enrollment; Policy 2.3, Audits/Actuarial; Policy 2.4, Calculation of Annual Pro-Rata Percentages for Rate Stabilization Fund and Surplus; and Policy 2.5, Rate Stabilization Fund and Return of Surplus.

Members are expected to adhere to BSSP's mission and core values, as well as observing a commitment to the principles of prudent risk management and established practice.

Establishing underwriting criteria ensures that all BSSP self-funded programs are analyzed for risk exposures, funding requirements, dividend and assessment calculations, risk retention levels, compatibility between members and serviceability by staff. Adherence to these standards and guidelines guarantees the continued financial viability and security of BSSP.

A. New Members

Potential members for BSSP programs are those Public Educational Agencies as defined in the BSSP Bylaws who meet the membership criteria as set out in the BSSP Bylaws. Beyond the broad eligibility standards, the BSSP Board of Directors have the discretion to define additional criteria if it is determined necessary to protect the pooled risk programs and existing member service relationships. For example, geographic distance from BSSP's office that may limit the ability to ensure response times or regular service schedules, or a history of applicant's failure to pay contributions in a timely manner.

Application Process

An applicant for membership must complete BSSP's Membership Application. It solicits specific information to assess the applicant's risk exposures and includes the following information as applicable to the program in which membership is sought:

1. Underwriting data for the current year, including total gross wages per California EDD Form DE9, audited financial statements, budget, average daily attendance (per California Lottery reports) and other financial data as requested;
2. Payroll for the previous five years;
3. Loss history for the previous five years;
4. For employee benefit programs, a census of all full-time employees and retirees, including gender, date of birth, residential and employment zip code, elected tier and plan, number of covered family members and current plan elections; and
5. Any recent claim or actuarial studies completed for the applicant on the coverage programs the applicant wishes to join.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **UNDERWRITING**

Section: **2.8**

In addition, the applicant must submit an actuarial study in the format required by BSSP. The applicant will pay for any actuarial study completed for the underwriting process.

Guidelines

Applicants will be required to provide detailed claims, exposure, and financial information as requested by BSSP in order to facilitate appropriate and thorough underwriting. Depending upon the program desired, applicants should be prepared to provide the required information for a period of not less than five (5) years. Applicants that are unable to provide detailed historical claims information may be charged a supplemental contribution or other charge to help ensure adequate funding.

Any prospective member, including existing members that have applied to participate in an additional pooled risk program, must meet the following minimum underwriting guidelines:

1. Have a loss rate calculated for the past three years that does not exceed the average loss rate of the current members;
2. Demonstrate a commitment to support risk management and safety programs to control or prevent claims;
3. Accept the minimum deductibles in place for the property and liability program then in force as well as any other deductibles included in the JPA Agreement, Bylaws and Policies.

BSSP and consultants will evaluate the census data, exposures and loss history to determine if there is an unusual frequency or severity of claims that warrant extra attention. In addition, BSSP may evaluate the member's safety records and other risk management plans. Additional information may be requested as determined necessary (i.e., actuarial study or claim audit).

Upon completion of the evaluation, a report will be presented to the Executive Committee for review and further action (i.e. rejection or approval). Upon approval, recommendation is made to the Board of Directors for final approval in conjunction with existing JPA Agreement and Bylaws in advance of the new policy period.

The Executive Director, with the concurrence of two-thirds of the Board, may waive any of these guidelines if circumstances so warrant and it is determined to be in the best interest and long term success of BSSP and its existing members.

B. Employee Benefits Program

BSSP offers a number of self-funded employee benefit programs. Eligibility and participation requirements are indicated in BSSP Policy 1.1, Covered Employees/Groups/Board Members; Policy 1.2, Retirees; and Policy 1.4, Eligibility, as well as other policies.

Rate Setting/Funding Requirements

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **UNDERWRITING**

Section: **2.8**

Each self-funded benefits program will be fully funded each year, including utilization of rate stabilization funds if available. Rates are determined by the coordinated data from the actuarial study, broker and underwriter and the stakeholders' feedback on an annual renewal. Benefit plan contribution rates for self-insured programs are typically set by the Board of Directors in March and effective July 1. Rates are established based upon multiple factors, including:

- Total Enrollment
- Additional Data required (may be provided by BSSP Staff or Consultants):
- Claims Experience
- Actuarial Study (performed every 3 years)
 - Financial Results: liabilities (incurred but not reported claims) and assets
 - Calculations: prior claims information, current census data, expenses, annual trend rates, IBNR reserve
 - Plan Summaries
- Excess rates
- Administrative expense
- Benefit adjustments as determined by members (if any)
- Benefit limits (incentive levels, coverage limits)
- Consideration of the pool financial position and targeted equity
- Annual contribution allocation methodology by program

The Board reserves the right to modify the rates based on market conditions or other factors.

Payment Schedule

Benefit contributions are paid monthly via Butte County Office of Education S-transfer.

