AGENDA
CONTRA COSTA COUNTY SCHOOLS INSURANCE GROUP
HEALTH BENEFITS COMMITTEE MEETING
January 10, 2014
10:00 A.M - 12:00 P.M
CCCSIG Conference Room
550 Ellinwood Way
Pleasant Hill, CA 94523
1 (866) 922-2744

I. CALL TO ORDER

II. ROLL CALL & INTRODUCTIONS
Bylaws of the Contra Costa County Schools Insurance Group I.G.4. Quorum. A majority of each Committee membership shall constitute a quorum for the transaction of business except that less than a quorum may adjourn from time to time.

Member Districts = 9
Number required to achieve a quorum = 5

CCCSIG:
Contra Costa County Schools Insurance Group
Bridget Moore, Executive Director

MEMBERS:
Brentwood Union School District
Margaret Kruse, Committee Chair
Brentwood Union School District
Tina Pedersen, Alternate
Byron Union School District
Gaby Hellier
Byron Union School District
Bev Nicolaise, Alternate
Canyon School District
Gloria Faircloth
Castro Valley Unified School District
Candi Clark
Castro Valley Unified School District
Robin Yearby, Alternate
Lafayette School District
Lenee Cadotte, Vice Chair
Lafayette School District
Janice Platt, Alternate
Moraga School District
Kathy Bell
Moraga School District
LaDonna Lynch, Alternate
Oakley Union Elementary School District
Rick Rogers
Oakley Union Elementary School District
Cindy Peterson/Tammi Lauderdale, Alternates
St. Helena Unified School District
Bill McGuire
St. Helena Unified School District
Greg Medici, Alternate
Walnut Creek School District
Kevin Collins
Walnut Creek School District
Cindy Lannon, Alternate

CONSULTANTS
Keenan & Associates
Debra DeSpain
Keenan & Associates
Vickie Vales
III. PUBLIC COMMENTS
Comments from the general public will be received and limited to five minutes per person.

IV. APPROVAL OF AGENDA

The Committee retains the right to change the order in which agenda items are discussed. Subject to review by the Committee, the agenda is to be approved as presented. Items may be deleted or added for discussion only according to G.C. Section 54954.2.

V. APPROVAL OF MINUTES – October 18, 2013

The Committee will review the minutes of the last Committee meeting for any adjustments and adoption.

VI. CORRESPONDENCE

Correspondence will be presented and reviewed by the Committee. No action may be taken in response; only referred for action on a subsequent agenda.

VII. UNDERWRITING

PREMIUM AND CLAIMS REPORT
The Premium and Claims Reports for the Health & Welfare Program are presented on a quarterly basis.

VIII. ADMINISTRATION/HEALTH BENEFIT PROGRAM ADMINISTRATIVE UPDATE

Amendment to the Brown Act

HIPAA Update - BridgeFront

HBC Member Survey

2014 CCCSIG Health Benefits Committee Calendar

IX. INFORMATION

MEMBER COMMENTS

Each member may report about various matters involving the Committee. There will be no Committee discussion except to ask questions, and no action will be taken unless listed on a subsequent agenda.
CONSULTANT COMMENTS

The Consultant will report to the Committee about various matters involving the Committee. There will be no Committee discussion except to ask questions, and no action will be taken unless listed on a subsequent agenda.

LEGISLATIVE UPDATE/BRIEFING

The Consultant will present Legislative Updates/Briefings/Articles of Interest to the Committee.

AGENDA ITEMS NEXT MEETING

Members and others may suggest items for consideration at the next meeting tentatively scheduled for February 21, 2014.

ADJOURNMENT

Americans with Disabilities Act:
Contra Costa County Schools Insurance Group conforms to the protections and prohibitions contained in Section 202 of the Americans with Disabilities Act of 1990 and the federal rules and regulations adopted in implementation thereof. A request for disability-related modifications or accommodation, in order to participate in a public meeting of the Contra Costa County Schools Insurance Group, shall be made to: Bridget Moore, Executive Director, Contra Costa County Schools Insurance Group - 550 Ellinwood Way, Pleasant Hill, CA 94523 - 1 (866) 922-2744.
CONTRA COSTA COUNTY SCHOOLS INSURANCE GROUP

HEALTH BENEFITS COMMITTEE MEETING
AGENDA ITEM DETAIL

PRESENTED TO: Health Benefits Committee
DATE: January 10, 2014

| SUBJECT: Approval of Agenda |
| ITEM #: 2014-001 |
| Enclosure: Yes |

Category: Approval of Agenda
Prepared by: Keenan & Associates
Requested by: Health Benefits Committee

BACKGROUND:

Under California Government Code Section 54950 the “Legislative Body” is required to post an agenda detailing each item of business to be discussed. The Committee posts the agenda in compliance with California Government Code Section 54954.2

STATUS:

Unless items are added to the agenda according to Government Code 54954.2 (b) (1) (2) (3), the agenda is to be approved as posted.

