

**County of Mendocino
Retiree Health Benefits Committee (RHBC)
Minutes of March 25, 2010**

MEMBERS PRESENT

**Dennis Huey
Shari Schapmire**

AMCRE MEMBER

Carol Mordhorst

STAFF PRESENT

**Carmel Angelo
Teresia Haase
Sue Goodrick**

**Jim Andersen
Meredith Ford
Jennifer Wyatt
Toni Minor**

ADVISORS/CONSULTANTS

**Bordan Darm – MERCER
Sue Thornhill**

1. Call to Order

Dennis Huey called the meeting to order at 2:34 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 Schapmire, seconded by Huey, IT IS ORDERED that the minutes of the March 8, 2010 meeting are approved.

3. Update on CEO/HR Activities: Carmel Angelo & Teresia Haase

Teresia Haase provided an update of the CEO/HR activities including Human Resource's preparation of a memo forwarding the recommendation of the RHBC for Medicare-Eligible Retirees to the CEO on March 9th, the release of the retiree notification on March 17th, and the CEO's verbal update on RHBC activities to the Board of Supervisors on March 16.

She reported that the recommendation to move the Medicare eligible retirees to a program with Extend Health is scheduled to go to the Board of Supervisors on April 6, 2010 at 1:30 p.m.

Carmel Angelo updated the Committee on the Board of Supervisor's Budget workshop that took place on March 21, 2010. She recommended that the RHBC work with the expectation that there is no money to go toward retiree health care and that the Committee consider whatever it can do to secure access to health care for retirees at no increase in County cost.

4. Report on Board of Retirement Meeting of March 17, 2010

Dennis Huey & Jim Andersen

Jim Andersen provided a brief summary of the recent Board of Retirement meeting held on March 17, 2010 and reported he was directed to return in 60 days with a proposed revision to the Excess Earnings Policy. The policy was to include: using excess earnings to build pension benefits – leaving the option available to use excess earnings to fund OPEB programs such as retiree health care once pension unfunded liability was fully funded if so determined by the Board at a later time, and eliminating the practice of accruing actuarial value of unrecorded earnings. He indicated that the Retirement Board would review the proposed revision at its May meeting

5. Presentation of Research on Option of Adding Non-Medicare Eligible Retirees to the Active Plan, Continued Discussion on Plan Change Alternatives & Contribution Levels, & Development/Finalization of Recommendation to Board of Supervisors

After a presentation by Bordan Darm, Mercer, the Committee voted to make the following recommendation to the CEO:

- Put Early Retirees (non-Medicare eligible) with Actives but keep separate for pooling and premium rate assessment. (Note: this will have no impact on Active Plan participants or their rates.)
- Change retiree health plan to be the same as the Active Plan II medical and prescription benefits (reduces costs). This does not include dental or vision coverage.
- Contribute \$200/month to both Medicare retirees and early retirees out of the Retiree Health Trust Fund until the funds are depleted, after which time 100% of the costs will be borne by the retirees.
- Open up retiree health to post 1998 employees/retirees in order to keep the pool large enough to be sustainable as a group health plan and hopefully prevent the "death spiral".
- Place the following restrictions on post 1998 retirees participation in the early retiree health insurance plan: 1) if they opt out they can never opt back in and 2) not eligible for any subsidy from the current balance of the retiree health trust fund.
- Fund the stabilization reserve for early retiree plan over 5 years to minimize negative impact on premiums.
- Leave IBNR "tail" in the trust fund and run it out vs. transferring reserve to new plan.
- Consider any future impacts healthcare reform legislation may have when designing and administering new retiree health plan in order to take full advantage of any permanent or temporary reimbursements through Federal funds which may be used to lower costs to retirees.
- Take recommendations for both the Medicare eligible and non-Medicare eligible to the Board of Supervisors on April 20th. This recommendation was driven by concern that the Board of Supervisors might be reluctant to take

action with respect to one group of retirees without fully understanding the impact to the other group; and the fact that the CEO/HR March 17th notification to retirees and eligible employees that the County would give a presentation on proposed health plan changes in late March or early April and we need time to prepare a detailed report explaining the proposals.

- Implementation date of both Medicare and non-Medicare plan changes to be August 1, 2010.

The Committee also expressed their desire that the Retirement System and the County maintain the ability to fund retiree health benefits through reimbursement from excess earnings should they become available at some point in the future in accordance with Retirement Board Policy.

6. Schedule Next Meeting

The next RHBC meeting will be Thursday, April 8, 2010 from 1:00 to 2:00 p.m., location to be announced.

7. Adjournment

The meeting was adjourned at 6:00 p.m.