C. Property and Liability Program

Rate Setting/Funding Requirements

The Property and Liability Program will be fully funded each year after completion of an independent actuarial study. Contribution rates are set by the Board of Directors in May or June and effective July 1. Rates are established based upon multiple factors, including:

- Payroll exposure, based on California EDD Form DE9
- Loss rates, experience modification factors
- Excess rates
- Administrative expense
- Average Daily Attendance (ADA)
- Total Insured Values (TIV)
- Consideration of the pool financial position and targeted equity
- Annual contribution allocation methodology by program

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **UNDERWRITING**

Section: **2.8**

Loss funding and manual rates sufficient to cover estimated program costs and losses are developed using the confidence levels established in Policy 2.9, Target Equity, and based upon the projections provided in the annual actuarial study.

The Board reserves the right to modify the manual rate based on market conditions or other factors.

Payment Schedule

Property and liability contributions are paid via Butte County Office of Education S-Transfer on July 1.

Excess Coverage

BSSP participates in an excess pool to provide property, general liability, crime, cyber, and possibly other coverages and programs (i.e. STOP!t, etc.). The cost of these coverages and programs are allocated among members in the excess pool and those allocated amounts are then provided to BSSP to be allocated among BSSP members. Allocation factors may be based on an available rate or other distribution models as recommended by Staff and approved by the Board of Directors.

Exposure Data Collected Annually:

- Estimated payroll for prospective policy period
- Total Insured Values (TIV)
- Updated vehicle and other property listings
- Average Daily Attendance (ADA)
- Additional data required (may be provided by BSSP Staff or Consultants):
- Claims experience
- Actuarial Study
 - Liability loss fund distribution calculations (actuary)
 - Projected interest earnings
- Self-insured retention value(s)

Loss funding is developed for both the property and liability funds using the confidence level as established in Policy 2.9, Target Equity, and based upon the projections provided in the annual actuarial study. Allocation of the general liability loss fund is based upon claims experience and is calculated by the actuarial consultant. Allocation of the property loss fund is based on Total Insured Values (TIV). All distribution formulas are provided on the annual rate spreadsheet. The Board reserves the right to modify rates based on market conditions or other factors.

Loss Prevention Program

BSSP encourages members' efforts in the prevention of property and liability losses, including student injuries. To assist our member districts in these efforts, BSSP has established a Loss Prevention Program including periodic safety inspections and safety credits.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **TARGET EQUITY**

Section: **2.9**

BSSP shall establish and maintain equity levels for the net asset balance in both the benefits and the property and liability programs. The target equity level is the minimum net asset balance before any surplus equity or dividend distributions may be declared and is in addition to the estimate for amounts incurred but not paid (IBNP) and amounts incurred but not reported (IBNR) and estimated administrative costs thereon. The target equity shall be as follows:

Self-Funded Employee Benefits

Medical	17% (approximately two months) of self-funded medical claims and administrative costs for the 12 months ended June 30
	50% (approximately 6 months) of Health and Wellness Center operating costs for the 12 months ended June 30
Dental	6% (approximately three weeks) of dental claims and administrative costs for the 12 months ended June 30
Vision	6% (approximately three weeks) of dental claims and administrative costs for the 12 months ended June 30

Property and Liability

IBNP margin	30% of June 30 IBNR at 85% confidence level
Stop loss	Self-insured retention level for two property and two liability claim

Declarations of surplus or rate stabilization funds in accordance with Policy 2.4, Calculation of Surplus by Fiscal Year, and Policy 2.5, Rate Stabilization Fund Policy, shall not be made unless funds in excess of the target equity amounts outlined herein are available.

Administration

75% (approximately 9 months) administrative costs for the 12 months ended June 30

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **INJURY AND ILLNESS PREVENTION
PROGRAM**

Section: **3.1**

A. RESPONSIBILITY FOR IMPEMENTING THE PROGRAM

1. The Board of Directors delegates the authority and responsibility for implementation of the injury and illness prevention program to the Executive Director of BSSP.
2. The Executive Director will monitor the effectiveness of the program and report to the Board of Directors as appropriate.

B. PROGRAM COMMUNICATION

1. Injury and illness prevention has a high priority in the operation of the BSSP program.
2. Employees are expected to carry out their work tasks in a safe manner and to avoid risks which may compromise their safety or their well being in the accomplishment of their work.
3. Hazards identified in the office should be reported to the Executive Director. Corrective action should be taken as appropriate to mitigate the hazard as soon as possible. Follow-up action will be instituted, including contact with the building manager if indicated, to affect a permanent solution. Discussion of safety issues will be encouraged at weekly staff meetings.

C. EQUIPMENT

1. Employees are to carefully review the safety information contained in the manuals supplied on all equipment they operate. They are to review this information before first operation of any new equipment.
2. Malfunctioning equipment will be disconnected from power source and appropriate service representatives contacted.
3. In the case of an equipment fire, an attempt to obtain control will be made by using the fire extinguisher in the building. If this is not successful, call 911 at once.

D. EMERGENCIES

1. A first aid kit is maintained in the kitchen area.
2. The Butte County Office of Education Emergency Response Manual is incorporated herein by reference and should be reviewed annually by all employees for the duration of BSSP's tenancy in a BCOE location.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **INJURY AND ILLNESS PREVENTION
PROGRAM**

Section: **3.1**

3. All emergency situations are handled by calling 911.

E. FIRE AND EARTHQUAKE

1. Report fires by calling 911.
2. In the event an evacuation is necessary, the BSSP office shall be exited consistent with the building evacuation plan posted in the office.
3. In the event of an earthquake, seek shelter under desks or tables until the shocks dissipate. In a severe earthquake, if the office building remains intact, it would be best not to attempt to evacuate until there is more information on the extent of damage exterior to the building.

