

FIRE DISTRICTS ASSOCIATION OF CALIFORNIA EMPLOYMENT BENEFITS AUTHORITY

Board of Directors

Thursday, December 14, 2006

10:00 a.m. – 2:00 p.m.

Senator Hotel Conference Room

1121 L Street, First Floor

Sacramento, CA 95814

AGENDA

<i>Item</i>	<i>Function</i>
I. <u>Welcome and Introductions</u>	
II. <u>Public Comment</u>	
III. <u>Consent Calendar</u>	Action
A. Minutes – November 7, 2006	
IV. <u>TPA Transition Update</u>	Information
A. Financial Accounts	Info/Action
B. Money from Capital	Information
I. Audit of Capital Records	Info/Action
C. Reporting requirements of LHI/BRMS	Info/Action
V. <u>Supplemental Healthcare Programs</u>	Info/Action
VI. <u>Financials</u>	Info/Action
A. Timeline for payments from LHI	
VII. <u>2007 Rates</u>	Info/Action
A. Continued discussions with Blue Shield about Medicare and So. Cal rate structure	
B. Medicare rates for new enrolling districts 2007	
C. Regional rates for 2007 for existing groups	
D. Regional rates for 2007 for new groups	
VIII. <u>Underwriting Guidelines</u>	Info/Action
IX. <u>Education</u>	Info/Action
X. <u>Membership/Public Relations</u>	Info/Action
A. End-of-year communication	
B. FDAC membership follow-up	
XI. <u>LHI Account Management Team</u>	Information
XII. <u>Adjourn</u>	

FDAC EBA BOARD OF DIRECTORS
Meeting of December 14, 2006

AGENDA SUPPORTING DATA

Agenda Item III. – Consent Calendar

A. Minutes – November 7, 2006

Staff Recommendation: Approval of Consent Calendar.

Fire Districts Association of California Employment Benefits Authority
Board of Directors Meeting – Conference Call
Minutes
November 7, 2006

In Attendance

Michael McMurry
Jim Hill
Ron Collier

Staff/Guests

Catherine Smith
Melissa Soria
Jason Andrew
Josh Nail
Jon Hilgers
John Miller
Jean Moore

The Fire Districts Association of California Employment Benefits Authority (FDAC EBA) Board of Directors convened via conference call on Tuesday, November 7, 2006. Having established a quorum, the meeting was called to order by the EBA President Michael McMurry at 10:36 a.m. Introductions were made, and President McMurry welcomed all participants.

Agenda Item III – Consent Calendar

Director Jim Hill moved to ratify the consent calendar. Director Ron Collier seconded, and the motion passed unanimously.

Agenda Item IV – Dependent Coverage Termination

Previously, the EBA has accepted two methods of determining when a dependent is no longer eligible for coverage: one (PERS) has coverage being available from 19-23 years of age, with documentation that the dependent is still in school; one (market standard) has coverage available from ages 19-25, with no requirement for the dependent to be in school. After much debate, the Board decided to allow both options, provided the district make the decision as to which one to follow upon entering into the JPA. Director Collier made a motion to that affect; Director Hill seconded. The motion was unanimously approved.

Other Business

Dental Coverage

With regard to the EBA's dental program, the recommendation from LHI is to not switch carriers at this time. After MetLife went back on their two-year rate guarantee, LHI met with Delta Dental to research opportunities for self-funding through that carrier. Due to our lack of claim history, however, it was not advised that we self-fund at this time. LHI is willing to fund the difference between what MetLife will be charging for coverage and what the EBA will be charging its members, a deficit of roughly \$20,000. There will be a rate increase for dental on July 1, 2007 and January 1, 2008. We will

communicate these increases prior to the districts receiving a bill, along with a notice that our goal is to have all policies renewing on a calendar year.

Director Collier moved to accept the recommendation on the subsidy of dental rates by LHI, Director Hill seconded. The motion passed unanimously.

Director Hill moved to align all renewal dates for all carriers and lines of coverage, Director Collier seconded. The motion passed unanimously.

Retiree Rates

There was a question over whether to base retiree rates on the district's address or on the retiree's address. Due to the time constraints of the new TPA transition, it was recommended by LHI that we use the district's address so BRMS would not have to build in a substantial number of rates for areas in which there are no retirees at present.

