

FDAC EMPLOYMENT BENEFITS AUTHORITY

Board of Directors Planning Meeting

Thursday, January 6, 2011

10:00 a.m. – 4:00 p.m.

Agenda

<i>Item</i>	<i>Action</i>
I. Welcome and Introductions	
II. Public Comment	Discussion
III. Consent Calendar	Action
A. Minutes – December 6, 2010	
B. Financials – November 2010	
<i>The Board will move the consent calendar to include previous minutes and financial reports.</i>	
IV. Follow-up on Open Accounts Receivable	Discussion
<i>Staff will report to the Board on the accounts receivable listed on the balance sheet from June 30, 2010.</i>	
V. Blue Cross Health Insurance Presentation	Info/Action
<i>The Board will hear from Blue Cross representatives, to determine whether to contract with Blue Cross for health insurance.</i>	
VI. Health Net Health Insurance Presentation	Info/Action
<i>The Board will hear from Health Net representatives, to determine whether to contract with Health Net for health insurance.</i>	
VII. Discussion on Future Carriers	Info/Action
<i>The Board will discuss the presentations seen by the various health insurance carriers, and determine the direction for the pool for the future.</i>	
VIII. Delta Dental Prefund Recommendation	Info/Action
<i>The Board will hear a recommendation from Thoits on how best to handle the issue of Delta Dental requesting a prefunded account for three self-funded districts.</i>	
IX. Next Meeting	Discussion
X. Adjourn	Action

FDAC Employment Benefits Authority
Board of Directors Meeting
Monday, December 6, 2010

In Attendance

Mike McMurry, President
Ron Collier, Director
Jim Hill, Director
Jean Moore, Director

Consultants/Guests

Melissa Dixon, Administrator
David McMurchie, Legal Counsel
Anna Marie White, Thoits
Helen Buhagiar, Thoits
Rosa Soria, Thoits
David Turner, Turner Consulting
Nick Perrin, BRMS

President Mike McMurry called the meeting to order at 9:31 a.m. A quorum was established, and there was no public comment.

Consent Calendar

The Board addressed the consent calendar, which included minutes from the November 16 meeting. Director Ron Collier moved to approve the consent calendar; Director Jean Moore seconded. The motion passed unanimously. It was requested that follow-up on the open accounts receivable be included on the agenda for the January meeting.

Possible Termination of North Central FPD

The Board addressed the issue of North Central FPD having only four participants in the FDAC EBA's insurance pool, none of which are active employees. Director Collier moved to allow North Central FPD to remain covered by the EBA's insurance, but to rate them so as to alleviate any financial subsidies to the pool. Director Jim Hill seconded; the motion passed unanimously. Administrator Melissa Dixon will work with Thoits and BRMS to ensure appropriate rates are reflected on the January 2011 invoices.

Bylaws Revision

The Board had discussed adding language to the Bylaws that would reference the underwriting criteria as the governing document, to ultimately provide a minimum enrollment of active employees to get or maintain coverage. Legal Counsel David McMurchie submitted a Bylaws revision for the Board to review. Director Collier moved to approve the Bylaws as revised; Director Hill seconded. The motion passed unanimously. The membership must be noticed of this change, which will take effect 30 days after such notice to the membership is distributed.

Underwriting Criteria

The Board was presented with a revision to the pre-existing underwriting guidelines, which not only changed them from 'guidelines' to 'criteria', but also went into much more detail on what was acceptable for the pool to insure. President McMurry moved to accept the underwriting criteria as written; Director Collier seconded. After some discussion, both McMurry and Collier agreed to a friendly amendment to remove the domestic partner portion of the criteria. The motion as amended passed unanimously. Staff was directed to bring back the domestic partner portion of the criteria once the details have been more fleshed out.

Delta Dental Prefund Authorization

Anne Marie White from Thoits informed the Board that Delta Dental is requesting a prefunded account for the three districts in the self-funded plan. The amount required is approximately \$31,000, and the question from Thoits was whether the districts or the EBA should be the ones to fund this amount. It was suggested that Thoits attempt to work with Delta Dental so this is not necessary; and failing that to approach the districts to see if they are open to prefunding. Thoits will determine the best option and return to the Board in January with a recommendation. The Board agreed that the pool should not fund the amount, as it is not the EBA's liability.

The Board confirmed its next meeting to be on January 6, 2011 at Vacaville FPD, beginning at 10:00 a.m.

Having nothing further to discuss, the meeting was adjourned at 10:30 a.m.

