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Approved Minutes

Employee Benefits Program Committee Meeting

ACWA JPIA Executive Conference Room
2100 Professional Drive
Roseville, CA 95661
(800) 231-5742

June 27, 2017

This meeting consisted of a simultaneous WebEx teleconference call at the ACWA JPIA, 2100 Professional Drive, Roseville, CA 95661 and the following remote site:

- Boatmun, 4004 Salem Street, Concord

MEMBERS PRESENT

Chairman: J. Bruce Rupp, Humboldt Bay Municipal Water District
Vice-chair: Melody McDonald, San Bernardino Valley Water Conservation District
Merle Aleshire, Valley Center Municipal Water District
Bette Boatmun, Contra Costa Water District (*via WebEx*)
Stephanie Dosier, Orange County Water District
Karen Gish, Amador Water Agency
Sandy Olson, Walnut Valley Water District
Glen Peterson, Las Virgenes Municipal Water District
Randy Shilling, Kings River Conservation District

MEMBERS ABSENT

None.

STAFF PRESENT

Chief Executive Officer/Secretary: Walter "Andy" Sells
Sonya Baker, Benefits System Analyst
Carol Barake, Risk Management Program Manager
Chimene Camacho, Human Resources Coordinator
Veronica Cobian, Benefits Administrator
Linda Craun, Administrative Assistant II (WebEx Coordinator)
David deBernardi, Director of Finance
Robert Greenfield, General Counsel
Allison Hartill, Benefits Analyst I (Recording Secretary)
Ben Hayden, Lead Benefits Analyst
Susan Offerman, Benefits Analyst II
Patricia Slaven, Director of Administration
Sandra Smith, Employee Benefits Manager
Michelle Stites, Benefits Administrator
Dianna Sutton, Finance Manager

Karen Thesing, Director of Insurance Services
Melody Tucker, Workers' Compensation Claims Manager
Bobbette Wells, Executive Assistant to the CEO

OTHERS IN ATTENDANCE

Thomas Cuquet, South Sutter Water District
David Drake, Rincon del Diablo Municipal Water District *(via WebEx)*
E.G. "Jerry" Gladbach, Castaic Lake Water Agency
Brent Hasteley, Yuba County Water Agency
W.D. "Bill" Knutson, Yuima Municipal Water District
Kimberly Miller, Alliant Insurance Services
Thomas Sher, Alliant Insurance Services
Kathy Tiegs, Cucamonga Valley Water District *(via WebEx)*

WELCOME

Chairman Rupp welcomed everyone in attendance.

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

Chairman Rupp called the meeting to order at 9:02 a.m. He announced there was a quorum.

ANNOUNCEMENT RECORDING OF MINUTES

Chairman Rupp announced that the meeting would be recorded to assist in preparation of minutes. Recordings are kept 30 days following the meeting, as mandated by the California Brown Act.

EVACUATION PROCEDURES

Mr. Sells reminded attendees of the method for exiting the building in the event of an emergency.

PUBLIC COMMENT

Chairman Rupp noted that, as the agenda stated, members of the public would be allowed to address the Employee Benefits Program Committee on any agenda item prior to the Committee's decision on that item. Comments on any issues on the agenda, or not on the agenda, were also welcomed. No comments were brought forward.

INTRODUCTIONS

Chairman Rupp requested everyone present, including those participating via WebEx, to introduce themselves and requested Sandra Smith, Employee Benefits Manager, to introduce the Employee Benefits Department staff to the Committee.

ADDITIONS TO OR DELETIONS FROM THE AGENDA

Chairman Rupp called for any additions to or deletions from the meeting Agenda; Mr. Sells indicated staff had no changes.

APPROVAL OF MINUTES

Chairman Rupp called for approval of the minutes of the April 4, 2017 Employee Benefits Program Committee meeting.

M/S/C (Shilling/Peterson) (Aleshire-Yes; Boatmun-Yes; Dosier-Yes; Gish-Yes; McDonald-Yes; Olson-Yes; Peterson-Yes; Shilling-Yes; Rupp-Yes):
That the Employee Benefits Program Committee approve the minutes of the April 4, 2017 meeting, as presented.

MEETINGS ATTENDED ON BEHALF OF THE JPIA

There were no meetings attended by Employee Benefits Committee members on behalf of the JPIA.

2018 PRICING AND PLAN OPTIONS – SELF FUNDED ANTHEM PPO MEDICAL PLANS

Mr. Sells began the 2018 renewal presentation by reviewing the process used in developing the recommendations for the Committee's consideration, including trend calculations, per employee per month (PEPM) figures, plan design change impacts, and industry trends. Current and future trends in medical insurance rates, marketplace competitiveness, and reserve fund use methodologies were all discussed at length by the Committee, staff and Alliant representatives. Discussion included current and potential savings for prescription drug coverage, the advantages and disadvantages of a direct relationship with a Pharmacy Benefits Manager (PBM), member disruption versus cost benefit analysis of the options presented, along with current and future use of reserve funds.