F. RECORDS

1. The administrative assistant will maintain files on all equipment manuals.
2. A record will be kept on all safety problems and corrective action. These records will be maintained for three years.

G. TRAINING

1. New and existing employees will receive periodic training on safety issues relating to their positions.
2. New employee orientation records and records of safety training will also be maintained for three years.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **EXECUTIVE DIRECTOR EVALUATION**

Section: **3.2**

It is the desire of the BSSP Board of Directors that the Executive Director be evaluated on an annual basis.

The Executive Committee will draft an evaluation of the performance of the Executive Director by May 1st of each year.

The full Board will review the Executive Committee's recommendation and take appropriate action by June 30th of each year.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **Salary and Benefits for Employees Not
Subject to an Employment Contract**

Section: **3.3**

The following salary and benefits are extended to employees of the Butte Schools Self-Funded Programs (BSSP) whose employment is not subject to an employment contract:

1. Workday: The regular, full-time workday shall be eight hours exclusive of a meal period of at least thirty (30) minutes or more. Hours may be flexible Monday through Friday with approval of the Executive Director.
2. Workweek: The regular full-time workweek shall be a schedule of workdays Monday through Friday, within a seven (7) consecutive day period. It shall consist of forty hours of work beginning with a period of five (5) consecutive workdays. Individual daily hours may vary with the approval of the Executive Director.
3. Work year: The work year shall be twelve (12) months.
4. Rest/meal Periods: An employee shall be entitled to one (1) fifteen-minute period for each four hours of duty. Meal periods of thirty (30) to sixty (60) minutes shall be mutually scheduled.
5. Salary Schedule: Employees shall be paid from the salary schedule attached hereto as Exhibit I.
6. Step Advancement: Employees commencing work between July 1 and January 15 of any fiscal year will be eligible for a step advancement on the following July 1. Employees commencing work on or after January 16 will not be eligible for step advancement until July 1 of the following year.
 - a. Employees changing classification upward shall enter the new class on the first salary step which is not less than two and one-half percent (2.5%) greater than their current monthly salary; in no case shall the increase be greater than seven and one-half percent (7.5%) of their current monthly salary.
 - b. Receipt of four (4) or more “requiring improvement/not satisfactory” marks may preclude step advancement until a subsequent satisfactory evaluation.
7. Overtime: The requirement to work overtime shall be a management prerogative.
 - a. Overtime shall be paid, at the rate of time and one half, for all work suffered or permitted over the regularly-scheduled work day of a forty (40) compensable hours in one work week.
 - b. Compensating time off at the rate of time and one-half may be taken with the approval of the Executive Director.
8. Health Benefits:
 - a. BSSP will contribute \$971 per month toward the medical, dental and vision plans elected by the employee. The employee will pay the cost of elected plans in excess of the BSSP contribution by payroll deduction. The employee will be reimbursed any difference between the \$971 contribution and cost of elected plans.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **Salary and Benefits for Employees Not
Subject to an Employment Contract**

Section: **3.3**

b. BSSP will provide employer-paid \$50,000 group term life insurance.

9. Vacation/Holidays:

a. Paid vacation for permanent employees is earned at the following rates:

	<u>Effective April 1, 2015</u>
0 through 4 th year	1¼ days per month
5 th and subsequent years	1 2/3 days per month

b. Although vacation time is earned on a monthly basis, vacation time for the entire fiscal year shall be credited on July 1 of each year for a permanent employee's use during the fiscal year.

A permanent employee may carryover ten (10) days of unused vacation to the following fiscal year.

c. Unused vacation time in excess of the carry-over limits shall be paid by August 31st of the succeeding fiscal year at the daily rate in effect when the vacation days were earned.

d. The follow days shall be paid as holidays: January 1st, Martin Luther King, Jr. Day, Lincoln Day, Washington Day, Memorial Day, July 4th, Labor Day, Veterans Day, Thanksgiving Day, and December 25th.

e. Five additional holidays shall be granted: day before Thanksgiving, day after Thanksgiving, one and one-half days at Christmas, one and one-half days at New Years. Half days are defined as one half of the normal working hours. Half days at Christmas and New Years may be taken at any time during the winter recess with the Executive Director's approval.

10. Bereavement Leave:

a. Bereavement leave up to a maximum of five (5) days for the death of a member of the immediate family shall be granted. Members of the immediate family are mother, father, grandmother, grandfather or a grandchild of the employee or of the spouse of an employee, and the spouse, son, son-in-law, daughter, daughter-in-law, brother, brother-in-law, sister, sister-in-law, step-foster parent or child of the employee or any relative living in the immediate household of the employee.

b. One (1) day shall be granted to attend the funeral of an aunt, uncle, niece or nephew of the employee or of the spouse of the employee.