Respectfully submitted,

Melissa Dixon
Administrator

FDAC EBA
Balance Sheet
As of November 30, 2010

	<u>Nov 30, 10</u>
ASSETS	
Current Assets	
Checking/Savings	
Margin Fund	387,391.43
Medical Reserve (BRMS held)	120,000.00
Money Market Account	8,735.64
US Bank	68,410.23
Total Checking/Savings	<u>584,537.30</u>
Other Current Assets	
Pre Paid Expense	5,020.00
Total Other Current Assets	<u>5,020.00</u>
Total Current Assets	<u>589,557.30</u>
TOTAL ASSETS	<u><u>589,557.30</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 - Accounts Payable	293.20
Total Accounts Payable	<u>293.20</u>
Other Current Liabilities	
Promissory Note from FDAC	146.50
2200 - Preliminary Reports Recon	40,194.20
Total Other Current Liabilities	<u>40,340.70</u>
Total Current Liabilities	<u>40,633.90</u>
Total Liabilities	40,633.90
Equity	
Reserves & Contingencies	50,000.00
1110 - Retained Earnings	479,007.24
Net Income	19,916.16
Total Equity	<u>548,923.40</u>
TOTAL LIABILITIES & EQUITY	<u><u>589,557.30</u></u>

FDAC EBA
Budget vs. Actual
July through November 2010

	<u>Jul - Nov 10</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4000 - INCOME				
4100 - Interest	82.95	150.00	-67.05	55.3%
4300 - Premium Earnings	4,072,505.01	10,475,636.68	-6,403,131.67	38.88%
Total 4000 - INCOME	<u>4,072,587.96</u>	<u>10,475,786.68</u>	<u>-6,403,198.72</u>	<u>38.88%</u>
Total Income	4,072,587.96	10,475,786.68	-6,403,198.72	38.88%
Expense				
6000 - EXPENSE				
6010 - Administration				
6014 - Administration Contract	25,000.00	60,000.00	-35,000.00	41.67%
6016 - Third Party Administrator	43,988.00	104,756.37	-60,768.37	41.99%
6018 - FDAC Subsidiary Fee	0.00	20,000.00	-20,000.00	0.0%
Total 6010 - Administration	<u>68,988.00</u>	<u>184,756.37</u>	<u>-115,768.37</u>	<u>37.34%</u>
6040 - Bank Service Charges	0.00	100.00	-100.00	0.0%
6100 - Board Meetings	461.89	1,500.00	-1,038.11	30.79%
6150 - Broker	147,498.35	419,025.47	-271,527.12	35.2%
6200 - Carrier Payments	3,818,225.70	9,792,513.95	-5,974,288.25	38.99%
6300 - Insurance				
6320 - E & O Insurance	0.00	1,200.00	-1,200.00	0.0%
6350 - Insurance Other	0.00	1,200.00	-1,200.00	0.0%
Total 6300 - Insurance	<u>0.00</u>	<u>2,400.00</u>	<u>-2,400.00</u>	<u>0.0%</u>
6650 - Office Supplies				
6665 - Office	100.00	300.00	-200.00	33.33%
Total 6650 - Office Supplies	<u>100.00</u>	<u>300.00</u>	<u>-200.00</u>	<u>33.33%</u>
6700 - Operating Expenses				
6710 - Postage and Delivery	118.86	200.00	-81.14	59.43%
6715 - Printing and Reproduction	0.00	50.00	-50.00	0.0%
6720 - Staff Travel	69.24	2,000.00	-1,930.76	3.46%
6730 - Telephone	299.20	750.00	-450.80	39.89%
6735 - Storage	37.11	50.00	-12.89	74.22%
Total 6700 - Operating Expenses	<u>524.41</u>	<u>3,050.00</u>	<u>-2,525.59</u>	<u>17.19%</u>
6800 - Professional Fees				
6801 - Accounting	0.00	10,000.00	-10,000.00	0.0%
6804 - Consulting/Actuary	15,000.00	36,000.00	-21,000.00	41.67%
6807 - Legal Fees	1,858.50	13,000.00	-11,141.50	14.3%
Total 6800 - Professional Fees	<u>16,858.50</u>	<u>59,000.00</u>	<u>-42,141.50</u>	<u>28.57%</u>
6850 - Training/Communication	14.95	2,500.00	-2,485.05	0.6%
Total 6000 - EXPENSE	<u>4,052,671.80</u>	<u>10,465,145.79</u>	<u>-6,412,473.99</u>	<u>38.73%</u>

FDAC EBA
Budget vs. Actual
July through November 2010

	<u>Jul - Nov 10</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Total Expense	<u>4,052,671.80</u>	<u>10,465,145.79</u>	<u>-6,412,473.99</u>	<u>38.73%</u>
Net Ordinary Income	<u>19,916.16</u>	<u>10,640.89</u>	<u>9,275.27</u>	<u>187.17%</u>
Net Income	<u><u>19,916.16</u></u>	<u><u>10,640.89</u></u>	<u><u>9,275.27</u></u>	<u><u>187.17%</u></u>

BRMS/FDAC Reserve Account

Date	Month	Item/Fees	From	To	Amount	\$120K Reserve Balance
5/29/2009	7.09	EBA Portion of Cobra & Retiree	Reserve	Premium	(\$27,765.84)	\$92,234.16
7/7/2009	1.09	EBA Reserve	Premium	Reserve	\$2,234.95	\$94,469.11
7/7/2009	1.09	EBA Reserve	Reserve	12%	(\$2,234.95)	\$92,234.16
7/29/2009	7.09	Broker & Admin	Reserve	12%	(\$52,440.03)	\$39,794.13
8/14/2009	7.09	Cobra & Retiree Replenishment	Premium	Reserve	\$24,095.38	\$63,889.51
8/27/2009	7.09	LHI/BRMS Reserve Replenishment	Premium	Reserve	\$52,440.03	\$116,329.54
					\$3,670.46	\$120,000.00

