



# AGENDA EXECUTIVE COMMITTEE MEETING

December 13, 2011 - 1:00 p.m.

**LOCATION:** Monterey County Schools Insurance Group  
76 Stephanie Drive  
Salinas, CA 93901

A = Action  
D = Discussion  
I = Information  
R = Reports  
R/C = Referrals to Committees

- A 1. Call to Order
- A 2. Adoption of Agenda
- A 3. Approval of Minutes – *Regular* – November 15, 2011 \*
- A 4. Approval of Minutes – *Special* – November 15, 2011 \*
- I 5. Comments from Audience

**ACTION ITEMS:**

- A 6. Consider 2010-11 Financial Audit Report\* – *Dave Randel, Partner, Vavrinek, Trine, Day & Co, CPA*
- A 7. Consider 2012 Executive Committee Workshop Draft Agenda\* – *Sherrell Freeman*
- A 8. Consider Health Screening Contract\* – *Neil Hertsch*

**CLOSED SESSION**

- A 9. Conference with Legal Counsel and/or Staff – Existing Litigation – Pursuant to Government Code section 54956.9(a), Board will confer with legal counsel regarding one matter of significant exposure to litigation.
  - AAA Case #74 195 Y 00288 11 Anthem Blue Cross Life & Health Insurance Company vs. Monterey County Schools Insurance Group
- A 10. Conference with Legal Counsel and/or Staff - Anticipated Litigation – Pursuant to Government Code section 54956.9(b), Board will confer with legal counsel regarding one matter of significant exposure to litigation.
- A 11. Public Employee Performance Evaluation per Government Code 54957 (b)(1)
  - Executive Director Performance Review for Period December 2010 through November 2011

**CLOSING COMMENTS:**

- I 12. Comments from EC Members
- I 13. Agenda Items for Next Meeting (1/17/11)
- A 14. Adjournment

\*Enclosed

\*\*To be distributed at the meeting

**EXECUTIVE COMMITTEE MEMBERS**

Garry Bousum, President  
Eric Price, Vice President  
Sara Perez, Treasurer  
Dee Baker

755-0307  
796-6200  
675-0100  
484-2166

Rick Blanckmeister  
Robert Della Rosa  
Rosie Sanchez

624-1546  
753-5600  
753-5685

EXECUTIVE COMMITTEE MINUTES

MONTEREY COUNTY SCHOOLS INSURANCE GROUP

November 15, 2011

The meeting of the Executive Committee was called to order at 1:30 p.m. by President.

MEMBERS PRESENT: Dee Baker, Garry Bousum, Rick Blanckmeister, Robert Della Rosa, Sara Perez, Eric Price, Rosie Sanchez

ABSENT: None

OTHERS PRESENT: Keith Brown, Mike Brusa, Lee Covella

STAFF PRESENT: Sherrell Freeman, Executive Director  
Roxanne Buckner, Administrative Manager  
Neddie Sarmiento, Administrative Assistant

ADOPTION OF AGENDA

Following a motion by Mr. Price, seconded by Mr. Della Rosa, the adoption of the November 15, 2011 agenda was approved unanimously.

APPROVAL OF SPECIAL MINUTES - October 18, 2011

Following a motion by Mr. Price, seconded by Mr. Della Rosa, the approval of the October 18, 2011 regular meeting minutes were approved unanimously.

COMMENTS FROM AUDIENCE

None given

Executive Committee Minutes  
November 15, 2011

The Executive Committee went into a closed session at 1:32 p.m. to discuss three items:

CONFERENCE WITH LEGAL COUNSEL AND/OR STAFF - EXISTING LITIGATION - PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a), BOARD WILL CONFER WITH LEGAL COUNSEL REGARDING ONE MATTER OF SIGNIFICANT EXPOSURE TO LITIGATION

- AAA Case #74 195 Y 00288 11 Anthem Blue Cross Life & Health Insurance Company vs. Monterey County Schools Insurance Group

CONFERENCE WITH LEGAL COUNSEL AND/OR STAFF - ANTICIPATED LITIGATION - PURSUANT TO GOVERNMENT CODE SECTION 54956.39(b), BOARD WILL CONFER WITH LEGAL COUNSEL REGARDING ONE MATTER OF SIGNIFICANT EXPOSURE TO LITIGATION

PUBLIC EMPLOYEE PERFORMANCE EVALUATION PER GOVERNMENT CODE 54957 (b)(1)

- Executive Director Performance Review for Period December 2010 through November 2011

The President report out that no action was taken during closed session. He also reported that the Committee discussed the Executive Director's performance evaluation and that the due date of evaluations to the President is 12/09/11.

COMMENTS FROM EXECUTIVE COMMITTEE MEMBERS: None given

AGENDA ITEMS FOR NEXT MEETING: None given

ADJOURNMENT

There being no further business to discuss, the President asked for a motion to adjourn. Following a motion by Mr. Price, seconded by Mr. Della Rosa, approval to adjourn the meeting at 2:23 p.m. was unanimous.

SPECIAL - EXECUTIVE COMMITTEE MINUTES

MONTEREY COUNTY SCHOOLS INSURANCE GROUP

November 15, 2011

The special meeting of the Executive Committee was called to order at 4:03 p.m. by the President.