M/S/C (Aleshire/Shilling) (Aleshire-Yes; Boatmun-Yes; Dosier-Yes; Gish-Yes; McDonald-No; Olson-Yes; Peterson-No; Shilling-Yes; Rupp-Yes):
That the Employee Benefits Program Committee recommends that the Executive Committee increase the out of pocket maximum to \$2,000/individual and \$4,000/family on the Anthem Classic PPO Plan; increase the participant cost share for hospitalization facility charges to 10% on the Anthem Classic PPO Plan; and approve a 4.5% aggregate increase in rates for all Anthem Blue Cross PPO self-funded plans, effective January 1, 2018.

2018 PRICING AND PLAN OPTIONS – FULLY INSURED HMO MEDICAL PLANS

Mr. Sells migrated the discussion to the proposed HMO medical plan proposal and recommendations by staff to the Committee. Mr. Sells introduced the HMO plan and noted the proposed rate increase assumes no subsidy for these plans. Ms. Smith continued the discussion by reviewing historical data related to enrollment and rate of increase over time. Ms. Smith noted the Affordable Care Act (ACA) mandated insurer tax will be reinstated in 2018, which accounts for a 3.38% increase in the proposed rates. Ms. Smith discussed the small portion of the HMO plan that is self-funded, which has prescription coverage for retirees with Medicare through an Employer Group Waiver Plan (EGWP). This plan design results in Medicare reimbursement for a portion of the

cost of prescriptions. Performance of this plan component has been better than projected, and resulted in a slightly lesser overall increase than Anthem's 9% increase for the insured portion. A brief discussion was had about considerations for future plan years.

M/S/C (Peterson/Aleshire) (Aleshire-Yes; Boatmun-Yes; Dosier-Yes; Gish-Yes; McDonald-Yes; Olson-Yes; Peterson-Yes; Shilling-Yes; Rupp-Yes):
That the Employee Benefits Program Committee recommends that the Executive Committee approve an 8.26% aggregate increase in rates in the Anthem Blue Cross HMO plans, a Kaiser North rate increase of 4.64%, and a Kaiser South rate increase of 13.08%, effective January 1, 2018.

2018 PRICING AND PLAN OPTIONS – ANCILLARY BENEFITS PLANS

Ms. Smith provided the Committee with an overview of historical information for the Delta Dental PPO and HMO and Vision Service Plans, along with a report of enrollment growth for these programs. The self-funded dental and vision plans continue to perform well. Ms. Smith continued with a review of the Short Term Disability plan renewal, which included no change in rates. Long Term Disability, Life, and Employee Assistance Plans are currently in multi-year rate guarantees.

M/S/C (Gish/McDonald) (Aleshire-Yes; Boatmun-Yes; Dosier-Yes; Gish-Yes; McDonald-Yes; Olson-Yes; Peterson-Yes; Shilling-Yes; Rupp-Yes):
That the Employee Benefits Program Committee recommends to the Executive Committee that Delta Dental PPO plans, DeltaCare HMO plans, Vision Service Plans and Short Term Disability plans renew with no change in rates, effective January 1, 2018.

At 11:02 a.m., the Employee Benefits Program Committee took a break and the meeting resumed at 11:10 a.m.

EMPLOYEE BENEFITS UPDATE

Ms. Smith began the Employee Benefits update with a follow up report on tiered pharmacy benefit plan design. Staff is not recommending this plan design change at this time, as the member disruption and challenges in communicating the changes would outweigh the potential savings of 0.2%.

Changing the prescription drug formulary, which would narrow the list of covered prescriptions and change the tiers at which current prescriptions are covered, is not recommended by staff due to the high percentage (40%) of participants who would be negatively impacted.

Ms. Smith provided a brief overview of the Carrum Health program. Staff has provided flyers, posters, and emails and updated the website to advertise Carrum Health as a surgery benefit. At this time, one participant has a surgery scheduled through Carrum Health. A concerted effort between Alliant, Anthem and Carrum Health to increase participation and awareness of the program is underway. The Committee suggested

JPIA's HR Group Meetings may be an appropriate venue to promote this benefit. Ms. Smith indicated the Open Enrollment material distributed to members will include information about both Carrum Health and Anthem Blue Distinction Centers.

Mr. Sher provided an update on pending legislation and potential changes to the ACA. A comparison of proposed changes prepared by Alliant was distributed for information purposes only. Mr. Sher will continue to monitor the situation, work with staff to address any changes in legislation, and report back to the Committee to provide an update at the next meeting.

CASTLIGHT UPDATE

Mr. Sells provided an overview of the participation in this program to the Committee based on a presentation recently given by Castlight. Conceptually, this is a good tool to assist members in the Consumer Driven Health Plan program, but participant feedback has been mixed and savings figures have not outweighed the cost of the program. The contract with Castlight expires in September of 2017. Similar programs are available directly through Anthem and Alliant at no cost. More information is being gathered for future review.

WELLNESS GRANT UPDATE

Ms. Smith presented an update to the Committee on the Wellness Grant program. This is the third year of this program and the participation rate is tapering off. The deadline for applications is June 30, 2017.

NEXT MEETING DATE

The Employee Benefits Program Committee indicated a meeting in the spring of 2018 would be appropriate prior to the release of the next plan year information. The meeting date will be coordinated.

Chairman Rupp announced that Committee Member Olson will be retiring. He thanked her for her valuable service and contributions to the Committee and wished her well.

The Employee Benefits Program Committee meeting adjourned at 12:05 p.m.