\$0.00

Date	Month	Item/Fees	From	To	Amount	\$120K Reserve Balance
7/29/2009	8.09	EBA Portion of Cobra & Retiree	Reserve	Premium	(\$29,246.98)	\$90,753.02
8/27/2009	8.09	Broker & Admin	Reserve	12%	(\$51,664.73)	\$39,088.29
8/27/2009	2008	LHI/BRMS Reserve Replenishment	Premium	Reserve	\$1,251.72	\$40,340.01
8/27/2009	Credits	Credits from Consolidated Bill for Cobra & Retiree 3.09, 7.09 & 8.09	Premium	Reserve	\$1,570.00	\$41,910.01
9/14/2009	8.09	Cobra & Retiree Replenishment	Premium	Reserve	\$25,268.42	\$67,178.43
9/29/2009	8.09	LHI/BRMS Reserve Replenishment	Premium	Reserve	\$50,588.37	\$117,766.80
10/29/2009	8.09	LHI/BRMS Reserve Replenishment	Premium	Reserve	\$1,076.36	\$118,843.16
					\$1,156.84	\$120,000.00

(\$0.00)

Date	Month	Item/Fees	From	To	Amount	\$120K Reserve Balance
8/27/2009	9.09	EBA Portion of Cobra & Retiree	Reserve	Premium	(\$30,530.07)	\$89,469.93
9/29/2009	9.09	Broker & Admin	Reserve	12%	(\$51,924.77)	\$37,545.16
9/29/2009	9/08 - 7/09	Rate differences to Broker & Admin from Finalized Fund Rec	Reserve	12%	(\$388.07)	\$37,157.09
10/14/2009	9.09	Cobra & Retiree Replenishment	Premium	Reserve	\$24,391.81	\$61,548.90
10/30/2009	9.09	LHI/BRMS Reserve Replenishment	Premium	Reserve	\$51,924.77	\$113,473.67
					\$6,526.33	\$120,000.00

(\$0.00)

Date	Month	Item/Fees	From	To	Amount	\$120K Reserve Balance
10/15/2009	10.09	EBA Portion of Cobra & Retiree	Reserve	Premium	(\$28,211.40)	\$91,788.60
10/30/2009	10.09	Broker & Admin	Reserve	12%	(\$51,581.99)	\$40,206.61
11/12/2009	10.09	Cobra & Retiree Replenishment	Premium	Reserve	\$25,105.52	\$65,312.13
11/30/2009	10.09	LHI/BRMS Reserve Replenishment	Premium	Reserve	\$51,466.99	\$116,779.12
					\$3,220.88	\$120,000.00

\$0.00

Date	Month	Item/Fees	From	To	Amount	\$120K Reserve Balance
11/25/2009	11.09	EBA Portion of Cobra & Retiree	Reserve	Premium	(\$26,357.15)	\$93,642.85
11/30/2009	11.09	Broker & Admin	Reserve	12%	(\$52,093.26)	\$41,549.59
12/14/2009	11.09	Cobra & Retiree Replenishment	Premium	Reserve	\$24,760.11	\$66,309.70
12/17/2009		ARRA 941 Tax Return Money	Premium	Reserve	\$74.84	\$66,384.54
12/31/2009	11.09	LHI/BRMS Reserve Replenishment	Premium	Reserve	\$52,093.26	\$118,477.80
12/31/2009	11.09	LHI/BRMS Reserve Replenishment	Premium	Reserve	\$115.00	\$118,592.80
					\$1,407.20	\$120,000.00

Date	Month	Item/Fees	From	To	Amount	\$120K Reserve Balance
12/30/2009	12.09	EBA Portion of Cobra & Retiree	Reserve	Premium	(\$20,449.06)	\$99,550.94
12/30/2009	12.09	EBA Portion of Cobra & Retiree	Reserve	Premium	(\$376.29)	\$99,174.65
12/31/2009	12.09	Broker & Admin	Reserve	12%	(\$51,490.92)	\$47,683.73
1/14/2010	12.09	Cobra & Retiree Replenishment	Premium	Reserve	\$23,396.53	\$71,080.26
1/26/2010	12.09	LHI/BRMS Reserve Replenishment	Premium	Reserve	\$51,490.92	\$122,571.18
					(\$2,571.18)	\$120,000.00

Date	Month	Item/Fees	From	To	Amount	\$120K Reserve Balance
1/18/2010	1.10	EBA Portion of Cobra & Retiree	Reserve	Premium	(\$29,537.91)	\$90,462.09
1/26/2010	1.10	Broker & Admin	Reserve	12%	(\$52,300.66)	\$38,161.43
2/3/2010	1.10	ARRA 941 Tax Return Money	Premium	Reserve	\$9.69	\$38,171.12
2/16/2010	1.10	Cobra & Retiree Replenishment	Premium	Reserve	\$25,441.94	\$63,613.06