11. Jury Duty Leave: Fully-paid leave shall be granted when called for jury duty or as a subpoenaed witness in accordance with Government Code Section 1230 and 1230.1.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **Salary and Benefits for Employees Not
Subject to an Employment Contract**

Section: **3.3**

12. Illness/Injury Leave:

- a. Sick leave is a level of absence granted because of personal illness or injury. In any fiscal year, an employee shall be entitled to paid sick leave at the rate of one day or ratio thereof for each month of paid regular service on an unlimited accumulated basis.
- b. Sick leave for the current fiscal year need not be accrued prior to taking such leave. It may be taken at any time during the current fiscal year provided it does not exceed the current fiscal year's sick leave benefit entitlement in addition to any accrued sick leave. A new employee shall not be entitled to take more than six days of sick leave until the first day of the calendar month after completion of six months of active service with BSSP. Upon resignation or termination, the amount of pay for sick leave days taken in excess of sick leave days earned shall be deducted from the final warrant issued to employee.
- c. Illness/Injury leave may also be granted for preventive care or for a specified purposes when a victim of domestic violence, sexual assault or stalking.

13. Personal Necessity Leave: A maximum of seven days of earned illness/injury leave may be used in each fiscal year for the following reasons:

- a. Death of a member of his immediate family when additional leave is required beyond regular bereavement leave.
- b. Accident involving his person or property, or the person or property of employee's immediate family.
- c. Appearance in court or before any administrative tribunal as a litigant, party, or witness under subpoena, or any other entity with legal jurisdiction.

Preventive care or care of an existing health condition of the employee's parent, child, spouse, registered domestic partner, grandparent, grandchild, or sibling, as defined under California Labor Code Section 2810.5.

- d. Personal emergency of the employee or immediate family. Personal emergency is defined as an event or circumstance of a serious nature which is beyond control, and which necessitates absence from duty. This includes, but is not limited to, those events and circumstances, which would require the employee's prompt attention to avoid possible financial loss to or damage to the health of either the employee or his/her household.
- e. Sick leave for personal necessity may not be used for any of the following: attendance at or participation in functions which are primarily for the employee's amusement, pleasure, personal convenience or religious observances; the extension of holidays or vacation periods; accompanying a spouse on a trip when such travel is not otherwise authorized by this document; seeking or engaging in remunerative employment; engaging in a strike, demonstration, picketing, lobbying, rally, march, campaign meeting or any activities related to work stoppage or political campaigning.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **Salary and Benefits for Employees Not
Subject to an Employment Contract**

Section: **3.3**

- f. Five (5) of the maximum of seven days personal necessity leave may be granted with only “personal” identified as the reason.

14. Early Retirement Program:

- a. An employee is eligible for the Early Retirement Program when the following criteria are met:
 - i. The employee is fifty-eight (58) years of age;
 - ii. Has completed a minimum of twelve (12) years of full-time service with BSSP; and
 - iii. The employee is qualified for and in the process of receiving retirement benefits under the Public Employees Retirement System.
- b. An employee meeting the preceding criteria and subsequently granted entry into the Early Retirement Program shall receive benefits subject to the following limitations.
 - i. The monthly contribution, per paragraph 8.a., above, provided in the last full year of employment shall be the amount subject to proration below.
 - ii. The prorated amount shall be applied towards employee’s purchase medical plan covering employee and dependents, if elected, during employee’s participation in the Early Retirement Program.
 - iii. For an employee retiring with:
 - 1. Twelve (12) years of full time service, BSSP shall provide 50% of the monthly contribution.
 - 2. Fifteen (15) years of full time service, BSSP shall provide 75% of the monthly contribution.
 - 3. Twenty (20) years of full time service, BSSP shall provide 100% of the monthly contribution.
- c. Coverage under this program shall cease at “Medicare eligibility” pursuant to Social Security Administration guidelines, which are based on the year of birth. The employee shall be allowed to enter the group medical insurance program by paying the existing premium rates.
- d. All benefits under the Early Retirement Program shall cease upon the death of the employee, with the condition that the employee’s spouse shall be eligible to continue in the group medical insurance program for up to seven (7) years following the employee’s death by paying the existing premium rates.
- e. An employee who is subsequently employed and/or married and receives a comparable or greater health benefit program would become ineligible for benefits of this program.

15. Job Performance Evaluation Procedures

- a. A new employee shall be evaluated by the Executive Director after three months and before the last month of the six-month probationary period.
- b. A permanent employee shall receive a written evaluation at least once every two years unless otherwise requested by the Executive Director. Due dates shall be observed.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **Salary and Benefits for Employees Not
Subject to an Employment Contract**

Section: **3.3**

- c. Whenever an evaluation is done, an evaluation conference shall be held between the employee and the evaluator. The evaluator will present a written evaluation and discuss it with the employee. The employee shall sign the evaluation signifying only that the employee has read the document and has been given a copy. The Executive Director's signature must precede the employee's. The Executive Director shall describe the specific data used in completing the rating form. An informal conference may be held during the years in which a permanent employee does not receive a written evaluation.
- d. The employee shall have a period of ten (10) working days following the evaluation conference to prepare and submit a written reaction, if any, in response to the evaluation. Such response will become a permanent attachment to the evaluation and be placed in the employee's personnel file.
- e. A negative evaluation shall:
 - i. Identify areas where improvement is needed;
 - ii. Offer specific suggestions for improvement; and
 - iii. List improvement steps.
- f. The evaluator may prepare evaluations or progress reports on a schedule more frequent than described in this policy and may conduct progress reports in written form with a copy to the employee. Progress reports concluded pursuant to this policy shall be discussed at a scheduled conference with the employee.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **Salary and Benefits for Employees Not
Subject to an Employment Contract**