RECOMMENDATION:

Subject to changes or corrections, the agenda is to be approved.
# CONTRA COSTA COUNTY SCHOOLS INSURANCE GROUP

## HEALTH BENEFITS COMMITTEE MEETING

### AGENDA ITEM DETAIL

**PRESENTED TO:** Health Benefits Committee  
**DATE:** January 10, 2014

**SUBJECT:** Approval of Minutes – October 18, 2013  
**ITEM #:** 2014-002  
**Enclosure:** Yes

**Category:** Approval of Minutes  
**Prepared by:** Keenan & Associates  
**Requested by:** Health Benefits Committee

**BACKGROUND:**

As a matter of record and in accordance with the Brown Act, minutes of each meeting are kept and recorded.

**STATUS:**

Included in the agenda packet are minutes from the October 18, 2013 meeting, which have not yet been approved.

**RECOMMENDATION:**

Subject to changes or corrections, the minutes of the October 18, 2013 meeting are to be approved as submitted.
MINUTES

CONTRA COSTA COUNTY SCHOOLS INSURANCE GROUP HEALTH BENEFITS COMMITTEE MEETING
October 18, 2013
10:00 A.M - 12:00 P.M

CCCSIG Conference Room
550 Ellinwood Way
Pleasant Hill, CA 94523
1 (866) 922-2744

1. CALL TO ORDER
   The meeting was called to order by Margaret Kruse at 10:00 A.M.

II. ROLL CALL & INTRODUCTIONS
   Bylaws of the Contra Costa County Schools Insurance Group I.G.4. Quorum. A majority of each Committee membership shall constitute a quorum for the transaction of business except that less than a quorum may adjourn from time to time.

   Member Districts = 9
   Number required to achieve a quorum = 5

   Those in attendance were:

   **CCCSIG:**
   Contra Costa County Schools Insurance Group Bridget Moore, Executive Director

   **MEMBERS:**
   Brentwood Union School District Margaret Kruse, Committee Chair
   Castro Valley Unified School District Robin Yearby, Alternate
   Lafayette School District Lenee Cadotte, Vice Chair, Barbara Davis
   Moraga School District Kathy Bell
   Oakley Union Elementary School District Cindy Peterson
   Walnut Creek School District Kevin Collins, Cindy Lannon

   **CONSULTANTS**
   Keenan & Associates Debra DeSpain
   Keenan & Associates Vickie Vales

   **ABSENT:**
   Byron Union School District Gaby Hellier
   Canyon School District Gloria Faircloth
   St. Helena Unified School District Bill McGuire/Greg Medici

III. PUBLIC COMMENTS
    There were no public comments.
IV. APPROVAL OF AGENDA

A motion was made by Kevin Collins, seconded by Kathy Bell and unanimously carried to approve the Agenda as presented.

V. APPROVAL OF MINUTES – September 13, 2013

A motion was made by Robin Yearby, seconded by Lenee Cadotte and unanimously carried to approve the Minutes as presented.

VI. CORRESPONDENCE

Debra DeSpain reviewed the correspondence received from St. Helena advising the committee they would not be withdrawing from the Health Benefits Program in 2014.

VII. UNDERWRITING

PREMIUM AND CLAIMS REPORT
Not Applicable for this meeting.

VIII. ADMINISTRATION/HEALTH BENEFIT PROGRAM ADMINISTRATIVE UPDATE

Wellness Update

The Mix It Up program is no longer available through Kaiser and they are reviewing what may be the next generation of wellness programs. However, The Fruit Guys is still available. Margaret asked about Kaiser’s timeline for a replacement program. Debra hoped to have additional information by the meeting, but has not heard anything yet. She will continue to follow up and this will be placed on the next agenda as follow up. Once we have this information and the HBC decides on what they would like to do, Kaiser will need at least 6 weeks to implement. It may be a good decision to hold off until 2014.

Margaret restated it would be nice to tie the program to some kind of incentive. Kathy said most are currently doing the CCCSIG program and they would tend to compete against each other so starting in 2014 is a good idea. CCCSIG’s program is in the spring and fall. Bridget stated that she discussed with Jason Douglass from Kaiser the possibility of having the Kaiser Wellness items as part of the CCCSIG work comp offering, however, Kaiser declined. Jason may not be the right person to work with on this and we may need to go directly to the Wellness Director.