At 11:42 a.m., the Board determined it needed more time to assess the situation, and adjourned the meeting until November 8, 2006 at 3:30 p.m.

When the meeting reconvened via conference call at 3:36 p.m. on Wednesday, November 8, the following were present:

Board: President McMurry, Director Collier, Director Hill, Director Tom Gross,
Director Richard Blanco (from Hawaii, as a non-voting participant)
Staff/Guests: Catherine Smith, Melissa Soria, Jason Andrew, Josh Nail, Jon Hilgers,
David McMurchie

After much discussion on the pros and cons of each possibility, Director Collier moved to "grandfather in" the two retirees currently effected by this decision, direct BRMS to only build in those retiree rates with those two current participants, and to wait for an in-person meeting to discuss the more general issue of how to rate retirees. Director Gross seconded; the motion passed unanimously.

Having nothing further to discuss the Board adjourned at 4:08 p.m.

Respectfully submitted,

Melissa Soria
Executive Assistant

FDAC EBA BOARD OF DIRECTORS
Meeting of September 7, 2006

AGENDA SUPPORTING DATA
Agenda Item IV. – TPA Transition Update

Background: The FDAC EBA is in the process of transition from Capitol Administrators to BRMS. Capitol has transmitted, to date, \$50,000 to the EBA's money market account (documentation following).

Representatives from LHI will give a verbal report on the progress of the transition at the meeting.

Staff Recommendation: None at this time.



WIRE TRANSFER DEPARTMENT
PO BOX 64830
ST PAUL, MN 55164-0830



November 17 , 2006

Par: 061117023707

4600R/1/1

FIRE DISTRICTS ASSOCIATION OF CA EB
1112 I ST STE 200
SACRAMENTO CA 95814-2836

We confirm that we are crediting your account number 000153493183500 with the sum of USD 50,000.00 , with value 11/17/2006 in respect of the following transaction. PAR : 061117023707

IMAD:20061117I1B7035R002199

Originator:

3776145686
CAPITOL ADMINISTRATORS INC
2920 PROSPECT PARK DR STE 210
RANCHO CORDOVA CA 95670-6036

Originator FI

WELLS FARGO BANK, N.A.

Sender :

121000248
WELLS SF CA
WELLS SF

Account with Bank

U.S. BANK,N.A.
PORTLAND

OR

Beneficiary :

153493183500
FIRE DISTRICT ASSOCIATION OF CA EBA

Payment Details

FW00148321643567

This information is confidential. If it was received in error or you have any inquiries regarding this wire transfer, please contact US Bank Wire Transfer Customer Service at (888) 799-4737.

Melissa Soria

From: Candace Rogers [CandaceR@brmsonline.com]
Sent: Tuesday, December 05, 2006 10:02 AM
To: msoria@fdac.org
Cc: Jennifer Hansen; Vanessa Pahlberg; Korrine Prisk; casmith@fdac.org
Subject: RE: FDAC accounting questions

Good Morning Melissa,

Per LHI, BRMS was going to set up 2 bank accounts - a premium account and a Reserve/Pool account. The premium account will empty out each month, as we would be depositing only premium dollars into this account and paying the carriers. The association would pull from the reserve account and put into their own account, an account BRMS would not have access to. Both of the 2 accounts would be opened as "BRMS in Trust for FDAC". In order for us to do the bank reconciliations, check tracers, and stop pays, BRMS would have to house the accounts.

We would be happy to set up a conference call with you if you would like to discuss any questions or concerns you may have.

Thank you,

Candace Rogers
Lead Group Billing Representative

Benefit & Risk Management Services, Inc.
10860 Gold Center Drive, Suite 300, Rancho Cordova, CA 95670
candacer@brmsonline.com | p. 916.858.2950 ext 250
www.brmsonline.com

This message and any attached documents contain information from Benefit & Risk Management Services that may be confidential, privileged and/or constitute non-public information. If you are not the intended recipient, you are hereby notified that any reading, copying, disseminating, distributing, or use of this information is strictly prohibited. If you have received this message in error, please notify the sender immediately by reply e-mail and then delete this message.

