



RANCHO SANTA FE FIRE PROTECTION DISTRICT
Special Board of Directors Meeting
Minutes – March 31, 2016

These minutes reflect the order in which items appeared on the meeting agenda and do not necessarily reflect the order in which items were actually considered.

President Ashcraft called to order the regular session of the Rancho Santa Fe Fire Protection District Board of Directors at 10:02 am.

Pledge of Allegiance

Deputy Chief Fred Cox led the assembly in the *Pledge of Allegiance*.

1. Roll Call

Directors Present: Ashcraft, Hillgren, Malin, Stine (*arrived at 10:25*), Tanner

Directors Absent: None

Staff Present: Tony Michel, Fire Chief; Fred Cox, Deputy Chief; Renee Hill, Fire Marshal and Karlana Rannals, Board Clerk.

2. Public Comment

No one requested to speak to the Board.

3. New Business

a. District Medical Insurance Plans

Chief Michel gave an overview of the need for the special meeting to discuss the upcoming renewal of health insurance contracts and get direction from the Board of Directors. He introduced Karlana Rannals, Administrative Manager to present the staff report and findings.

Ms. Rannals summarized the staff report provided. She reported that effective January 1, 2016, the Affordable Care Act definition of “small” group employer (for purposes of insurance market size) increased from 50 to 100 employees.

One significant impact of this change is that the ACA’s small group rating limitations (e.g., age-banded rates) applies to employers with 51-100 employees. In the small group market, carriers can set rates based only on age, family size, and geography. The District health plans will change to a small group effective at renewal (July 1).

In anticipation of the reclassification, staff requested from its insurance broker “HUB International” the proposed rates for the new fiscal year. Due to the carriers’ schedule to release rates, they were only able to obtain rates for June 1 renewals, not July 1. The major change to our rates for the next fiscal year was that the composite rate was no longer being offered to the District. In an effort to retain a “composite” rate, staff researched other group plans to join. The only two viable options available are Fire District’s Association of California Employment Benefits Authority (FDAC-EBA) and CalPERS Health Benefits Program.

She reviewed the pros and cons of each group program, highlighting the benefit, administrative, and cost differences. The primary difference between FDAC-EBA and CalPERS Health Benefits is that CalPERS has more plan options and minimum premium contributions that is required for all retired annuitants/survivors.

If the District selects CalPERS as its medical plan provider, all employees with at least five years of service credit in the CalPERS pension system would be vested in a minimal lifetime medical benefit if they retire from the District. The CalPERS group option does create a post-employment financial liability. CalPERS does offer two paths of premium contributions, equal or unequal, for active employees and retirees of the District. Under the retiree medical plan option available to the District as a new CalPERS benefits member, the District's retiree medical contribution for existing eligible retirees will be \$1 per month for the first year. This amount increases each year for approximately 20 years to an estimated \$226 (3% growth). From that point forward, the District would be required to pay the statutory premium contribution for each eligible employee and retiree. She distributed a chart showing the estimated cost per year while achieving the equalized contribution. She did report that should the Board decide to move forward with contracting with CalPERS, this is not a "lifetime" decision. The Board of Directors can approve a "termination resolution" to cease providing health care benefits thru CalPERS to employees and retirees. Should this occur, there is no financial obligation to continue any minimum contribution to retirees/survivors.

She summarized the discussion that over the past several years it has become increasingly difficult for the District to provide quality health care coverage for the employees. It has been necessary to increase employee out of pocket costs in exchange for reduced cost of medical insurance premiums. She stated that regardless of what decision the Board of Directors determines this year; all employees will experience a change in plan design. If the District chooses a "do nothing" approach, the current plans change because of the carrier's reclassification from large group to small group employer. Staff responded to questions from the Board.

At the conclusion of the discussion and because of the impacts imposed by the ACA, the Board of Directors requested staff pursue contracting for health insurance coverage thru the CalPERS Health Benefits program starting July 1, 2016.

4. Closed Session

Pursuant to section 54957, the board met in closed session from 10:03 – 10:45 am to discuss the following:

a. Public Employee Performance Evaluation

Title: Fire Chief

All board members listed Chief Michel attended the closed session.

Upon reconvening to open session, President Ashcraft reported that the Board of Directors discussed the subject and took no action.

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5. Adjournment

Meeting adjourned at 11:59 am.

Karlana Rannals
Secretary

James H Ashcraft
President