Section: **3.3**

EXHIBIT I

Hourly Rates Effective July 1, 2018

Title	1	2	3	4	5	6	7	8	9	10	15	20
Administrative Clerk	13.03	13.66	14.36	15.08	15.83	16.62	17.46	18.32	19.26	19.26	19.26	19.26
Administrative Assistant	14.38	15.1	15.87	16.66	17.5	18.37	19.29	20.26	21.25	21.25	21.25	21.25
Senior Benefits/ Administrative Assistant	21.84	22.71	23.63	24.56	25.55	26.58	26.58	27.64	27.64	28.74	29.9	31.09

Hourly Rates Effective July 1, 2019

Title	1	2	3	4	5	6	7	8	9	10	15	20
Administrative Clerk	13.4	14.05	14.76	15.51	16.28	17.09	17.95	18.84	19.8	19.8	19.8	19.8
Administrative Assistant	14.79	15.53	16.32	17.13	17.99	18.89	19.83	20.83	21.85	21.85	21.85	21.85
Senior Benefits/ Administrative Assistant	22.46	23.35	24.3	25.25	26.27	27.33	27.33	28.42	28.42	29.55	30.74	31.97

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **BOARD OFFICERS, EXECUTIVE COMMITTEE AND AD HOC COMMITTEES**

Section: **4.1**

BOARD OFFICERS:

Pursuant to the Bylaws, there shall be the following board officers each serving a two-year term. Their duties and responsibilities are as stated in the Agreement and Bylaws.

1. President
2. Vice-President
3. Secretary
4. Treasurer

EXECUTIVE COMMITTEE:

There shall be an Executive committee of eight (8) members comprised as follows:

1. The four (4) board officers.
2. Four (4) members each serving an annual term and representing districts as follows (based on the weighted vote calculation for administrative matters per policy 4.5):
 - a. 1 representative from a member with up to 3.00% in the weighted vote calculation;
 - b. 1 representative from a member between 3.01% and 10.00% in the weighted vote calculation
 - c. 1 representative from a member between 10.01% and 20.00% in the weighted vote calculation
 - d. 1 representative from a member district above 20.01% in the weighted vote calculation

The Executive Committee shall be comprised of four management directors and four labor directors. The Executive Committee is a standing committee of the Board of Directors. The Executive Committee shall:

1. Discharge its duties as outlined in the Bylaws; and
2. Make recommendations to the Board regarding the operations of the Butte Schools Self-Funded Programs.

AD HOC COMMITTEES:

From time to time, the Board may appoint Ad Hoc Committees for special projects. Membership on the committee is unlimited.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **ELECTION PROCEDURES / NOMINATING COMMITTEE**

Section: **4.2**

The nomination / election of officers and Executive Committee members must conform to the Brown Act.

A Nominating Committee shall be established and comprised of four Executive Committee members as follows (based on the weighted vote calculation for administrative matters per policy 4.5):

- a. 1 representative from a member up to 3.00% in the weighted vote calculation (per policy 4.5)
- b. 1 representative from a member between 3.01% and 10.00% in the weighted vote calculation
- c. 1 representative from a member between 10.01% and 20.00% in the weighted vote calculation
- d. 1 representative from a member district above 20.01% in the weighted vote calculation

The Nominating Committee shall be comprised of two management directors and two labor directors.

In each even-numbered year, the Nominating Committee will meet prior to the final regularly-scheduled board meeting and recommend a slate of officers (President, Vice President, Secretary and Treasurer) for two-year terms.

Annually, the Nominating Committee will meet prior to the final regularly-scheduled board meeting and make a recommendation for District Representatives to the Executive Committee. District Representatives to the Executive Committee serve 1-year terms.

The Nominating Committee will be a standing committee; therefore, an agenda will be posted and minutes prepared for each Nominating Committee meeting held.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **BOARD INDEMNIFICATION POLICY**

Section: **4.3**

1. The Memorandum of Coverage provides all BSSP Board members indemnification for negligent acts.
2. It shall be the policy of BSSP to provide indemnification for all Board and Committee members with no deductible or SIR while acting within the scope of their duties as Board or Committee members of BSSP.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **GUIDING PRINCIPLES FOR RESOLVING CLAIMS DISPUTES** Section: **4.4**

I. PURPOSE

- A. To provide standards of conduct which, if followed by members in handling claims, will reduce if not eliminate the incident of controversy between BSSP and its members.
- B. To provide a forum for the resolution of problems involving the handling of claims.
- C. It is implicit in these guiding principles that members and BSSP adopt conduct which refrains from creating additional difficulty for the member in the handling of a case or increase the danger of the member being liable in excess of its policy limit.
- D. Nothing in these principles shall in any way abridge the rights of or duties owed to the member. It is believed that the interest of all parties will be better served by adherence to these principles. Nothing in these principles relieves BSSP or the members of obligations under the MOC.

II. SCOPE

These obligations shall be applicable to all coverages provided and claims and suits arising thereunder involving BSSP and its members.

III. DEFINITIONS

- A. "Member" shall mean BSSP members.
- B. "Provider" shall mean BSSP.