2/16/2010	1.10	Cobra & Retiree Replenishment	Premium	Reserve	\$0.12	\$63,613.18
2/26/2010	1.10	LHI/BRMS Reserve Replenishment	Premium	Reserve	\$52,158.03	\$115,771.21
					\$4,228.79	\$120,000.00

Date	Month	Item/Fees	From	To	Amount	\$120K Reserve Balance
2/22/2010	2.10	EBA Portion of Cobra & Retiree	Reserve	Premium	(\$33,202.52)	\$86,797.48
2/23/2010	2.10	Broker & Admin	Reserve	12%	(\$52,225.53)	\$34,571.95
3/9/2010	2.10	Cobra & Retiree Replenishment	Premium	Reserve	\$25,189.49	\$59,761.44
3/18/2010	2.10	LHI/BRMS Reserve Replenishment	Premium	Reserve	\$52,225.53	\$111,986.97
3/22/2010	1.10	LHI/BRMS Reserve Replenishment	Premium	Reserve	\$142.63	\$112,129.60
					\$7,870.40	\$120,000.00

Date	Month	Item/Fees	From	To	Amount	\$120K Reserve Balance
3/15/2010	3.10	EBA Portion of Cobra & Retiree	Reserve	Premium	(\$30,843.38)	\$89,156.62
3/18/2010	3.10	Broker & Admin	Reserve	12%	(\$51,897.35)	\$37,259.27
4/6/2010	3.10	LHI/BRMS Reserve Replenishment	Premium	Reserve	\$51,599.09	\$88,858.36
4/13/2010	3.10	Cobra & Retiree Replenishment	Premium	Reserve	\$25,189.33	\$114,047.69
					\$5,952.31	\$120,000.00

Date	Month	Item/Fees	From	To	Amount	\$120K Reserve Balance
4/15/2010	4.10	EBA Portion of Cobra & Retiree	Reserve	Premium	(\$29,814.21)	\$90,185.79
4/27/2010	4.10	Broker & Admin	Reserve	12%	(\$51,912.77)	\$38,273.02
5/3/2010	4.10	LHI/BRMS Reserve Replenishment	Premium	Reserve	\$42,806.42	\$81,079.44
5/4/2010	4.10	Retiree credit due to EBA - Jon Todd & Robert Morris	Premium	Reserve	\$349.60	\$81,429.04
5/11/2010	4.10	Cobra & Retiree Replenishment	Premium	Reserve	\$27,784.73	\$109,213.77
5/13/2010	4.10	Credit to North San Juan (Bruce Boyd)	Reserve	Premium	(\$400.30)	\$108,813.47
5/17/2010	4.10	LHI/BRMS Reserve Replenishment	Premium	Reserve	\$1,274.72	\$110,088.19
6/8/2010	4.10	LHI/BRMS Reserve Replenishment	Premium	Reserve	\$8,129.89	\$118,218.08
6/28/2010	4.10	Replenish \$ borrowed for credit to North San Juan (Bruce Boyd)	Premium	Reserve	\$400.30	\$118,618.38
					\$1,381.62	\$120,000.00

Date	Month	Item/Fees	From	To	Amount	\$120K Reserve Balance
5/17/2010	5.10	EBA Portion of Cobra & Retiree	Reserve	Premium	(\$32,279.22)	\$87,720.78
5/26/2010	5.10	LHI/BRMS Reserve Replenishment	Premium	Reserve	\$45,257.47	\$132,978.25
5/26/2010	5.10	Broker & Admin	Reserve	12%	(\$51,763.81)	\$81,214.44
6/8/2010	5.10	LHI/BRMS Reserve Replenishment	Premium	Reserve	\$7,358.07	\$88,572.51
6/11/2010	5.10	Cobra & Retiree Replenishment	Premium	Reserve	\$32,675.42	\$121,247.93
6/14/2010	5.10	LHI/BRMS Reserve Replenishment	Reserve	Premium	(\$905.27)	\$120,342.66
6/14/2010	5.10	LHI/BRMS Reserve Replenishment	Premium	Reserve	\$53.54	\$120,396.20
					(\$396.20)	\$120,000.00

Date	Month	Item/Fees	From	To	Amount	\$120K Reserve Balance
6/8/2010		2009 3rd Quarter ARRA Tax Refund	Premium	Reserve	\$6,378.49	\$126,378.49
6/11/2010	6.10	EBA Portion of Cobra & Retiree	Reserve	Premium	(\$26,368.40)	\$100,010.09
6/15/2010	Credits	Credits from Consolidated Bill for Cobra & Retiree 10.09, 12.09, 2.10, 4.10 & 6.10	Premium	Reserve	\$3,808.47	\$103,818.56
6/21/2010	6.10	Broker & Admin	Reserve	12%	(\$51,820.42)	\$51,998.14
7/2/2010	6.10	LHI/BRMS Reserve Replenishment	Premium	Reserve	\$51,820.42	\$103,818.56
7/12/2010	6.10	Cobra & Retiree Replenishment	Premium	Reserve	\$21,283.80	\$125,102.36
					(\$5,102.36)	\$120,000.00



BOARD OF DIRECTORS
Meeting of January 6, 2011

AGENDA SUPPORTING DATA

Agenda Item VI. Future Carrier Information/Discussion

Background:

At the December 6, 2010 Board Meeting, Thoits Insurance provided the Board of Directors with a preliminary comparison of the Blue Shield plans versus the proposed Health Net plans for consideration.

