Minutes for Governing Board Meeting

July 5, 2016

In attendance: Mark Gassaway, Finance Director, Adriana Prata, Budget Director, Kathy Meyers, Benefits Manager, Chris Horne, Legal, Kristin Kirschten, Mercer Health & Benefits LLC

Absent: Sara Lowe, Deputy Treasurer, vacant HR Director, Mike Berry, Mercer Health & Benefits LLC

Projection Methodology:

The Finance Director reviewed the projection model developed using the actual revenue and expenses of the self-insured medical and dental plans and comparing to the required reserves for the contingency reserve. Note: the IBNR reserve is fully funded and allocated as an expense to the plan. The projection model evaluates projected expenses against the required reserve in order to determine how much of a rate increase is required to fund the plan. The model allows for variable inputs necessary to reach a target of 125% of the estimated 8-week contingency. The Board agreed upon establishing a 125% threshold to cover both claims in the event the projected claims are insufficient and future administrative costs associated with plan termination. This methodology will be used during the renewal process to set rates for the upcoming year. All agreed it was a sound methodology to set rates in a manner that smooths rates over a period of time rather than on a yearly basis.

Reserve Policy:

Discussion about the policy identified that the section regarding the Excess Claim (Contingency) Reserve will be modified to state that the “desired reserve level shall be set at 125% of the eight (8) weeks of projected claims.” It will also be noted that the 125% would be sufficient to cover the administrative costs associated with plan termination. All other aspects of the policy are acceptable by the Board. The policy will be reviewed with the County Manager and at a work session with the Councilors.

Funding Report

The Funding Report was given to the Board members to show the actual revenue and expenses of the plan through May 2016.

The meeting adjourned at 3:20.