From: Jennifer Hansen
Sent: Thursday, November 30, 2006 4:38 PM
To: Vanessa Pahlberg; Candace Rogers
Cc: Monica Burns
Subject: FW: FDAC accounting questions

Vanessa or Candace,

Can you respond to Melissa's question please?

Jennifer Hansen
Implementation Specialist

Benefit & Risk Management Services, Inc.

12/7/2006

10860 Gold Center Drive, Suite 300, Rancho Cordova, CA 95670
jenniferh@brmsonline.com | p. 916.858.2950 x376 | f. 916.858.2970
www.brmsonline.com

This message and any attached documents contain information from Benefit & Risk Management Services that may be confidential, privileged and/or constitute non-public information. If you are not the intended recipient, you are hereby notified that any reading, copying, disseminating, distributing, or use of this information is strictly prohibited. If you have received this message in error, please notify the sender immediately by reply e-mail and then delete this message.

From: Melissa Soria [<mailto:msoria@fdac.org>]
Sent: Thursday, November 30, 2006 4:16 PM
To: Jennifer Hansen
Cc: casmith@fdac.org
Subject: FDAC accounting questions

Hi Jennifer!

We're having a Board meeting on December 14, and I'd like to be able to tell my Board what you need in terms of accounts. We talked about having a "floating" account, and another for depositing admin fees and margin...but we're not sure what kind of access you need to which accounts. Can you help me out with that?

Melissa Soria
Executive Assistant/Meeting Planner

Fire Districts Association of California
1215 K Street, Suite 2290
Sacramento, CA 95814
916.231.2133 | 800.829.4309
916.231.2141 fax

FDAC EBA BOARD OF DIRECTORS
Meeting of September 7, 2006

AGENDA SUPPORTING DATA

Agenda Item V. – Supplemental Healthcare Programs

FDAC Medicare Supplement Plans

Currently, the Medicare supplement plans are handled differently by Kaiser and Blue Shield. Kaiser has a Supplement plan called Senior Advantage. Blue Shield does not have a true Medicare supplement plan. Blue Shields Medicare plan is a full-blown medical plan. It may be that we offer that plan as well as a true supplement plan as an option to FDAC Medicare retirees. We will include additional information for the meeting next week regarding decisions we will have to make as a pool in regard to these offerings.

After researching Medicare supplement plans there are four major healthcare carriers in California that offer these Medicare plans on an individual basis. They are Blue Cross, Blue Shield, Secure Horizons (PacifiCare/United HealthCare) and Health Net. Each carrier has many plan options that cover an array of benefits. Depending on the final decision of the board we will determine how to handle offering Medicare Supplement plans in the future. Blue Cross and Blue Shield appear to have the most competitive plans and are presented here.

Blue Cross: Blue Cross offers 5 different plan options and each has different coverage levels. Below is a matrix that shows what each plan covers and the cost associated with each plan.

	Plan A	Classic C	Classic F	Classic I	Classic J
Part A Deductible	NO	YES	YES	YES	YES
Hospital Coinsurance	YES	YES	YES	YES	YES
365 Hospital Days	YES	YES	YES	YES	YES
Skilled Nursing	NO	YES	YES	YES	YES
Part B Deductible	NO	YES	YES	NO	YES
Part B 100% Excess	NO	NO	YES	YES	YES
At Home Recovery	NO	NO	NO	YES	YES
Preventative Care	NO	NO	NO	NO	YES
Foreign Travel Emergency	NO	YES	YES	YES	YES
Northern California Rates	\$176	\$194	\$220	\$223	\$263

All of the Blue Cross plans are PPO's which allows the members to choose their own physician and specialists any time.

Plan Highlights

- Freedom to choose from over 40,000 doctors in the Blue Cross PPO Network and freedom to use the hospital of your choice
- Pays all Medicare Deductibles
- Coverage for skilled nursing coinsurance
- Benefits for Medicare Part A and B.

Blue Shield: Blue Shield of California also offers five Medicare Supplement Plans. Below are the highlights of each of these plans.