Since then, Thoits has continued its negotiations with Health Net on the rates that were initially released.

The rate comparison documents are attached but listed below is a breakdown of the actual differences in costs based on enrollment as of January 1, 2011.

Northern California – Active and Early Retirees

- Blue Shield Premium HMO versus Health Net Premium HMO
 - Health Net is 0.1% or \$310.65 per month higher than Blue Shield
- Blue Shield Premium PPO versus Health Net Premium PPO
 - Health Net provides a 6.8% or \$4,816.96 monthly savings
- Blue Shield Basic PPO versus Health Net Basic PPO
 - Health Net provides a 3.8% or \$2,246.97 monthly savings
- Blue Shield Savings 2250 versus Health Net Savings 2000
 - Health Net provides a 18.6% or \$2,786.07 monthly savings

Northern California – Medicare Rates (not much enrollment under Blue Shield)

- Blue Shield Premium HMO versus Health Net Premium HMO
 - Health Net provides a 13.7% or \$156.28 monthly savings
- Blue Shield Premium PPO versus Health Net Premium PPO
 - Health Net provides a 3.7% or \$72.60 monthly savings

Southern California – Active and Early Retirees

- Blue Shield Premium HMO versus Health Net Premium HMO
 - Health Net provides a 8.7% or \$2,745.22 monthly savings
- Blue Shield Premium PPO versus Health Net Premium PPO
 - There is no enrollment in this plan; however for comparison purposes I added one person to each tier and it shows that Health Net will provide a 6.6% or a \$244.26 monthly savings
- Blue Shield Basic PPO versus Health Net Basic PPO
 - There is no enrollment in this plan; however for comparison purposes I added one person to each tier and it shows that Health Net will provide a 4.8% or a \$164.18 monthly savings
- Blue Shield Savings 2250 versus Health Net Savings 2000
 - There is no enrollment in this plan; however for comparison purposes I added one person to each tier and it shows that Health Net will provide a 8.2% or a \$210.41 monthly savings

Southern California – Medicare Rates (not much enrollment under Blue Shield)

- Blue Shield Premium HMO versus Health Net Premium HMO
 - There is no enrollment in this plan; however for comparison purposes I added one person to each tier and it shows that Health Net will provide a 0.4% or \$11.97 monthly savings
- Blue Shield Premium PPO versus Health Net Premium PPO
 - The rates have been matched to the current Blue Shield rates so there is a \$0 difference.

Overall Savings: Northern California - \$9,868.23

 Southern California - \$2,745.22

 Total Monthly Savings - \$12,613.45

(Based on January enrollment that does not include Alpine POS plan)

Given the current deficit for the Blue Shield plans of \$8,000 per month, the Health Net quote is a solution to the deficit. It also helps the Board with being able to have standardized rates for current and new member districts at a savings over 2011 rates with Blue Shield.

IMPORTANT NOTE:

Health Net is willing to be a long-term partner with the FDAC EBA. In order for their underwriters to be competitive the plans needed to be streamlined. Therefore, Health Net eliminated offering the Basic HMO and the Point of Service due to no or low enrollment.

Health Net has only offered to provide Medicare Rates for the Premium HMO and the Premium PPO. Due to the mandates and the coordination of benefits between Health Net and CMS; they did not offer rates on the Basic PPO. So if a member is enrolled in the Basic PPO as an active participant they will be moved to the Premium PPO.

In addition to the above, CMS and IRS Guidelines state that retirees on Medicare are not allowed to participate on the HSA plans, therefore when a person is an early retiree they have the option to be enrolled in this plan; however at age 65 when Medicare eligible they cannot remain on the HSA.

Local commitment.

California

Local Presence

- ▶ Headquarters: Woodland Hills
- ▶ President: Leslie Margolin
- ▶ Employees: 8,000
- ▶ Membership: ~8.3 million, the largest in California
- ▶ Over \$10 million in local non-profit support in 2009
 - ▶ Governor's Council on Fitness
 - ▶ Lakers School of Champions
 - ▶ Dodgers Dream Foundation
 - ▶ March for Babies
 - ▶ Grand Sponsor AIDS Walk L.A.
 - ▶ Flu shots for uninsured

Integrated Solutions

Comprehensive products and services including:

- ▶ Medical with fully integrated pharmacy benefits. (HMO, limited network HMO, PPO, POS, EPO, Consumer-Driven Health Plan)
- ▶ Dental (PPO and DMO)
- ▶ Vision
- ▶ Life
- ▶ Disability
- ▶ EAP
- ▶ Wellness programs

We offer medical rate discounting with the bundling of Specialty products, as well as consolidated billings for all products to provide ease of administration.

Superior Network Strength & Usage

- ▶ Access to more than 90% of California hospitals, including 330 acute care hospitals; Blue plans contract with 93% of the 1,072 teaching hospitals in America.
- ▶ Access to 52,000+ local network doctors and specialists, and more than 80% of physicians in America through the BlueCard program
- ▶ 95% average PPO in-network utilization
- ▶ 64% average hospital discount
- ▶ 51% average provider discount

Please see other side . . .