HIPAA Update

Debra DeSpain presented an overview of HIPAA rules and protected health information (PHI). HIPAA helps to protect from disclosure personal information. Personal health information is any information in any form - writing, email, reports, etc that can easily identify any employee, i.e. social security number, medical number etc. You must keep PHI protected in some way when communicating with others. Keenan will be implementing secure messaging and password protection in all correspondence with the districts where PHI is discussed.

It is recommended that members access the BridgeFront site for assistance on HIPAA information. A BridgeFront overview will be presented at the next meeting.
All districts should be reviewing their HIPAA policies.

Kathy Bell asked about how to handle education at the school sites for staff? What is the guidance on telling employees it’s not appropriate to openly talk about other’s health issues?

Debra responded using a pregnancy as an example: The employee informs the manager and manager gives HR notice of expected leave. If the manager or anyone from HR talks to other principals or staff, it would not be appropriate. The employee can discuss with others, however, other staff cannot openly discuss with others.

It would be a good idea to have management staff members participate in HIPAA training. Also, it is important to send out notices to all staff about privacy guidelines.

Health Care Reform Review  
Debra DeSpain reviewed an example of Keenan’s Milliman tools – Impact and Workforce Analysis reports available to the member districts at no cost.

IX. INFORMATION

MEMBER COMMENTS

Kevin Collins asked about GASB 45 vendors. Does anyone have any recommendations? Debra mentioned Keenan’s financial services division has a list of vendors, which she will e-mail to everyone.

CONSULTANT COMMENTS

Debra DeSpain discussed Keenan’s new individual coverage department called Keenan Direct, which we have partnered with Farm Bureau. A flyer was distributed describing the service. Anyone can use the service not only employees. If you are interested we can provide the flyer to you.

LEGISLATIVE UPDATE/BRIEFING  
There were no briefings published for this meeting.

X. AGENDA ITEMS NEXT MEETING

It was determined the November meeting was not necessary and Vickie will notify with a cancellation. The next meeting will be December 13, 2013 with the following agenda items:

- Wellness Update
- BridgeFront/HIPAA Information

XI. ADJOURNMENT

Americans with Disabilities Act:
Contra Costa County Schools Insurance Group conforms to the protections and prohibitions contained in Section 202 of the Americans with Disabilities Act of 1990 and the federal rules and regulations adopted in implementation thereof. A request for disability-related modifications or accommodation, in order to participate in a public meeting of the Contra Costa County Schools Insurance Group, shall be made to: Bridget Moore, Executive Director, Contra Costa County Schools Insurance Group - 530 Ellinwood Way, Pleasant Hill, CA 94523 - 1 (866) 922-2744.
CONTRA COSTA COUNTY SCHOOLS INSURANCE GROUP

HEALTH BENEFITS COMMITTEE MEETING
AGENDA ITEM DETAIL

PRESENTED TO: Health Benefits Committee

DATE: January 10, 2014

SUBJECT: Correspondence

ITEM #: 2014-003

Enclosure: No

Category: Correspondence

Prepared by: Keenan & Associates

Requested by: Health Benefits Committee

BACKGROUND:

Communications received by, or sent on behalf of, the Committee is presented to the Committee. These communications are normally informational in content and no action is required except to acknowledge receipt.

STATUS:

There was no correspondence received for this meeting.

RECOMMENDATION:

For review and information only.
BACKGROUND:

The Premium and Claims Reports for the Health & Welfare Program are presented on a quarterly basis.

STATUS:

The Anthem Blue Cross Premium and Claims Report for the 12 month period of November 2012 through October 2013 shows an 84.88% loss ratio which is 4.92% higher than November 2011 through October 2012 loss ratio of 79.96%. The per employee claim cost is $1,047.60, which is $116.92 higher than the November 2011 through October 2012 employee claim cost of $930.68. Total claims incurred for this period, which includes medical and prescriptions, is $3,136,507 which is $149,956 higher than November 2011 through October 2012 of $2,986,551. The total premium for this period is $3,695,343 which is $39,851 less than November 2011 through October 2012 of $3,735,194. The average number of employees is 250 which is 17 less than November 2011 through October 2012 of 267.

The Kaiser Medical Loss Ratio report is not available at this time. Per Kaiser, they have suspended providing this report to clients at this time due to inaccurate data. When the report is once again available, it will be presented for review.