	Plan A	Plan B	Plan C	Plan D	Plan F
Part A Deductible	NO	NO	YES	YES	YES
Hospital Coinsurance	YES	YES	YES	YES	YES
365 Hospital Days	YES	YES	YES	YES	YES
Skilled Nursing	NO	NO	YES	YES	YES
Part B Deductible	NO	NO	YES	NO	YES
Part B 100% Excess	NO	NO	NO	NO	YES
At Home Recovery	NO	NO	NO	YES	YES
Preventative Care	NO	NO	NO	NO	YES
Foreign Travel Emergency	NO	NO	NO	NO	YES
Northern California Rates based on Age	\$143	\$169	\$196	\$117	\$200

All of the Blue Shields plans are PPO's which allows the members to choose their own physician and specialists any time.

Plan Highlights

- Pays all Medicare Deductibles
- Coverage for skilled nursing coinsurance
- Benefits for Medicare Part A and B.

Additional information will be provided at the meeting.

Recommendations will discussed at meeting

FDAC EBA BOARD OF DIRECTORS
Meeting of September 7, 2006

AGENDA SUPPORTING DATA

Agenda Item VI. – Financials

4:03 PM
12/07/06
Accrual Basis

FDAC EBA
Profit & Loss
July 1 through December 7, 2006

	<u>Jul 1 - Dec 7, 06</u>
Ordinary Income/Expense	
Income	
Interest	84.39
Premium Earnings	5,947.61
	<hr/>
Total Income	6,032.00
Expense	
Administration	41.95
Board Meetings	800.00
Insurance	
E & O Insurance	1,157.63
	<hr/>
Total Insurance	1,157.63
Meetings	586.80
Printing and Reproduction	428.85
Professional Fees	
Legal Fees	5,974.00
	<hr/>
Total Professional Fees	5,974.00
Staff Travel	81.60
	<hr/>
Total Expense	9,070.83
	<hr/>
Net Ordinary Income	-3,038.83
	<hr/>
Net Income	<u><u>-3,038.83</u></u>

4:03 PM
12/07/06
Accrual Basis

FDAC EBA
Balance Sheet
As of December 7, 2006

	<u>Dec 7, 06</u>
ASSETS	
Current Assets	
Checking/Savings	
Money Market Account	8,181.57
US Bank	1,196.15
Total Checking/Savings	<u>9,377.72</u>
Total Current Assets	<u>9,377.72</u>
TOTAL ASSETS	<u><u>9,377.72</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Promissory Note from FDAC	30,000.00
Total Other Current Liabilities	<u>30,000.00</u>
Total Current Liabilities	<u>30,000.00</u>
Total Liabilities	30,000.00
Equity	
Retained Earnings	-17,583.45
Net Income	-3,038.83
Total Equity	<u>-20,622.28</u>
TOTAL LIABILITIES & EQUITY	<u><u>9,377.72</u></u>

FDAC EBA BOARD OF DIRECTORS
Meeting of September 7, 2006

AGENDA SUPPORTING DATA

Agenda Item VII. – 2007 Rates

Rate objectives for December 14th EBA Meeting:

Included below are notes/discussion items from previous meetings regarding the direction of the EBA rating structure moving forward. We are working close with Dave Turner to begin implementing the beginning phase of these changes and will continue to update the board as progress is made. The topics currently being addressed are:

- A. Continued discussions with Blue Shield about Medicare and So. Cal rate structure
- B. Medicare rates for new enrolling districts 2007
- C. Regional rates for 2007 for existing groups
- D. Regional rates for 2007 for new groups

During the board meeting we would like to present an alternative option for Medicare supplement plans, discuss how to handle new business regional and Medicare rates and the status of Southern California rates for Southern California.

Notes from previous meetings for review;

FDAC Pricing Notes 9/27/06

There are multiple different “groups” that require pricing decisions/methods:

- Former CalPERS groups
 - Independent (non-former CalPERS) groups
 - Composite rate groups
 - Groups with Medicare retiree rates
 - Southern Cal groups
-

The Goal = Standardize pricing as much as possible by region and group type

Standard pricing = Base rate from carrier + margin + fees

2007 Base rate increase = about 18% for Blue Shield, 0% for Kaiser North, and -16% for Kaiser South

Target 2007 Margin = 5%

2007 Fees = 12% (broker + admin)

Former CalPERS groups will get the standard pricing, which is competitive vs. CalPERS

Independent groups will get the lesser of:

- +18% Blue Shield, OR
- Base rate + margin + fees.

