

**ESCONDIDO UNION SCHOOL DISTRICT
Minutes of the Special Board Workshop of the
Board of Education
October 25, 2011**

The special board workshop of the Board of Education was called to order at 5:02 p.m. by President Linda Woods with the following members present: Linda Woods, Zoe Carpenter, Marv Gilbert, and Marty Hranek. Joan Gardner was absent due to a previously scheduled vacation. Other workshop participants included: CSEA representatives Rick Beebe and Carol Inga, EEEA representatives Romero Maratea and Phil Lutgen, Management representatives Jim Scott and Jon Centofranchi, VEBA representatives Bob Whiting and Heather DeSalvo, and Gallagher Insurance Consultant representatives Ivette Robinson and Brian Bullock.

Call to Order;
Present
Pledge

Brian Bullock from Gallagher led the Pledge of Allegiance.

President Woods welcomed participants and audience, and gave the purpose and the process for the workshop. Participants introduced themselves.

President Woods asked if there was anyone wishing to speak to an item on the agenda or on another topic that lies within the board's jurisdiction. No one asked to speak.

Oral
Communications

Ivette Robinson from Gallagher provided a brief history of their participation with the district which began in February 2010.

Bob Whiting, VEBA Ombudsman provided background information on VEBA who deals with school district's leadership, management, and union leaders, to provide fact-based insurance information. He reported that VEBA now works with 41 school districts with over 90,000 members helping to stabilize insurance rates with the large membership and keeping benefits up and cost down. Mr. Whiting explained that in order to have insurance cards to members by January 1, VEBA and the district have to back-track the insurance process steps to make appropriate open enrollment deadlines.

Bob Leon Deputy Superintendent gave an overview of the district's Health Insurance Committee, evolving from the 1990's. He reported that in 2007 when EUSD went to a self-funded program through the Fringe Benefit Consortium the insurance committee participation was redefined. However, the intent behind the committee has not changed. It is an advisory committee that makes recommendations not final decisions. All meeting minutes have been posted on the district website since 2009. Mr. Leon gave highlights from meeting minutes dating back to September 23, 2010 when the committee began talking about tiered rates. The committee has worked with VEBA on other aspects to contain costs, improve EUSD's rating, and to give members a choice. He reiterated that the open enrollment timeline was the same as last year, and explained how the timeline is developed.

Bob Whiting provided an overview on the American Health Care Reform Act. A Supreme Court ruling is due in June 2012. He indicated that the current legislation won't go away entirely, but it might change. He shared that in 2012 employers will be

required to reflect what they pay for individual health care on employees W2s; employees working a 30-hour work week are to receive health benefits; and that districts/employers are to pay 60 percent of health benefits.

Mr. Whiting complimented the district, management, and the district insurance committee stating that they were doing some very good things in terms of working together in an attempt to control health care costs. He said a decision such as moving to a tiered-rate structure could not wait until 2013 as it will impact cost and benefits.

Brian Bullock (Gallagher) indicated that with the proposed health care reform changes, employers will have to provide a minimum level of coverage, and if employers don't provide it they may be penalized, however there is not enough information yet. The Government looks at revenue going to health insurance costs as a huge potential tax revenue base.

Bob Whiting reported that out of the 41 districts VEBA serves, 29 districts have tiered rates and 12 have composite rates. EUSD's composite rate increased by 9.7 percent (driven by the amount of families) compared to a 2 percent increase for districts with tiered. He shared the four factors that determine rates: (1) demographic mix, only impacting the composite (how many families vs. single); (2) contribution of district to family tier of network 1; (3) offer opt-out and pay a person cash to opt-out; and (4) percentage of Kaiser membership (85 percent Kaiser/15 percent United Health Care in EUSD). He shared that the base rate is established using the entire VEBA pool of districts and then tier ratings from 1 to 10 are established based upon the above criteria.

Several questions were asked by certificated and classified employees and were answered by VEBA, Gallagher personnel, the board and participants.

Gina Manusov, Assistant Superintendent of Business Services addressed the district Cap and additional funding that was offered by the district.

It was moved by Zoe Carpenter, seconded by Marty Hranek, and passed 4-0 to adjourn at 7:44 p.m.

Adjournment

I hereby certify the preceding to be a true and correct copy of the actions of the Board of Education at a special meeting, as recorded in these minutes.

Certification

Jennifer Walters, Superintendent/Secretary

Marv Gilbert, Clerk