IV. GUIDING PRINCIPLES

A. Member Conduct

1. The member must perform its duty of investigating promptly and diligently all losses, including those cases in which it is apparent that its policy limit may be consumed.
2. Liability must be assessed on a basis of all relevant facts which a diligent investigation and pertinent discovery can develop and in the light of applicable legal principles. The assessment of liability must be reviewed periodically throughout the life of the claim.
3. Evaluation must be realistic and without regard to the member's coverage limit.
4. It is the member's responsibility to report claims to BSSP or Claims Administrator pursuant to the MOC.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **GUIDING PRINCIPLES FOR RESOLVING CLAIMS DISPUTES** Section: **4.4**

5. Situations may arise where the cost of damages alone would support payment of a demand, but the member is unwilling to pay. BSSP Board will have the discretion to review each case on its merits and not just cost of damages.

B. Handling Judgment

1. In the event of a judgment, the member shall consult the provider as to further procedure. If the member plans an appeal with the concurrence of BSSP and excess provider, the expense shall be shared by the member and the provider, in such manner as they may agree upon.
2. If the member should elect not to appeal, taking appropriate steps to pay or to guarantee payment of its coverage limit, it shall not be liable for the expense of the appeal or interest on the judgment from the time it gives notice to the provider of its election to appeal and tenders its coverage limit.
3. BSSP has the right to file an appeal at their own expense being liable also for the interest accruing on the entire judgment subsequent to the member's notice of its election not to appeal.
4. If BSSP does not agree to an appeal, they shall not be liable but may elect to share the cost of any appeal by the member.

C. BSSP's Conduct

BSSP may recommend a settlement, but will refrain from coercive or collusive conduct designed to force a settlement. It shall never make a demand upon a member to settle a claim. In any subsequent proceedings between BSSP and members, BSSP's failure to make a demand that the claim be settled shall not be considered as having any bearing on BSSP's claim against the member.

V. CONFLICT RESOLUTION

Communication is the cornerstone to good claims resolution. Everyone is aware of the expense and time involved in the resolution of factual and legal issues through the courts of law. Self-insurance requires an expertise that is not always found in the courts.

- A. Prior to any settlement conference, when in the opinion of BSSP's Claims Administrator, excess coverage is likely to be exposed, BSSP shall invite a representative from each member to review the broad strategy for handling the claim. If a consensus cannot be reached, the claim shall be put before a panel for review.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **GUIDING PRINCIPLES FOR RESOLVING CLAIMS DISPUTES** Section: **4.4**

B. Appeal Panel - Within 90 days, a panel shall review the disputed claim. The panel will consist of:

1. One representative selected by BSSP;
2. One representative selected by the member; and
3. One representative chosen by consensus of the above representatives.

The panel shall make recommendations to the parties on the resolution of issues and the determination of the controversy. The parties may accept the recommendations.

C. Arbitration - If the parties do not accept the panel's recommendations, the next step in the process shall be binding arbitration. The matter will be submitted to a mutually agreed arbitrator or panel of arbitrators for a determination. The decision of the arbitrator is final. All parties agree to abide by the decision of the arbitrator. The cost of arbitration will be shared equally by the parties involved.

VI. ENDORSEMENT

All members and BSSP shall endorse these guiding principles.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **WEIGHTED VOTE CALCULATIONS**

Section: **4.5**

The weighted vote calculations will be based on the pro-rata share of total self-funded employee benefit contributions of the prior year and total property and liability contributions of the current year.

A. Weighted votes will be attributed to each director as listed below.

<u>Percentage of Self-Funded Contributions</u>	<u>Votes</u>
0.00%-2.99%	1 vote
3.00%-5.99%	2 votes
6.00%-8.99%	3 votes
9.00%-11.99%	4 votes
12.00%-14.99%	5 votes
15.00%-17.99%	6 votes
18.00%-20.99%	7 votes
21.00%-23.99%	8 votes
24.00%-26.99%	9 votes
27.00%-29.99%	10 votes
30.00%-32.99%	11 votes
33.00%-35.99%	12 votes
36.00%-38.99%	13 votes

Additional bands may be added as needed in 3% and 1 vote increments.

B. Votes attributed in paragraph A., above, will be authorized as follows:

Action related to	Basis of Votes: Contributions from	Directors of member districts participating in
Administration	Prior year employee benefit and current-year property and liability contributions	Either employee benefit or property and liability programs
Employee benefit programs	Prior year employee benefit programs	Employee benefit programs
Property and liability programs	Current year property and liability programs	Property and liability programs

C. The weighted vote calculations under this policy shall be approved at the first meeting of the Board of Directors within each fiscal year.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **POLICY REVIEW**

Section: **4.6**

Policy additions or revisions may be made at any time upon the request of a member of the Board or recommendation by the Executive Director.

In addition, the Executive Director shall formally review the Policies and Procedures Manual on a bi-annual basis and propose any additions or revisions necessary.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **SELF-EVALUATION BY THE BOARD OF DIRECTORS**

Section: **4.7**

The Board of Directors will conduct a self-evaluation on an annual basis. The evaluation will include, but not be limited to, the Board's adherence to the professional governance standards and governance norms as well as its effectiveness in discharging its governance responsibilities outlined in the BSSP Governance Handbook.

Results of the self-evaluation will be included on the next agenda of a meeting of the Board of Directors following the conclusion of the evaluation.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: Disclosure of Program Participation and Underwriting Information Section: 4.8

In order to protect the entire membership of the Butte Schools Self-Funded Programs, BSSP will not release or disclose any employer-specific or bargaining unit-specific claims or costs information for any program.