RECOMMENDATION:

For review and information only.
# Contra Costa Schools Insurance Group
## Blue Cross Premium and Claims Report
### California Care

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<tr>
<th>MONTH-YEAR</th>
<th># OF EMPS</th>
<th>AVERAGE CLAIM COST PER EE</th>
<th>EXPENSE LOSS RATIO</th>
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<tr>
<td>Nov-12</td>
<td>271</td>
<td>$865.88</td>
<td>73.29%</td>
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<tr>
<td>Dec-12</td>
<td>263</td>
<td>$791.32</td>
<td>68.41%</td>
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<tr>
<td>Jan-13</td>
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<tr>
<td>Feb-13</td>
<td>253</td>
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<tr>
<td>Mar-13</td>
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<td>Apr-13</td>
<td>247</td>
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<tr>
<td>May-13</td>
<td>245</td>
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<tr>
<td>Jun-13</td>
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<td>$1,231.51</td>
<td>98.69%</td>
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<tr>
<td>Jul-13</td>
<td>247</td>
<td>$882.90</td>
<td>70.18%</td>
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<tr>
<td>Aug-13</td>
<td>246</td>
<td>$1,377.72</td>
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<tr>
<td>Sep-13</td>
<td>230</td>
<td>$909.82</td>
<td>73.16%</td>
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<tr>
<td>Oct-13</td>
<td>240</td>
<td>$867.46</td>
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<td><strong>12 Month Total</strong></td>
<td><strong>2,994</strong></td>
<td><strong>$1,047.60</strong></td>
<td><strong>84.88%</strong></td>
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**Prepared by:** KEENAN & ASSOCIATES/ Kayvon Mohammadlou
**January 3, 2014**
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<th>MONTH- YEAR</th>
<th>A</th>
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<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
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<th>(H/D)</th>
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<tr>
<td>Nov-11</td>
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<td>$57,179</td>
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<td>$54,930</td>
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<td>$554,927</td>
<td>$2,986,551</td>
<td>$930.68</td>
<td>79.96%</td>
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</tbody>
</table>

Data Source: Blue Cross
Prepared by: KEENAN & ASSOCIATES/ Kayvon Mohamadlou
January 3, 2014
CONTRA COSTA COUNTY SCHOOLS INSURANCE GROUP

HEALTH BENEFITS COMMITTEE MEETING
AGENDA ITEM DETAIL

PRESENTED TO: Health Benefits Committee
DATE: January 10, 2014

SUBJECT: Amendment to The Brown Act
ITEM #: 2014-005
Enclosure Yes

INFORMATION

Category: Administration/Health Benefit Program Administrative Update
Prepared by: Keenan & Associates
Requested by: Health Benefits Committee

BACKGROUND:

An amendment (SB71) to the Brown Act was signed into law September 6, 2013 by Governor Jerry Brown which will require a roll call for each action taken at public meetings. This new law applies to the legislative bodies of local public agencies, including the boards of K-12 schools, community colleges, municipalities, special districts and Joint Powers Authorities (JPAs). Those agencies will have to implement procedures by January 1, 2014 to ensure that a roll call vote is taken and individual Board member votes or abstentions are recorded in the minutes for every action taken at a meeting.

STATUS:

This amendment is to be effective January 1, 2014 and will be applied accordingly to this and all future agendas.

RECOMMENDATION:

For review and discussion, as necessary.
On January 1, 2014, SB 751 will go into effect, requiring the legislative body of every California local agency to publicly report any action taken and the vote or abstention on that action of each Board member present for the action. The purpose of the legislation is to promote greater transparency and improve public accountability.

Signed into law by Governor Jerry Brown on September 6, 2013, SB 751 amends the Brown Act (Government Code 54953) to require, essentially, a recordation of a roll call vote for each action taken at public meetings. Under current law, the votes of individual board members are reported for closed meetings and meetings conducted by teleconference. SB 751 will apply the same requirement to open meetings. This means that the current practice, by some agencies, of merely recording the number of “ayes” or “nays” for an action will no longer be sufficient.

This new law applies to the legislative bodies of local public agencies, including the boards of K-12 schools, community colleges, municipalities, special districts and Joint Powers Authorities (JPAs). Those agencies will have to implement procedures by January 1, 2014 to ensure that a roll call vote is taken and individual Board member votes or abstentions are recorded in the minutes for every action taken at a meeting.

For meetings in which Keenan assists an agency in scheduling the meeting and recording the minutes, Keenan staff is ready to assist the agency to ensure compliance with SB 751 as of January 1, 2014.

