

**County of Mendocino  
Retiree Health Benefits Committee (RHBC)  
Minutes of March 8, 2010**

MEMBERS PRESENT

**Shari Schapmire  
Bob Mirata  
Dennis Huey**

STAFF PRESENT

**Teresia Haase  
Meredith Ford  
Sue Goodrick  
Toni Minor**

ADVISORS/CONSULTANTS

**Bordan Darm - MERCER  
Sue Thornhill**

AMCRE MEMBER

**Carol Mordhorst**

## 1. Call to Order

Dennis Huey called the meeting to order at 3:07 p.m. He reminded those present that the Retirement Health Benefits Committee (RHBC) was created by authority of the County Executive Office, and hence was not subject to the Brown Act. The public was welcome to attend as observers only. Public comment would not be taken.

## 2. Approval of Minutes

Upon motion by Mirata, seconded by Schapmire, IT IS ORDERED that the minutes of the February 25, 2010 Meeting are approved.

3. Report on Site Visit of Candidate for Supplemental Plan Alternatives  
for Medicare Eligible Retirees - Bordan Darm, Mercer

On Wednesday, March 3, 2010 Bordan visited Extend Health's call center in South Jordan, Utah. Extend Health operates similarly to a broker whereby after interviewing the retiree by telephone, a supplemental plan is chosen which best suits the retiree's needs and income. The medicare-eligible retiree has a wide variety of supplemental insurance plans to choose from with costs ranging from \$0 to \$279. He observed the firm's handling of clients to determine their level of customer service particularly in the areas of thoroughness, courtesy, understandability and patience. Bordan reported to the Committee that the service center more than met his expectations.

Bordan indicated that Extend Health could meet a tentative implementation date of July 1, 2010. He also stated that if implementation occurred any time other than the beginning of the calendar year, the implementation fee would be waived. He said that the administration charge to the County is \$4.00 per account (retiree and dependents) per month. In the event the County did not make a contribution, this \$4.00 fee would be charged to the retiree.

Bordan discussed the process for implementation and medicare eligible retirees enrollment procedure.

General discussion followed about moving from a defined benefit to a defined contribution model and what an appropriate County contribution might be.

Bordan then described how a Health Reimbursement Arrangement (HRA) works and how it differs from a Health Savings Account (HSA). He emphasized that an HRA is employer-owned and that contributions can only be made by the County.

Bordan further added that, as broker of record, Extend Health can provide an individual health insurance policy to anyone who requests the service, not just medicare eligible retirees.

#### 4. Report on Plan Change Alternatives & Contribution Levels -

Bordan Darm, Mercer

Bordan presented a Retiree Health Plan Strategy (attached) which showed a number of health plan design changes and various contribution levels for cost savings for both the Medicare Eligible and Non-Medicare Eligible Retirees. He stated that by using a defined contribution plan with Extend Health, and reducing the County contribution for medicare eligible retirees by half, retiree health plan costs could be reduced from \$1,838,109 million a year to \$919,055 a year.

Bordan compared the Retiree's current health plan and discussed possible alternate plan options for Non-Medicare eligible retirees including a plan similar to the active employees' Plan 2 and three consumer driven (high deductible) health plans. He provided a chart of retiree costs and county contributions for each plan. The analysis also included the fiscal impact if the County contributed half of what it currently does for each option.

Dennis replied that you have to have a basis to make an equitable split of the remaining funds between the Medicare-eligible and non-eligible. General discussion followed.

Refer to attached Retiree Health Plan Strategy dated March 8, 2010, prepared by Mercer.

#### 5. Develop and Finalize Recommendation to Board of Supervisors

Upon motion by Mirata, seconded by Schapmire, IT IS MOVED AND SECONDED that the Retiree Health Benefits Committee recommends establishing a Health Reimbursement Arrangement (HRA) with Extend Health. The Committee further recommends the County begin to contribute \$200 a month, subject to available funds, per Medicare-eligible retiree. This includes dis-enrollment of all Medicare-eligible retirees from the County's retiree self-funded health plan including any retirees' contributions. The motion was unanimously approved.

## 6. Other Business

General discussion followed about a stand-alone plan for the non-Medicare eligible and the problem of a “death spiral” whereby only those with pre-existing conditions and/or significant health issues who are unable to qualify for or move to a less costly plan would remain.

### **Request for Additional Information**

Bordan agreed to provide more information for RHBC consideration of an equitable split between the Medicare-eligible and the non-eligible health care costs and use of remaining balance in trust fund.

He was also requested to provide an estimate on the extension of the life of the health plan if a \$200 contribution per medicare-eligible retiree per month was made.

Draft notification to retirees was reviewed. The RHBC recommended the notification not be released until after the Board of Retirement’s meeting on March 17, 2010 when use of excess earnings was to be discussed.

## 7. Schedule Next Meeting

Next meeting was scheduled for Thursday, March 25, 2010 from 2:00 p.m. to 5:00 p.m., location to be announced

## 8. Adjournment

The meeting was adjourned at 6:02 p.m.