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Integrated Care Management Programs

Our 360° Health total health strategy:

- ▶ Integrates More than 40 programs and services to create a holistic, integrated approach to improved health.
- ▶ Uses member's actual claims and self-reported data to provide a customized health coverage solution, as well as to affect positive change in behavior and medical outcomes.
- ▶ Includes MyHealth Advantage, which identifies gaps in care and lower-cost medical alternatives. This supports higher quality and lower cost care.

Most of our Wellness programs are integrated, at no additional charge, in all our medical programs.

Transparency Commitment

Our leadership position in transparency includes a comprehensive strategy to:

- ▶ Build awareness of health care costs and quality.
- ▶ Reveal the costs of prescription drugs and local pharmacy pricing.
- ▶ Provide facility-specific pricing for common procedures.
- ▶ Educate consumers about their health and health care spending.

The following web-based tools empower employees to make informed health care decisions:

Anthem Care Comparison

- ▶ Provides access to cost information on nearly 40 individual procedures.
- ▶ Cost information includes inpatient and outpatient procedures, diagnostic tests like radiology, and common office visits.
- ▶ Provides measures of quality for more than 150 inpatient procedures and conditions obtained from state, federal and private services.

Zagat Health Survey

- ▶ Lets employees share their physician experiences with others, expressing their satisfaction in the areas of:
 - ▶ Trust—Confidence in the physician's approach
 - ▶ Communication—Physician's bedside manner, responsiveness and rapport
 - ▶ Availability—Convenience for making appointments and physician's punctuality
 - ▶ Environment—Condition of the office, staff helpfulness, atmosphere and amenities
- ▶ Lets employees provide comments and physician recommendations.
- ▶ Reflects personal experiences with physicians, not the quality of care received.
- ▶ Helps doctors better understanding member experiences.

Please see other side . . .



10 REASONS WHY HEALTH NET IS A BETTER DECISION®

A California leader in managed health care

A strong company. A sound balance sheet. And built to last. In times like these, it's good to have the strength of a multi-billion dollar company you can count on. For more than 30 years, Health Net of California, Inc. has been making it easier to expand your business by providing the quality health care solutions that employers want.

COMPANY FACTS AND RATINGS:

- Our parent company, Health Net, Inc., is among the nation's largest publicly traded managed health care companies and is ranked #146 in the 2010 Fortune 500 list of companies.
- Health Net's HMO, POS, and insured PPO health plans and government contracts subsidiaries provide health benefits to approximately 6.0 million individuals across the country through group, individual, Medicare, Medicaid, TRICARE and Veterans Affairs programs.

FINANCIAL STRENGTHS

- Health Net, Inc.'s risk-based capital exceeds its 400% target level.
- Health Net, Inc. has total assets of \$4.2 billion.
- Health Net, Inc. has cash and investments of \$1.9 billion.
- Health Net, Inc. has \$904.4 million in reserves for claims and other settlements.

LARGE NETWORKS, NATIONAL COVERAGE

- Among the largest in California, Health Net's networks give employees the choices they want and the access they deserve. Plus, we deliver national coverage with our PPO plans through an arrangement with First Health® national PPO network.

INFORMED CONSUMERISM

- Health Net helps reduce high-cost service utilization and supports employee productivity with Decision Power.® Exclusive to Health Net, Decision Power connects people with the information, resources and support that fit their health and their life – all at no extra cost.

TIME-SAVING ADMINISTRATION

- Our dedicated account advisors and online plan management make benefit administration simple, so your clients can focus on what they do best – their business.

TEAM SERVICE

- Your clients are served by a Health Net team of client managers, account executives, group service representatives and sales administrators who work together to ensure a smooth and positive experience.

Turn over to learn more about how Health Net
is dedicated to value and making a difference!

Company facts, ratings and financial strengths are current as of September 30, 2010.

CA75915 (11/10) Decision Power is not part of Health Net's commercial medical benefit plans. Also, it is not affiliated with Health Net's provider network and it may be revised or withdrawn without notice. Decision Power services, including Health Coaches, are additional resources that Health Net makes available to enrollees of Health Net of California and Health Net Life Insurance Company. Health Net HMO and POS health plans are offered by Health Net of California, Inc. Health Net's PPO, EPO and indemnity insurance plans are underwritten by Health Net Life Insurance Company. Health Net of California, Inc. and Health Net Life Insurance Company are subsidiaries of Health Net, Inc. Health Net, A Better Decision, and Decision Power are registered service marks of Health Net, Inc. First Health is a registered service mark of First Health Group Corp. All rights reserved.

A SOLID REPUTATION FOR QUALITY

Health Net's commitment to quality is recognized by the industry

Health Net's practices in managed health care have garnered a well-deserved reputation for excellence.

Our commitment to quality has earned us industry recognition that speaks for itself!