The following census data will be provided, upon request, to the employer of record, only:

- a. Date of birth
- b. Gender
- c. Residential zip code
- d. Marital status
- e. Enrolled tier, if applicable

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **BUTTE SCHOOLS SELF-FUNDED PROGRAM RISK
MANAGEMENT AND SAFETY POLICY**

Section: **5.1**

The Butte Schools Self-Funded Programs has adopted the following minimum Risk Management Guidelines as required by Bay Area Schools Insurance Cooperative JPA.

1. Property Appraisals/Building Evaluations

A. Updated annually with a complete field appraisal every eight (8) years conducted by a qualified appraiser. The evaluation must include:

1. Plot plan for each site
2. Value of each building at each site
3. Construction of each building at each site
4. Identification of loss prevention equipment in each building at each site (alarms, sprinklers, etc.)

2. Regular, On-going Safety Inspections

An on-site inspection by an outside qualified Loss Prevention specialist, who is an active member of the American Society of Safety Engineers or similar organization, shall be conducted at least every two (2) years and include:

1. Industrial Arts and Home Economics Classrooms and Equipment
2. Playground Equipment
3. Athletic Equipment
4. Grounds and "Common Areas"
5. Facilities Housing Playground and Athletic Equipment
6. Audit of the District's On-going Self Inspection Program

3. Each District is required to implement a program of on-going inspections by District

1. Industrial Arts and Home Economic Classrooms and Equipment
2. Playground Equipment
3. Athletic Equipment
4. Facilities Housing Playground and Athletic Equipment

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **PROPERTY AND LIABILITY CLAIMS SETTLEMENT
PROCEDURES**

Section: **5.2**

1. Claims administrator will be authorized to settle any property or liability claim up to and including \$5,000 providing District concurrence.
2. Settlements above \$5,000 up to the SIR will involve consultation with the District Representative and a majority vote of the Board Members at a Board meeting

OR

will involve consultation with the District Representative and approval from a majority of the officers, as well as ratification from the Board members at the next regularly scheduled meeting.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **AUXILIARY ORGANIZATIONS**

Section: **5.3**

- A. Liability coverage may be extended to auxiliary organizations which provide services to the district and meet the following minimum requirements:
1. The organization must have written bylaws specifying its purpose as a district/pupil support organization.
 2. The bylaws must reflect the nature and degree of the district's direction and supervision of the organization and its activities.
 3. The organization's meetings must be timely noticed.
 4. Minutes of all proceedings must be kept on file with the district.
 5. The organization's events must have specific approval from the district's governing board or its authorized representative.
 6. The organization's funds must be reported to and be under the control of the authorized representative of the district. Control shall be through one of the following:
 - a. A district administrative employee must be a signor on the organization's bank account(s);
 - b. A district administrative employee must sign on all payments and/or purchase orders;
or
 - c. The organization must post a financial bond for the amount of the funds expected to be collected over a one-year period.
 7. The organization must be approved by the district's governing board and the governing boards of both BSSP and BASIC for endorsement to the Memorandum of Coverage.
 8. The organization must not discriminate against individuals or its members thorough the dissemination of funds.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **AUXILIARY ORGANIZATIONS**

Section: **5.3**

9. Activities covered:
 - a. Meetings of the officers and members of the organization
 - b. Newsletter and bulletins
 - c. Candy, cake and bake sales
 - d. Breakfasts, luncheons, brunches or dinners (excluding alcohol)
 - e. Movies, lectures, or awards assemblies
 - f. Drawings or auctions
 - g. Fairs, bazaars or carnivals (excluding animal or mechanical rides)
 - h. Float construction
 - i. Garage sales
 - j. Roller skating or ice skating
 - k. Auto or motor vehicle shows/display
 - l. Watercraft shows/display
 - m. Car washes
 - n. Concerts (excluding rock or "heavy metal")
 - o. Field trips
 - p. Amateur or professional live entertainment
 - q. Parades
 - r. Picnics and barbecues
 - s. Pep rallies
 - t. Walk-a-thons, jog-a-thons, and like events
 - u. Dances

- B. Excluded activities include, but are not limited to:
 1. Motor vehicle or watercraft speed competitions or races
 2. Events involving alcohol
 3. Mechanical rides
 4. Animal rides
 5. Donkey basketball/baseball
 6. Fireworks
 7. Rodeo
 8. Skateboard events
 9. Bicycle events, involving acrobatics, stunts, or "motocross"
 10. Owned automobiles and trailers
 11. Athletic events such as: football, basketball, soccer, baseball/softball, volleyball, water sports, boxing, wrestling, physical contact sports, etc.

- C. Any activity not listed above must be referred to BSSP for approval.

- D. The coverage is limited to \$1,000,000 per occurrence and is part of the district's coverage program.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **AUXILIARY ORGANIZATIONS**

Section: **5.3**

- E. The auxiliary organization must apply to and be endorsed by the Bay Area Schools Insurance Cooperative (BASIC) in order to have coverage in the Butte Schools Self-Funded Programs.
- F. Coverage is not effective until endorsed on the BASIC's Memorandum of Coverage.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: CHARTER SCHOOL PROPERTY AND LIABILITY COVERAGE Section: 5.4

Property and liability coverages are available to charter schools which are operated by member district of BSSP JPA. The charter school must apply for coverage and be approved for such by the BSSP board of directors as well as endorsed for coverage on the Bay Area Schools Insurance Cooperative Memorandum of Coverage.