Composite rate groups will get the standard base + margin + fees rating with a reallocation to composite rates.

Medicare rates require a 57%-90%+ rate increase to fully reflect Blue Shield costs. However, we do not believe Blue Shield is pricing this group accurately, since Medicare retiree rates are normally 65%-85% of blended active/retiree rates (due to Medicare primary coverage). Regardless of our opinion, FDAC still will be billed Blue Shield rates. Therefore, a 2-4 year phase-in of Medicare pricing is recommended to fully-fund Medicare rates. Until then, a deficit will be generated that will be offset by margin on other rates. Also, LHI will pursue adjusted Blue Shield pricing and non-Blue Shield Medicare retiree coverage alternatives.

Southern Cal groups currently have discounted rates which create a deficit. They will get 18% Blue Shield to “keep up” with the Blue Shield increase, but this will still create a deficit. The deficit is acceptable for competitive reasons and is partially offset by margin on other groups. Our hope is that Blue Shield will offer separate Southern and Northern Cal rates, which would allow standard pricing in SoCal of base+margin+fees in the future. This may require more SoCal headcount and additional subjective “market” rates for new business, subject to approval by the Board and sufficient margin to offset any projected initial deficits.

The FDAC Premium PPO (PERSCare look-a-like) rates are significantly higher than the rates billed by Blue Shield. This is because the 2006 Premium PPO rates shadowed the CalPERS pricing for the PERSCare PPO (and the PERSCare PPO design attracts a less favorable risk in CalPERS than on the open market).

Standard FDAC pricing formulas would require a decrease to FDAC’s Premium PPO rates in 2007. However, we do not recommend a decrease. Instead, we suggest holding Premium PPO rates at the higher of standard pricing (base+margin+fees) or current 2006 rates. This will create a surplus that can be used to offset the deficits discussed above, avoid up/down swings in rates, and allow the Blue Shield Premium PPO rates to “catch up” to FDAC billed rates over time.

The 3-tier rate structure offered by Blue Shield and Kaiser in 2007 is different than the 3-tier relationships in 2006 FDAC rates. The 2007 tiers structure reflects normal markets conditions while the 2006 tiers reflect CalPERS’ tier format (which subsidized family rates at 2.6x single rates in most cases). We recommend adjusting standard FDAC pricing to reflect the Blue Shield and Kaiser tiers for 2007. This will make some coverage categories such as single and family appear to have higher or lower than average rate increase, but will still generate the appropriate overall premium amounts. It will also provide additional standardization and stability to the program.

LHI will update the pricing spreadsheet to reflect the above changes and calculate the net margin for the entire group, combining surpluses and deficits for all groups, rates, etc. Should the net margin be less than the 5% target, we will request Board direction as to final pricing strategy (i.e., whether to increase the target margin above 5% to produce a net margin equal to 5%).

In the last Board meeting, we also discussed the impact of including 5% margin per year for 3 years in standard rates. At the end of 3 years, assuming the overall margin is 15% of Blue Shield/Kaiser premiums, the following year rates will not include margin.

For new groups that enter the FDAC program, they will also receive 5% margin in their rates for 3 years, after which it will be excluded, assuming the entire program's accumulated margin meets minimum margin (e.g., 15%) targets at that point in time.

Should a new group wish to fund 100% of the margin in year 1, or 50% each year over 2 years, the FDAC can accommodate this as well.

FDAC should establish a surplus allocation formula that is equitable based on the above margin accumulation scenarios should the program terminate, merge, etc. A possible formula would be to allocate surplus based on premium payment or covered headcount over a 36 month time period.

November 8th Conference Call:

Renewing Group Issue:

Last year we "published" regional rates consistent with CalPERS regions;

- 1) Bay Area
- 2) Los Angeles
- 3) Other So. Cal
- 4) Other Nor. Cal
- 5) Out of State
- 6) Medicare – all regions

As of 11/08/06 we have the following districts who currently offer or have early and/or Medicare retirees on a medical plan. Those districts are Scotts Valley, Woodbridge, Eureka, Novato, Tiburon, Stanislaus, Penn Valley and Bodega Bay.