If you have any questions regarding these changes, or how the Brown Act impacts your agency, please contact your Keenan representative for assistance.
CONTRA COSTA COUNTY SCHOOLS INSURANCE GROUP

HEALTH BENEFITS COMMITTEE MEETING
AGENDA ITEM DETAIL

PRESENTED TO: Health Benefits Committee
DATE: January 10, 2014

SUBJECT: HIPAA Update - Bridgefront
ITEM #: 2014-006
Enclosure: Handout

Category: Information
Prepared by: Keenan & Associates
Requested by: Health Benefits Committee

BACKGROUND:
During the October 18, 2013 HBC meeting a request was made for a refresh of HIPAA privacy resource tools.

STATUS:
Keenan will present an overview of the BridgeFront HIPAA Privacy resource tools.

RECOMMENDATION:
For review and information only.
CONTRA COSTA COUNTY SCHOOLS INSURANCE GROUP

HEALTH BENEFITS COMMITTEE MEETING
AGENDA ITEM DETAIL

PRESENTED TO: Health Benefits Committee

DATE: January 10, 2014

SUBJECT: HBC Member Survey

ITEM #: 2014-007

ACTION

Enclosure: No

Category: Administration/Health Benefit Program Administrative Update

Prepared by: Keenan & Associates

Requested by: Health Benefits Committee

BACKGROUND:

For the past few years the Health Benefits Committee has utilized an online survey for member districts. The intent of the survey is to evaluate the Broker service activities in relationship to the Program’s directives and identify opportunities for the Committee to focus on in the upcoming year.

STATUS:

The proposed questions for the Committee to consider for the 2013 Health Benefits Program survey:

Rate the following questions using your experience as part of the CCCSIG Health Benefits Program Committee (HBPC).

- Provides appropriate care and planning in preparation of HBPC agendas to ensure Committee members are well-informed on agenda topics in order to discuss/make decisions on agenda action items
- Minutes of HBPC meetings are complete and accurate
- Identifies trends and needs of the HBP and makes appropriate recommendations for HBPC consideration
- Evaluates options to reduce costs for Districts and their subscribers (e.g. alternative options for District offering such as a high deductible plan)
- Keeps HBPC advised of changes in laws and regulations (e.g. Briefings; Webinars) pertaining to health benefit programs
- Provides general education to HBPC and districts when appropriate and/or requested
- Affordable Care Act
  - Has provided HBPC and Districts sufficient ACA information and direction within the limits of information released by ACA to date
• Provides ACA information and education as requested
• Provides ACA related materials as requested when available
• Identifies needs related to ACA and makes appropriate recommendations
• Understands directions provided by the HBPC and follows assigned projects through to completion (e.g. worksheets for alternative plan design discussion at District benefit committee levels)
• Written materials are clear, concise, understandable and accurate
• Shows objectivity in making recommendations and presents all sides of an issue for HBPC discussion/consideration
• Meets established deadlines
• Coordinates wellness activities (e.g. flu shots; Kaiser Wellness Posters) that are easy for Districts to implement
• As the Program liaison with the carriers, effectively negotiates renewals and promptly and accurately negotiates contract revisions as required by District benefit changes (e.g. renewal options for 2014)
• Available and accessible when needed for individual District meetings (e.g. for plan overview, workshops, in-service activities and open enrollment), handling employee questions, problems and complaints in a professional and timely manner
• Please provide suggestions for HBPC consideration and discussion for Program goals and opportunities for 2014

Once approved, the survey will be sent to Committee members January 13, 2014 with the results reported at the February 21, 2014 HBPC meeting and from which any defined Program objectives for the Committee and Broker for 2014 will be established.

RECOMMENDATION:

Committee to approve final survey with any modifications discussed for distribution to member districts.
Each year a tentative calendar of meetings is presented to the Board for their consideration.

The dates for consideration are as follows:

1. February 21, 2014
2. March 14, 2014
3. April 11, 2014
4. May 9, 2014
5. June 13, 2014
7. August 8, 2014
8. September 12, 2014
9. October 10, 2014
10. November 14, 2014
11. December 12, 2014

The Board is to review and approve the calendar of meetings as set forth or any alternate dates recommended.
## 2014 Committee Schedule

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Time</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 10, 2014</td>
<td>CCCSIG - Conference Room</td>
<td>10 a.m. - Noon</td>
<td></td>
</tr>
<tr>
<td>February 21, 2014</td>
<td>CCCSIG - Conference Room</td>
<td>10 a.m. - Noon</td>
<td>Moved to 3rd Friday - CCCSIG office closed 2/14/14</td>
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BACKGROUND:

Keenan & Associates provides their clients with updates on current and pending legislation and other items affecting school districts.