- For the third straight year, Health Net of California, Inc.'s commercial health plan is the highest-ranked major network-model plan in the state – ahead of Anthem Blue Cross, Blue Shield, Aetna and CIGNA – according to the National Committee for Quality Assurance (NCQA) Health Insurance Plan Rankings 2010–11.
- Health Net of California, Inc.'s commercial HMO and POS lines of business have received the “**Excellent**” **accreditation** status from the National Committee for Quality Assurance (NCQA). Its PPO line of business (underwritten by Health Net Life Insurance Company) and its Medicare and Medicaid lines of business have earned the “**Commendable**” **accreditation** status.
- Health Net, Inc. recently was selected as an **Official Honoree at the 14th Annual Webby Awards** in the insurance division – a leading international award given to a distinguished few in recognition of overall Internet excellence.
- Our website, **www.healthnet.com**, makes managing health easier! Our simple-to-use website has earned two Gold eHealthcare Leadership Awards for “Best Overall Internet Site” and “Best Site Design” in 2009. These awards, sponsored by Strategic Health Care Communications, recognize the best health care organizations and online health companies' websites.
- Health Net of California, Inc. received the 2010 Corporate Award from California Children's Health Initiatives in recognition of its leadership in developing collaborative partnerships addressing the health insurance needs of children, families and California communities.

For more information, call 1-800-448-4411, option 4, or go to www.healthnet.com.




Premium PPO Comparison Northern California Medicare Rates

		 Blue Shield 2011		Health Net Option Health Net 2011	
Rating Structure	Enrollment	Premium PPO \$500 90%/70%		Premium PPO \$500 90%/70%	
Employee Only	1	\$655.23		\$631.01	
Employee plus One	1	\$1,310.43		\$1,262.05	
Employee plus Family	0	\$1,703.56		\$1,640.17	
Monthly Premium		\$1,965.66		\$1,893.06	
Monthly Premium Difference		N/A		(\$72.60)	
Percentage Difference		N/A		-3.7%	
		In-Network	Out-of-Network	In-Network	Out-of-Network
Deductible					
Individual		\$500		\$500	
Family		\$1,500		\$1,500	
Out-of-Pocket Maximum					
Individual		\$2,000	\$5,000	\$2,000	\$4,000
Family		\$6,000	\$15,000	\$6,000	\$12,000
Lifetime Plan Maximum		Unlimited (new for 2011)		Unlimited	
Office Visit		\$15 Copay	30%	\$15 Copay	30%
Chiropractic		\$25 Copay	30%	\$15 Copay	30%
Hospitalization		10%	30%, max. \$600 allowable/day	10%	30%, max. \$600 allowable/day
Outpatient Surgery		10%	30%, max. \$350 benefit/day	10%	30%, max. \$350 benefit/day
Emergency Room		10%		\$100, then 10%	\$100, then 30%
Urgent Care		\$15 Copay	30%	\$15 Copay	30%
Prescription Drugs		No Rx Deductible		No Rx Deductible	
Generic		\$10 Copay		\$10 Copay	
Brand Name		\$15 Copay		\$20 Copay	
Non-Formulary		\$30 Copay		\$35 Copay	

Summaries above are for illustrative purposes only. Actual plan documents will provide detailed benefit information.

HSA Comparison


Northern California Active & Early Retirees

		 Blue Shield 2011 Shield Savings 2250		Health Net Option Health Net 2011 Health Net Savings \$2,000	
Rating Structure	Enrollment				
Employee Only	2	\$532.41		\$433.62	
Employee plus One	4	\$1,064.84		\$867.25	
Employee plus Family	7	\$1,384.29		\$1,127.42	
Monthly Premium		\$15,014.26		\$12,228.19	
Monthly Premium Difference		N/A		(\$2,786.07)	
Percentage Difference		N/A		-18.6%	
		In-Network	Out-of-Network	In-Network	Out-of-Network
Deductible					
Individual		\$2,250		\$2,000	
Family		\$4,500		\$4,000	
Out-of-Pocket Maximum					
Individual		\$3,000		\$5,000	
Family		\$5,500		\$10,000	
Lifetime Plan Maximum		Unlimited (new for 2011)		Unlimited	
Office Visit		20%	50%	30%	50%
Chiropractic		20% (20 visits per calendar year)	50%	Not Covered	Not Covered
Hospitalization		20%	50%, max. \$600 allowable/day	30%	50%, max. \$600 allowable/day
Outpatient Surgery		20%	50%, max. \$350 benefit/day	30%	50%, max. \$600 benefit/day
Emergency Room		20%	20%	\$100, then 30%	\$100, then 50%
Urgent Care		20%	50%	30%	50%
Prescription Drugs		Subject to Deductible		Subject to Deductible	
Generic		\$10 Copay		\$15 Copay	
Brand Name		\$25 Copay		\$30 Copay	
Non-Formulary		\$40 Copay		\$50 Copay	

Summaries above are for illustrative purposes only. Actual plan documents will provide detailed benefit information.

