

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

October 7, 2009
5:30 p.m. – Administration
6:00 p.m. – Business Meeting

Conference Room 1E-118
Bellevue City Hall

MEMBERS PRESENT: Chairperson Susan Neiman
Councilmember Conrad Lee¹
Boardmember Bryan Reil

MEMBERS ABSENT: Boardmember Wayne Bergeron
Councilmember John Chelminiak

OTHERS PRESENT: Roger Burton, Healthcare Actuaries, LLC
Paula Dillon, Human Resources
Jan Hawn, Finance
Siona Windsor, Legal Advisor

MINUTES TAKER: Michelle Cash

I. CALL TO ORDER

The meeting was called to order at 6:00 p.m. by Chair Neiman.

II. ROLL CALL

III. PUBLIC COMMENTS

None.

IV. LEOFF 1 ACTUARIAL STUDY

Mr. Burton, Healthcare Actuaries, LLC, explained that there were two major factors that have changed the landscape for the LEOFF 1 retiree health program. These factors include:

- Healthcare costs continue to rise at a rate higher than inflation on an annual basis. When combined with the changes in the discount rate, the other nationally recognized actuarial sources of information used, the actuarial accrued liability

¹ Departed at 6:12 p.m.

increased from \$30 million in 2006 to \$36 million in 2008. This liability represents the present value of the potential future cost of the plan based on revised assumptions for discount rate, rate of increase in medical and prescription costs, and long-term care. This is not the amount that must be available today.

- The key change in assumption was the discount rate of 3.75% used in this study, which is lower than 5% used in the previous study. The discount rate represents the City's actual experience in investment earnings over the past five years. The lower return on investments is a reflection on the current economic environment.

Mr. Burton clarified that assisted living expenses are included in the Actuarial accrued liability for fiscal year ending 12/31/08, which was \$36,392,608.

Further discussions were tabled until later in the meeting agenda.

V. APPROVAL OF MINUTES

Motion by Boardmember Reil and second by Councilmember Lee to approve the August 5, 2009 Disability Board Regular Meeting minutes as presented. Motion carried unanimously (3-0).

VI. CONSIDERATION OF APPLICATIONS FOR DISABILITY ALLOWANCES

A. Applications for Disability Allowances

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

B. Applications for Disability Allowances Greater than 1 month

Motion by Councilmember Lee and second by Boardmember Reil to approve the Applications for Disability Allowances greater than one month. Motion carried unanimously (3-0).

VII. CONSIDERATION OF MEDICAL CLAIMS

A. Routine Claims

Motion by Councilmember Lee and second by Boardmember Reil to approve the Routine Claims as presented. Motion carried unanimously (3-0).

B. Special Claims

Motion by Councilmember Lee and second by Boardmember Reil to approve the Routine Claims as presented.

Chair Neiman questioned whether or not the vaccine claim was a medical necessity. Boardmembers agreed that the requested vaccine should be a covered expense.

Ms. Dillon clarified the following claim information:

- The medication for Member #31 is being scaled down.
- The anesthesia reimbursement claim was for an out-of-network provider. Therefore, the claim requested was for more than the covered amount.
- Member #47 will visit the Board physician next week.

At the question, motion carried unanimously (3-0).

LEOFF 1 ACTUARIAL STUDY

Item IV Continued from above

Mr. Burton explained that the Governmental Accounting Standards Board recently implemented a new pronouncement (GASB 45). GASB 45 allows governmental entities to continue pay-as-you-go funding. The City is not required to place funds set aside for future benefit payments in an external trust, rather, it simply cannot use those amounts to offset the liability. Mr. Burton clarified that the City's current policy is to provide funding to meet the expected annual claims payments and maintain a reserve balance for contingencies. Ms. Hawn added that the funds are accounted for in the City's LEOFF 1 Medical Reserve Fund and pooled with all other City investments. She clarified that there is approximately \$17-\$18 million currently set aside for LEOFF 1.

VIII. STAFF REPORTS

Ms. Dillon reported the following:

- An Order of Dismissal was filed on August 18, 2009 regarding Member #33's case.
- The Annual October Newsletter will be issued later this month.

Ms. Dillon noted that there was a recent inquiry from a member's wife. The member has been diagnosed with Alzheimer's and needs an assisted living environment. Ms. Dillon questioned if the long-term care policy should be reviewed and/or altered to include this type of circumstance. She clarified that Alzheimer's assisted living care typically costs 20% higher than basic assisted living care. Boardmembers agreed to treat this claim and similar claims on a case-by-case basis.

IX. UNFINISHED BUSINESS

Ms. Dillon noted that a copy of the out-of-network claims spreadsheet was included in the Board packet.

X. NEW BUSINESS

None.

XI. ANNOUNCE DATE & TIME OF NEXT MEETING

The next Disability Board meeting will be held on Wednesday, November 4, 2009.

XII. ADJOURNMENT

By general consensus, the meeting was adjourned at 6:29 p.m.