Coverage is not effective until endorsed on the Bay Area Schools Insurance Cooperative JPA Memorandum of Coverage and is continuous until revoked or terminated.

In any event, if a charter school is operated by a nonprofit corporation organized under Section 501(c)(3) of the Internal Revenue code, under the California Nonprofit Corporation Law, or under any similar law, it is not eligible for coverage under Butte Schools Self-Funded programs.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **PROPERTY AND LIABILITY MEMORANDUM OF COVERAGE** Section: **5.6**

Butte Schools Self-Funded Programs will follow the form of Bay Area Schools Insurance Cooperative (BASIC)'s Memorandum of Coverage for Property & Liability Coverage.

Effective July 1, 2010, Butte Schools Self-Funded Programs will provide auto physical damage coverage at the lesser of actual cash value or replacement value on a vehicle not specifically endorsed on BASIC's policy for Excess Auto Physical Damage for High Value Vehicles.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **Property and Liability Exclusions and High-Risk Deductibles**

Section: **5.7**

Effective March 27, 2008, the following items are excluded from coverage, in addition to any items excluded under the Memorandum of Coverage referenced in Policy and Procedure 5.6:

- circuses
- athletic events involving adults and members of the public (interscholastic student teams are not excluded from coverage)
- mechanized and/or motorized competitions
- skateboard events
- animal rides
- donkey basketball/baseball
- events involving alcohol.

Effective July 1, 2009, the following items are excluded from coverage, in addition to any items excluded under the Memorandum of Coverage referenced in Policy and Procedure 5.6:

- Contracts re transportation for hire with any entity other than a public educational agency, except:
 - When the contract is issued in order to facilitate an evacuation under an order issued by any federal, state or local agency; or
 - To transport students enrolled in the member district's preschool, kindergarten, grade 1-12 or adult education program to and/or from a before- or after-school, intersession, break or summer school program.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **SAFETY CREDIT PROGRAM**

Section: **5.8**

The Safety Credit Program promotes safety and helps member districts purchase items recommended in the district's safety inspection Reports.

Safety credits may be used to reimburse member district for the costs of:

1. Correction of exceptions noted the district's safety inspection report, or
2. Purchase of preventative or safety control items, such as:
 - New ladders
 - Eye wash stations
 - Compressed gas securing devices
 - Defective cords/plugs
 - Signage
 - Fire proof cabinets
 - Blade guards for paper cutters
 - Safety cans
 - Chemical storage areas
 - Portable/bus radios

Unused safety credits are forfeited at the end of the fiscal year.

Safety credits will be distributed to member districts on the basis of proportion of current year net property and liability contribution, excluding auto physical damage coverage, in the following manner:

Part A: <1% of contributions	\$500
1% < 2%	\$750
2% < 5%	\$1,000
5% < 10%	\$1,500
10% < 15%	\$2,000
15% or more	\$2500

Part B1: An additional \$500 to districts with <2% contributions

Part B2: The remaining allocation on the basis of proportion of current net property and liability contribution.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **HIGH RISK DEDUCTIBLES**

Section: **5.9**

This policy shall be effective July 1, 2013.

In an effort to assist BSSP's member districts, including any auxiliary organization endorsed under the BSSP property and liability coverage, in the implementation of sound risk management programs, certain activities have been identified as "High Risk".

A member district shall incur a \$5,000 deductible for any and all losses arising out of the following high risk activities:

1. Field trips:
 - a. Snow/ski trips
 - b. Scuba diving trips
 - c. Swimming activities at oceans, bays, lakes, rivers, streams and privately owned swimming pools/spas
 - d. Bicycle activities/trips, excluding bicycle safety programs
 - e. Out-of-country trips
 - f. Overnight field trips, for which the district has no policy or procedure in place requiring all chaperones to be fingerprinted. This deductible shall only apply to claims or lawsuits arising out of the actions of the chaperone(s) who have not been fingerprinted.
2. Skateboarding/rollerblading/scooter riding/motorcycle riding/use of Segways and similar vehicles – unless the district has specifically prohibited such activities on campus and enforced such a prohibition by way of a written notice and by way of posted signs on fences and grounds.
3. Outdoor rock climbing, spelunking, and rappelling – unless under contract with a ropes course or similar program.
4. District-authorized public use of facilities or grounds for sports/athletic activities without a properly endorsed Facility Use Agreement and a Certificate of Insurance naming the district as an additional insured, or a hold harmless agreement from the organization or the person(s) holding the event.
5. Indoor/outdoor floor hockey
6. Kickboxing, martial arts
7. Bonfires
8. Bounce houses and similar inflatable structures

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **HIGH RISK DEDUCTIBLES**

Section: **5.9**

9. Employment of a coach or temporary athletic team coach who does not meet the training requirements established by Education Code section 49032 and CIF Bylaw 22.B.9 (when applicable)
10. Authorization of a volunteer coach or temporary athletic team coach who does not meet the training requirements established by Education Code section 49032 and CIF Bylaw 22.B.9