Basic PPO Comparison

Southern California Medicare Rates


		 Blue Shield 2011 Basic PPO \$500 80%/60%		Health Net Option Health Net 2011 Premium PPO \$500 90%/70%	
Rating Structure	Enrollment				
Employee Only	0	\$592.86		\$631.01	
Employee plus One	0	\$1,185.73		\$1,262.05	
Employee plus Family	0	\$1,540.95		\$1,640.17	
Monthly Premium		\$0.00		\$0.00	
Monthly Premium Difference		N/A		\$0.00	
Percentage Difference		N/A		#DIV/0!	
		In-Network	Out-of-Network	In-Network	Out-of-Network
Deductible					
Individual		\$500		\$500	
Family		\$1,000		\$1,500	
Out-of-Pocket Maximum					
Individual		\$3,000	\$10,000	\$2,000	\$4,000
Family		\$6,000	\$20,000	\$6,000	\$12,000
Lifetime Plan Maximum		Unlimited (new for 2011)		Unlimited	
Office Visit		\$35 Copay	40%	\$15 Copay	30%
Chiropractic		\$25 Copay (12 visits per year)	40%	\$15 Copay	30%
Hospitalization		\$250 Copay per admit, plus 20%	40%, max. \$600 allowable/day	10%	30%, max. \$600 allowable/day
Outpatient Surgery		\$125 Copay per surgery, plus 20%	40%, max. \$350 benefit/day	10%	30%, max. \$350 benefit/day
Emergency Room		20%		\$100, then 10%	\$100, then 30%
Urgent Care		\$35 Copay	40%	\$15 Copay	30%
Prescription Drugs		No Rx Deductible		No Rx Deductible	
Generic		\$10 Copay		\$10 Copay	
Brand Name		\$15 Copay		\$20 Copay	
Non-Formulary		\$30 Copay		\$35 Copay	

Summaries above are for illustrative purposes only. Actual plan documents will provide detailed benefit information.



Premium HMO Comparison

Southern California Active & Early Retirees

		 Blue Shield 2011 Premium HMO \$10/\$250	Health Net Option Health Net 2011 Premium HMO \$10/\$250
Rating Structure	Enrollment		
Employee Only	4	\$578.69	\$528.22
Employee plus One	7	\$1,157.36	\$1,056.45
Employee plus Family	14	\$1,504.60	\$1,373.39
Monthly Premium		\$31,480.67	\$28,735.45
Monthly Premium Difference		N/A	-\$2,745.22
Percentage Difference		N/A	-8.7%
		In-Network	In-Network
Deductible			
Individual		None	None
Family		None	None
Out-of-Pocket Maximum			
Individual		\$1,500	\$1,500
Family		\$3,000	\$4,500
Lifetime Plan Maximum		Unlimited	Unlimited
Office Visit		\$10 Copay	\$10 Copay
Chiropractic		buy up option	\$10 Copay (30 visits per calendar year)
Hospitalization		\$250 per Admit	\$250 per Admit
Outpatient Surgery		\$150 per Surgery	\$250 per Surgery
Emergency Room		\$100 Copay	\$100 Copay
Urgent Care		\$10 Copay	\$10 Copay
Prescription Drugs		No Rx Deductible	No Rx Deductible
Generic		\$10 Copay	\$10 Copay
Brand Name		\$15 Copay	\$20 Copay
Non-Formulary		\$30 Copay	\$35 Copay

Summaries above are for illustrative purposes only. Actual plan documents will provide detailed benefit information.



**Report to the FDAC EBA Board
Delta Dental Request for pre-funding claims
December 29, 2010**

Background: Delta Dental is prefunding three districts that are in the self-funded program. They are requesting \$33,900 to cover the three districts (\$5,500; \$10,600 and \$17,800).

Thoits position: Delta put these plans in place with the knowledge that the 3 self-funded groups would be billed their claims and administration cost after the fact and this has been the situation for years. While Delta does not normally fund claims with a 60 day premium delay, these districts have an annual budget funded by the state, and it would be a hardship for them to pay this unexpected amount. In addition, all districts are responsible for their own premiums and the FDAC EBA should not have responsibility for the funding. Since the pre-funded costs will have an impact on the current district's budget, the FDAC EBA really cannot make this decision on their behalf.

Board position: FDAC EBA does not have responsibility for the pre-funding, so asked Thoits to approach Delta Dental for another solution or at a later point to approach the affected Districts for the pre-funding amount.

Recommendation: Delta Dental needs to delay the pre-fund renewal request until 1/1/2012 so we can approach the individual districts with their pre-fund liability and they can include these amounts in their next fiscal budget which normally is done by July of each year. We can also discuss setting up a separate account that the claims can be tapped out of directly by Delta. This will give the districts advance notification to decide which options will be more beneficial to them as well as prepare to include this item in their budget when requesting money from the State. We went back to Delta with this suggestion.

Delta's response: To partner with Thoits and the Fire Districts Association of California, we will make an exception and defer the required prefund amount to the subsequent contract period starting January 1, 2012. Or the client can convert to a Delta initiated weekly ACH method of payment for paid claims and administration invoices. This exception is contingent upon the client committing to providing the required prefund amount or convert to a Delta initiated weekly ACH method of payment for paid claims and administration prior to finalizing their fiscal year budget in July 2011.

Summary: Delta agreed to the delayed funding as noted above. They also revised the 2011 renewal documents to reflect the change. The 2011 renewal documents can be signed at the January meeting.