Of those only Novato and Scotts Valley have retirees living in regions other than their district rate location.

In order to continue limiting the offerings and simplifying the administration of the pool we are looking at building rates based off of the districts location for renewing groups rather than send BRMS 21 sets of regional rates for plans we don't have employees on. We are suggesting basing the retiree rate off of the district location for current renewing groups.

Fiscal impact:

4 employees (3 Novato and 1 Scotts Valley) would pay approx \$500-\$987 annually more than the regional rate increase of 13.25%. This is due to the fact that they live in "lower cost" areas based on regional rates given last year. Their new rate would be based off of the district location

11 Medicare retirees from Novato would see no financial impact as Medicare rates are regional including out of state and are already being subsidized.

12 Novato employees (all are out of state) would no financial impact.

The other option is to "grandfather" the regional rates for those who are on it but to have rates based on board approval as we move forward with our standard methodology.

New Group Issue:

The other question before the board is what the rate will be for new business groups coming on for 2007 who cover retirees who are Medicare eligible. Currently the pool is subsidizing Medicare retirees. The board approved a standard methodology for new groups joining the pool of base rate + 5% + 12%. If we use this formula for Medicare retirees for new groups their rate is significantly higher than CalPERS. Do we continue to subsidize new groups joining the pool who have Medicare retirees or do we give them the standard formula rate.

Fiscal impact:

We are not aware of any employees joining Jan 1, 2007 that this applies to. However, we need direction as we market to new districts that are currently in CalPERS. This may be a topic that does not need to be decided on today as it has no direct short term effect.

Recommendations to be discussed during board meeting

FDAC EBA BOARD OF DIRECTORS
Meeting of September 7, 2006

AGENDA SUPPORTING DATA

Agenda Item VIII. – Underwriting Guidelines

Background: In January 2006, the EBA had a planning session that resulted in a set of underwriting guidelines (enclosed). Since that time, we had an issue with a district that wanted to add coverage for their Board members once they were already enrolled in the pool. While the Board was clear at the planning session that this practice was not allowed, the underwriting guidelines could be made more clear on the subject.

Staff Recommendation: Add to the guidelines, to clarify the EBA Board's intent regarding district governing officials:

"A district offering medical coverage to Board Members through the FDAC EBA must have offered coverage to its Board Members prior to joining the FDAC EBA. Board Members must elect coverage at time of initial enrollment; if they do not, they may not enroll at any time in the future. If it is a district's policy to not cover Board Members, no Board Member coverage is available through the FDAC EBA."

Underwriting Policies

Underwriting policies shall be set by the Board of Directors of the FDAC EBA with the assistance and advice of consulting professionals. In part, underwriting policies shall be comprised of eligibility guidelines which reflect the Board's determination regarding limitations of membership eligibility. Whereas the Board desires to entrust day-to-day selection criteria to the professional discretion of its Broker-partner, Lawson-Hawks Insurance Associates, fundamental eligibility criteria will be adhered to for purposes strategic implementation.

Currently, Board approved eligibility guidelines are as follows:

Eligible Districts

To be eligible for benefits, your Fire Protection District must be a member of the Fire Districts Association of California. Eligible employees are safety employees, admin staff and their dependents.

Active Employees

To be eligible for benefits, you must be employed with a Fire Protection District as a regular employee, authorized to work at least 30 hours per week. Part time employees who work at least 20 hours per week may be eligible depending on your districts guidelines.

You may choose to enroll eligible family members in medical, dental, vision, life and AD&D insurance. Your eligible family members are:

- Your legal spouse as defined by California law.
- Your unmarried dependent children under age 25. Coverage will terminate at the end of the month of their 25th birthday. Some carriers require dependents to be full-time students if they are over 19 year of age. (Please refer to specific carrier guidelines contained in this booklet).
- Your unmarried child of any age who is physically or mentally handicapped as long as the disability occurred before age 19 while he or she was covered by your current medical plan.