STATUS:

The following briefings are enclosed:

1. California Legislative Update for Bills Related to Health and Disability Insurance
2. Health Flexible Spending Arrangements - $500 Carryover
3. 2014 Benefit Limits for Health & Welfare Plans

RECOMMENDATION:

For review and information only.
There were a significant number of bills related to health and disability insurance that made it to Governor Jerry Brown’s desk this year. The Governor’s deadline for signing these bills was October 13, 2013, and following are summaries of the bills which he signed in the last month. Unless otherwise noted, these bills go into effect on January 1, 2014.

**HEALTH COVERAGE**

**SB 126 – Health Care Coverage: Developmental Disorder or Autism**

This law will extend the operation of existing law that requires most fully-insured health care service plan contracts and health insurance policies to provide coverage for behavioral health treatment for pervasive developmental disorder or autism. The autism coverage mandate was set to expire on July 1, 2014. The new law extends its operation until January 1, 2017. For more details on this mandate, see Keenan’s October 2011 Briefing, “New Law Requires Insurance Carriers to Cover Certain Autism Treatments”, at:


**AB 460 – Health Care Coverage: Infertility**

California law already requires group health carriers to offer coverage under group contracts for the treatment of infertility, except in vitro fertilization, under those terms and conditions as may be agreed upon between the group subscriber and the carrier. This is not a requirement to cover infertility services, but a requirement that carriers offer that coverage as an option to group customers. AB 460 will require that if the group purchases infertility coverage, such coverage must be provided without discrimination on the basis of age, ancestry, color, disability, domestic partner status, gender, gender expression, gender identity, genetic information, marital status, national origin, race, religion, sex, or sexual orientation. The likely effect will be to make infertility coverage somewhat more available to people who are insured under plans that cover infertility treatment.

**SB 639 – Health Care Coverage**

This bill codifies in state law certain aspects of the Affordable Care Act (ACA), including the ACA limits on out-of-pocket expenses for non-grandfathered plans. It sets in state law the metal tiers of non-grandfathered coverage in the individual and small group markets (i.e., bronze, silver, gold and platinum) established by the ACA and sets a methodology for determining the actuarial value of non-grandfathered individual and small group plans. It limits the marketing of catastrophic plans in the individual market. It also requires plans that cover emergency services to cover them without the need for prior authorization and with the same cost-sharing for out-of-network treatment as for in-network.
SB 353 – Health Care Coverage: Language Assistance

An earlier law, SB 853 (Chapter 713, Statutes of 2003), required health carriers to provide language assistance services, including certain translation and interpretation services, to certain non-English-speaking members. Under SB 853, plans must provide translation services for their identified threshold languages as determined by the periodic enrollee assessment and translate specified documents. This new law will require the translation of specified documents by trained and qualified translators when a carrier or any other person or business markets or advertises health insurance products in the individual or small group markets in a non-English language that is not a threshold language under SB 853.

DISABILITY INCOME INSURANCE

AB 402 – Disability Income Insurance: Mental Illness

This bill requires every short-term disability income policy with a duration of two years or less that is issued, amended, or reviewed on or after July 1, 2014, to provide coverage for disability caused by severe mental illnesses (including schizophrenia, schizoaffective disorder, bipolar disorder, major depressive disorders, panic disorder, OCD, PDD/Autism, anorexia and bulimia).

CONFIDENTIALITY OF MEDICAL INFORMATION

SB 138 – Confidentiality of Medical Information

This law is intended to incorporate the Health Insurance Portability and Accountability Act (HIPAA) standards into state law and to clarify the standards for protecting the confidentiality of medical information in insurance transactions. It requires health carriers to take a number of steps to protect the confidentiality of an insured's medical information, including accommodating requests for confidential communication relating to receipt of sensitive services or where disclosure could endanger the insured. It also prohibits a carrier from conditioning enrollment or coverage on the waiver of the confidentiality rights provided for in the law. This law goes into effect on January 1, 2015.

MILITARY SERVICE: BENEFITS

AB 526 – Military Service: Benefits

Existing law requires any employer that was providing health care coverage to a member of the United States Military Reserve or National Guard who is called to active duty as a result of the Iraq or Afghanistan conflicts to reinstate the health care coverage upon the employee’s return without waiting periods or exclusion of coverage for preexisting conditions. AB 526 extends this requirement to a reservist called to any full-time active federal duty as well as the reservist’s spouse and legal dependents.

PRESCRIPTIONS

AB 219 – Health Care Coverage: Cancer Treatment

Beginning on January 1, 2015, this law will limit the total amount of copayments and coinsurance a member in a fully insured plan is required to pay for orally administered anticancer medications to $200 for an individual
prescription of up to a 30-day supply. For high-deductible plans, the limit will apply only after the member’s deductible has been met for the year. The $200 limit will be adjusted in accordance with the Consumer Price Index (CPI) annually thereafter. The law sunsets on January 1, 2019.

