

**CITY OF BELLEVUE
LEOFF 1 DISABILITY BOARD
Meeting Minutes**

May 6, 2014
5:30 p.m. – Administration
6:00 p.m. – Business Meeting

Conference Room 1E-118
Bellevue City Hall

MEMBERS PRESENT: Chairperson Susan Neiman
Boardmember Wayne Bergeron
Councilmember Lynne Robinson

MEMBERS ABSENT: Boardmember Bryan Reil
Councilmember John Stokes

OTHERS PRESENT: Roger Burton, Healthcare Actuaries, LLC
Paula Dillon, Human Resources
Siona Windsor, City Attorney’s Office

MINUTES TAKER: Michelle Cash

I. CALL TO ORDER

The meeting was called to order at 6:07 p.m. by Chair Neiman.

II. ROLL CALL

III. LEOFF 1 ACTUARIAL STUDY

Mr. Burton summarized the GASB 45 LEOFF 1 OPEB Valuation Report as of December 31, 2013, which was included in the Board packet. He explained that the City has elected to perform valuations every three years, with projected valuations in between the full valuations. The current valuation represents a full valuation. In addition, Mr. Burton noted that the report included liabilities for projected taxes due under the Affordable Care Act’s excise tax on high-cost health benefit plans set to begin in 2018. This tax is also known as the “Cadillac Plan” tax.

Some of the changes to the Actuarial Study, since the prior valuation include:

- Updated claim cost assumptions based on recent claims experience and premiums;
- Updated the discount rate from 3.30% to 2.15%;
- Updated the mortality assumption;
- Updated the retirement rate assumption;
- Updated the trend assumptions.

Mr. Burton noted that the Actuarial Study estimates the future liability for providing healthcare coverage, including welfare benefits, for LEOFF 1 members. Based upon the study, Mr. Burton reported that the unfunded actuarial accrued liability for fiscal year ending December 31, 2013 was \$54,542,664 versus \$50,592,916 for fiscal year ending December 31, 2012. Since interest rates are expected to improve, this will help bring future costs down. Mr. Burton noted that the payroll ratio of high due to 9 active employees versus 125 retirees. In addition, he clarified that there are mortality and aging assumptions built into the report.

Mr. Burton discussed the projections of the LEOFF 1 reserve over the next 13 years (including the ACA excise tax) assuming no future deposits to the fund. The reserve of \$9.1 million is anticipated to go negative in 2018 without infusion into the fund. Ms. Dillon clarified that the City is required to pay the fund and opted for the “pay-as-you-go” plan, which is the recommended option for the City.

Chair Neiman questioned if long-term care is included in the study projections. Mr. Burton confirmed that these figures are included in the projections.

Mr. Burton called attention to the funding projections included in the report on pages 10 and 11. These figures excluded the Cadillac Plan tax so the information could be evaluated in the event there is a change to these taxes.

Councilmember Robinson suggested that a summary of the Actuarial Study be provided to City Council.

IV. APPROVAL OF MINUTES

Motion by Councilmember Robinson and second by Boardmember Bergeron to approve the April 1, 2014 Disability Board Regular Meeting minutes as presented. Motion carried unanimously (3-0).

V. CONSIDERATION OF APPLICATIONS FOR DISABILITY ALLOWANCES

A. Applications for Disability Allowances

Motion by Boardmember Bergeron and second by Councilmember Robinson to approve the Applications for Disability Allowances as presented. Motion carried unanimously (3-0).

B. Applications for Disability Allowances Greater than 1 month

None.

VI. CONSIDERATION OF MEDICAL CLAIMS

A. Routine Claims

None.

B. Special Claims

Motion by Councilmember Robinson and second by Boardmember Bergeron to approve the Special Claims as presented.

Boardmembers discussed the medical necessity of Member #35's claim for vaccinations. The Group Health member is traveling to Cuba. The Centers for Disease Control recommends the following vaccinations for travel to Cuba: Hepatitis A & B, Typhoid, and Rabies. There is also an ongoing Cholera outbreak in Cuba. The Member received the Hepatitis A & B vaccines, and Cholera pills from Group Health for the upcoming visit to Cuba. Since it was unclear from the documentation provided as to whether or not the claim was submitted to Group Health, Boardmembers requested further clarification.

Motion by Boardmember Bergeron and second Councilmember Robinson to amend the main motion and withdraw Member #35's claim for vaccinations until further documentation is provided. Motion carried unanimously (3-0) to amend the main motion and withdraw Member #35's claim from the claim approval.

Boardmembers discussed the medical necessity of Member #13's claim for anesthesia. The Member had a colonoscopy and requested full anesthesia for the procedure. The Member did not have any of Premera's qualifying medical conditions for the anesthesia to be considered medically necessary for this procedure and denied the claim. However, the Member's signed waiver advises the Member of the responsibility for the additional cost because it would not be covered by insurance.

Motion by Boardmember Bergeron and second by Councilmember Robinson to amend the main motion and deny Member #13's claim for anesthesia since this was not medically necessary for the procedure provided. Motion carried unanimously (3-0) to amend the main motion and deny Member #13's claim.

Boardmembers discussed Member #15's claim for hearing aids. The Member is a Group Health member with no hearing aid coverage. In addition, there was a letter included in the Board packet from the audiologist and a copy of the hearing test. Councilmember Robinson suggested that a limit be set on hearing aids, since there is a wide range of costs for the hearing aids. Staff will research average costs of hearing aids and make a recommendation to the Board at the next meeting.

Motion by Councilmember Robinson and second by Boardmember Bergeron to amend the main motion and withdraw Member #15's claim for hearing aids and direct staff to research the average cost of hearing aids and report back to the Board. Motion carried unanimously (3-0) to amend the main motion and withdraw Member #15's claim from the claim approval.

At the question, motion carried unanimously (3-0) to approve the Special Claims as amended.

VII. PRE-APPROVED RECURRING LONG-TERM CARE CLAIMS

The pre-approved recurring long-term care claims were reviewed and included in the Board packet.

VIII. STAFF REPORT

With deep regret, Ms. Dillon informed Boardmembers that Member #31 passed away on April 14, 2014.

IX. UNFINISHED BUSINESS

None.

X. NEW BUSINESS

None.

XI. ANNOUNCE DATE & TIME OF NEXT MEETING

The next Disability Board meeting will be held on Tuesday, June 3, 2014.

XII. ADJOURNMENT

By general consensus, the meeting was adjourned at 6:47 p.m.