Your domestic partner and partner's eligible dependents are eligible. Domestic partner must:

- Each be at least eighteen (18) years of age or older;
- Share a close personal relationship and be responsible for each other's common welfare;
- Be of the same or opposite sex;

- Be each others sole domestic partner;
- Not be married to anyone nor have had another domestic partner within the prior six months;
- Not be related by blood closer than that which would bar marriage in the State of California;
- Share the same residence, be mutually financially responsible for “basic living expenses”, and provide requested documentation of these criteria.

Retirees

- Eligible retirees are future retirees and families who have worked for an eligible Fire Protection District in the State of California. Eligible dependents are defined as a legally married spouse, domestic partner, or children age 19 (full time students to age 25).
- Retirees must elect to continue coverage at time of retirement. Once covered a retiree must have continuous coverage. Any break in coverage will result in cancellation of coverage.
- Retirees cannot retroactively be covered. Only those who retire after the effective date of the group are eligible for coverage.
- Retirees and family members reaching age 65 eligible for Medicare Part A and Part B also may continue coverage through the group.
- Retirees and family can be billed directly through the FDAC EBA Administrator. In this case, retirees will be fully responsible for premiums for continuation of coverage.

Board Members

- Eligible board members are current or future board members and families in a full time elected position with an eligible fire district. Eligible dependents are defined as a legally married spouse, domestic partner, or children age 19 (full time students to age 25).
- Board Members must elect coverage at time of employment/term. Once covered a board member must have continuous coverage. Any break in coverage will result in cancellation of coverage.
- Board Members cannot be retroactively be covered. Only those who are active or voted in after the effective date of the group are eligible for coverage.
- Benefits are available for the term of the Board Members position.
- Board Members and family members reaching age 65 eligible for Medicare Part A and Part B also may continue coverage through the group.

FDAC EBA BOARD OF DIRECTORS
Meeting of September 7, 2006

AGENDA SUPPORTING DATA

Agenda Item X. – Membership/Public Relations

- A. End-of-year communication
- B. FDAC membership follow-up

- A. We will be forwarding to our members a communication regarding how much the pool has saved districts to date (draft enclosed), as well as a letter confirming the completion of the TPA transfer (to be written).
- B. Upon inspection of EBA member records, we were able to identify four agencies that are members of the EBA but not members of FDAC. The agencies are:

- Bennett Valley FPD
- Rescue FPD
- City of Eureka
- Mokelumne Rural FPD

Since first discovering this, Mokelumne Rural has joined FDAC. LHI should have a verbal report to give at the meeting regarding the status of the other three.

December 7, 2006

ATTN: (FDAC EBA Districts Benefits Administrator)

RE: Benefits Cost Savings year-to Date

Dear _____:

As you know, one the preeminent reasons the FDAC EBA launched its own health insurance benefits programs in mid-2005 was to create a cost-of-benefit savings for the respective districts both individually and collectively. Notwithstanding the fact that medical insurance costs continue to spiral upwardly, the mission of FDAC EBA in this regard was to create a savings of healthcare costs that would translate into "real money"

I can now report to the collective participating districts of the FDAC EBA that over three-quarters of a million dollars has been shaved off what would have been the healthcare costs of participating districts. To date, a collective savings of \$788,483 has been realized. These savings, as you all know, can be redirected by the districts into badly needed equipment, facilities enhancement, personnel and a host of other pressing needs that the districts are experiencing.

The savings becomes more manifest if it is projected over a term of years. If the current trend holds, within five years the FDAC EBA will have created almost four million dollars in healthcare savings for participating districts. Importantly, these savings are not a function of sacrificing the quality of the member's healthcare insurance. The FDAC EBA continues to offer highly competitive coverage's and benefits for its member.

No one knows for certain what the future holds for health insurance costs and benefits. However, you can be assured that the FDAC EBA will continue to act as a willing advocate, a knowledgeable resource and a committed administrator of the healthcare benefits for our member districts.

Should you have any questions or wish to supply comment regarding these important issues, please feel free to contact us at your convenience.

We thank you in advance for your ongoing support and assistance in accomplishing our mission.

Very Truly Yours,

Catherine Smith
Executive Director

CC: Chief McMurry, President
Lawson-Hawks Insurance Associates