**SELF-FUNDED PLANS**

**SB 161 – Stop-loss Insurance Coverage**

SB 161 will require all stop-loss policies issued to small self-insured employers on or after January 1, 2016 to have minimum attachment points as follows: (1) individual attachment point of $40,000 or greater; and (2) aggregate attachment point of the greater of: $5,000 times the total number of group members, 120% of expected claims, or $40,000. The new law exempts small employer stop-loss insurance issued prior to September 1, 2013, from these attachment point requirements. This law will also require stop-loss carriers to offer coverage to all employees and dependents of a small employer to which it issues a stop-loss insurance policy. It will prohibit the stop-loss carrier from excluding any employee or dependent on the basis of actual or expected health status-related factors. It will require a stop-loss carrier to renew, at the option of the small employer, all stop-loss insurance policies.

**FAMILY LEAVE**

**SB 770 – Unemployment Compensation: Disability Benefits: Paid Family Leave**

This is an expansion of the definition of a family under California’s Paid Family Leave law. Since the enactment of the California Paid Family Leave (PFL) program in 2004, California employees subject to State Disability Insurance (SDI) have been eligible for up to six (6) weeks of wage replacement benefits when they take time off to care for seriously ill family members (i.e., children, spouses, parents or domestic partners). Beginning on July 1, 2014, qualifying employees will also be eligible for six (6) weeks of wage replacement benefits when they take time off to care for a seriously ill grandparent, grandchild, sibling or parent-in-law. This bill does not amend the California Family Rights Act (CFRA) which requires employers to allow an employee to take up to 12 weeks of unpaid leave to care for a seriously ill child, spouse, parent or domestic partner.

Please contact your Keenan account representative for questions regarding this Briefing or if you require any additional information regarding how these new laws may impact your benefits programs.

Keenan & Associates is not a law firm and no opinion, suggestion, or recommendation of the firm or its employees shall constitute legal advice. Clients are advised to consult with their own attorney for a determination of their legal rights, responsibilities and liabilities, including the interpretation of any statute or regulation, or its application to the clients’ business activities.
On October 31, 2013, the IRS released Notice 2013-71 (http://www.irs.gov/pub/irs-drop/n-13-71.pdf) which eases the “use-or-lose” rule of Health Flexible Spending Arrangements (Health FSAs). As a result, effective immediately, a cafeteria plan may be operated to allow participants to carryover up to $500 of unused amounts remaining in a Health FSA into the next plan year. The new provisions are subject to certain rules and conditions as described below.

**Q. Will a carryover impact the $2,500 maximum amount of salary reduction for a following Plan Year?**

A. No. The carryover will not impact the maximum amount of salary reduction for a following Plan Year. However, a cafeteria plan that adopts this new carryover rule must not also provide a Health FSA Grace Period.

**Q. What is a “Grace Period”?**

A. Traditionally, Health FSAs have a use-or-lose rule whereby amounts not used for qualified medical expenses by the end of the Plan Year (Unused Amounts) were forfeited. Some plans have adopted a Grace Period whereby a participant may apply Unused Amounts toward expenses incurred after the close of the Plan Year for up to two months and 15 days following the close of the Plan Year. This is different than the “Run-Out Period” which allows a participant to submit claims following the close of the Plan Year for expenses incurred before the close of the Plan Year. Typically, a Run-Out Period is a three month period following the close of a Plan Year or Grace Period.

**Q. What is the difference between this new $500 carryover rule and having a Grace Period?**

A. The new carryover rule allows up to $500 of Unused Amounts to be carried over and used for the entire following Plan Year. A Grace Period allows all Unused Amounts, even amounts above $500, to be carried over and used for claims incurred in the following Plan Year but only for two months and 15 days.

**Q. Must a sponsor permit the carryover of $500?**

A. No. This decision is entirely at the option of the sponsor. Moreover, a sponsor may set a threshold lower than $500 of Unused Amounts or, alternatively, just keep the Grace Period.

**Q. What other conditions has the IRS included within this rule?**

A. In addition to eliminating a Grace Period, if any, the Unused Amount carried over must apply to all participants, not be cashed out and not be converted to any other taxable or nontaxable benefit. Moreover, Unused Amounts must only be used for qualified medical expenses (excluding health insurance, long-term care services or insurance).
Q. How is the $500 carryover amount administered?

A. For ease of administration, it is recommended that administrators pay claims from the Carryover Amount first and then, only after exhausting the Carryover Amount, from current year contributions. Claims submitted during a Run-Out Period but in respect of the prior plan year would reduce the amount of the carryover.

Q. Can we implement the Carryover for this Plan Year?

A. Plans that wish to take advantage of this new carryover option for the Plan Year beginning in 2013 must adopt an amendment to their cafeteria plan on or before the last day of the Plan year beginning in 2014 (2013 if the plan has a Grace Period), provided that the plan operates in accordance with the IRS guidance immediately and informs participants of the carryover provision.

Should you have any questions regarding this Briefing, please contact your Keenan representative.
Every year, the U.S. Government sets new limits for various benefit programs to reflect inflation and changes in the law. Following are the limits announced for 2014. Employers should review their benefit plans to ensure they reflect these new limits.

### Retirement Plans

<table>
<thead>
<tr>
<th>Limits On Benefits And Contributions:</th>
<th>2013</th>
<th>2014</th>
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</thead>
<tbody>
<tr>
<td>Defined Benefit Plan, Basic Limit</td>
<td>$205,000</td>
<td>$210,000</td>
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<tr>
<td>Defined Contribution Plan, Basic Limit</td>
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<td>$52,000</td>
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<tr>
<td>401(k) And 403(b) Plans, Elective Deferrals</td>
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<tr>
<td>457(b) Plans, Elective Deferrals</td>
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<tr>
<td>SIMPLE Plans, Elective Deferrals</td>
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<tr>
<td>Annual Compensation Limit</td>
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**Catch-Up Contributions:**

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<td>401(k), 403(b) Or Governmental 457 Plans</td>
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<td>SIMPLE Plans</td>
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"Highly Compensated" Definition

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"Officer" For "Key Employee" Definition

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<td>$165,000</td>
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### Health Savings Accounts

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<th>Contributions</th>
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<td>Individual</td>
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<td>Family</td>
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**Deductible**

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<tr>
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<td>Family</td>
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**Out-Of-Pocket**

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<td>$6,250</td>
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<td>Family</td>
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**Post-55 Catch-Up Limit**

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# Medicare

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<th>Part A (Hospital Insurance):</th>
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<tr>
<td>Inpatient Deductible</td>
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<td>Daily Coinsurance, Days 61-90</td>
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<td>Daily Coinsurance, Days 90-150 Lifetime Reserve</td>
<td>$592</td>
<td>$608</td>
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<tr>
<td>Daily Coinsurance, Skilled Nursing Facility</td>
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<td>$152</td>
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<tr>
<th>Part B (Supplementary Medical Insurance):</th>
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<tr>
<td>Monthly Premium¹</td>
<td>$104.90</td>
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<tr>
<td>Deductible</td>
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<th>Part D (Prescription Drug Benefit)</th>
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<td>Base Part D Premium</td>
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<td>Annual Deductible</td>
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<td>Initial Coverage Limit</td>
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<td>Annual Out-Of-Pocket Threshold</td>
<td>$4,750</td>
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<td>Minimum Copayment For Costs Above The</td>
<td>$2.65 generic</td>
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<td>Annual Out-Of-Pocket Threshold</td>
<td>$6.60 other</td>
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## Medical Savings Accounts

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<tr>
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<tbody>
<tr>
<td>Individual Deductible Range</td>
<td>$2,150 – $3,200</td>
<td>$2,200 – $3,250</td>
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<td>Individual Out-Of-Pocket Maximum</td>
<td>$4,300</td>
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<tr>
<td>Family Deductible Range</td>
<td>$4,300 – $6,450</td>
<td>$4,350 – $6,550</td>
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<tr>
<td>Family Out-Of-Pocket Maximum</td>
<td>$7,850</td>
<td>$8,000</td>
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## Long Term Care Insurance

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<th>Deductible Premiums</th>
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<td>Age:</td>
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<tr>
<td>40 or less</td>
<td>$360</td>
<td>$370</td>
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<tr>
<td>41-50</td>
<td>$680</td>
<td>$700</td>
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<tr>
<td>51-60</td>
<td>$1,360</td>
<td>$1,400</td>
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<td>61-70</td>
<td>$3,640</td>
<td>$3,720</td>
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<td>Over 70</td>
<td>$4,550</td>
<td>$4,660</td>
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¹ For single persons with an income of above $85,000 and married persons with an income of above $170,000, the Medicare Part B premium may be higher.
## Flexible Spending Accounts

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<td>Dependent Care</td>
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<td>Medical</td>
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## Qualified Transportation Fringe Benefit

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<td>Parking</td>
<td>$245</td>
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<tr>
<td>Transit Pass/Commuter Vehicle</td>
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## Control Employee Definition for Commuting Valuation

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<td>Officer Compensation</td>
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<tr>
<td>Employee Compensation</td>
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