MEMBERS PRESENT: Dee Baker, Garry Bousum, Rick Blanckmeister, Robert Della Rosa, Sara Perez, Eric Price, Rosie Sanchez

ABSENT: None

OTHERS PRESENT: Keith Brown, Mike Brusa, Lee Covella

STAFF PRESENT: Sherrell Freeman, Executive Director  
Roxanne Buckner, Administrative Manager  
Neddie Sarmiento, Administrative Assistant

ELECTION OF OFFICERS

The President opened the nominations for President, Vice President and Treasurer.

Mr. Price moved to nominate Mr. Bousum for President. Mr. Della Rosa seconded the nomination.

Mr. Della Rosa moved to nominate Mr. Price for Vice President. Ms. Sanchez seconded the nomination.

Mr. Price moved to nominate Ms. Perez for Treasurer. Mr. Della Rosa seconded the motion.

Mr. Price moved to close the nominations and Mr. Della Rosa seconded the motion. The motion carried unanimously.

CONSIDERATION OF ANNUAL CALENDAR OF MEETINGS FOR 2012

The Executive Committee considered the Annual Calendar of Meetings for 2012. The consensus was to change the 1/17/12 Executive Committee meeting time from 1:30 p.m. to 12 p.m., and the Full Board Strategic Workshop time from 3:00 p.m. to 1:30 p.m.

Executive Committee Minutes - Special  
November 15, 2011

It was also the consensus of the Executive Committee to change their meeting date of 12/18/12 to 12/11/12.

Mr. Price moved to approve the Executive Committee portion of the Annual Calendar of Meetings for 2012, with the changes indicated. Ms. Sanchez seconded the motion. The motion carried unanimously.

ADJOURNMENT

There being no further business to discuss, the Vice President asked for a motion to adjourn. Mr. Gilkey moved to adjourn the meeting at 4:05 p.m., and Ms. Sanchez seconded the motion, which passed unanimously.

**Report From The Office of the Executive Director to the MCSIG Executive Committee at the Meeting of December 13, 2011.**

**Subject: Consider 2010-2011 Financial Audit Report**

**Background:**

Starting January 1, 1996, SB957 provided for the permanent exemption of JPAs and Trusts from the Knox-Keene insurance code requirements. In order to maintain the exemption, the law requires that a copy of the annual financial audit be submitted to the California Department of Managed Health Care by January 1<sup>st</sup> each year. The auditors have completed their work and the preliminary 2010-11 audit report will be distributed at the meeting for your review.

**Discussion:**

A representative from Vavrinek, Trine, Day & Co. will be available via teleconference to present the preliminary report for the year ending June 30, 2011. Following the Executive Committee's review and approval at the December 13, 2011 meeting, a final report will be prepared for presentation to the MCSIG Full Board at their March 2012 meeting. A copy of the Executive Committee approved audit report will need to be filed with the State by January 1, 2012. The State does not require the financial audit report to be approved by the JPA Full Board; rather, it only requires that an authorized signatory affirm that the report is true and correct. The President is capable of reviewing and signing off on the financial audit report for the required State filing.

**Recommendation:**

That the Executive Committee: 1) approve the draft 2010-11 audit report and recommend acceptance of the report to the Full Board; and, 2) authorize the President to affirm that the 2010-11 financial audit report is true and correct for the purpose of filing with the California Department of Managed Health Care pursuant to the provisions of SB957.

# MONTEREY COUNTY SCHOOLS INSURANCE GROUP

JUNE 30, 2011

## GOVERNING BOARD

<b>DISTRICT</b>	<b>REPRESENTATIVE</b>	<b>OFFICE</b>
Alisal Union School District	James Koenig	Member
Bradley Union School District	Catherine Reimer	Member
Carmel Unified School District	Rick Blanckmeister	Member
Gonzales Unified School District	Sara Perez	Treasurer
Graves School District	Lori Contreras	Member
Greenfield Union School District	Melody Canady	Member
Hartnell College	Kent Stephens	Member
King City Union School District	Rory Livingston	Member
Lagunita School District	Vera Gruber	Member
Learning for Life Charter School	Charlyne Vadnais	Member
Mission Union School District	Elizabeth Bozzo	Member
Monterey Bay Charter School	Cassandra Gallup Bridge	Member
Monterey County Office of Education	Garry Bousum	President
Pacific Grove Unified School District	Robin Blakley	Member
Pacific Unified School District	Susan Perry	Member
Salinas City Elementary School District	Gerald Stratton	Member
Salinas Union High School District	Ni'Cole Mukes	Member
San Antonio Union School District	Linda Irving	Member
San Ardo Union School District	Angel Vega	Member
San Lucas Union School District	Catherine Reimer	Member
Santa Rita Union School District	Mike Brusa	Member
Soledad Unified School District	Gertrud Robinson	Member
South Monterey County Joint Union High School Dist.	Linda Grundhoffer	Member
Spreckels Union School District	Veronica Flournoy	Member
Washington Union School District	Dee Baker	Member
<b>AT LARGE DISTRICT</b>		
Alisal Union School District	Vacant	Member
Monterey County Office of Education	David Serena	Member
Salinas City Elementary School District	Pat Willingham	Member
<b>ASSOCIATION</b>	<b>EMPLOYEE REPRESENTATIVE</b>	<b>OFFICE</b>
CSEA (Monterey County Office of Education)	Vacant	Member
CSEA (Salinas City Elementary School District)	Rosie Sanchez	Member
CSEA (Hartnell Community College District)	Eric Price	Member
CSEA (Monterey County Office of Education)	Joan Madden	Member
CTA (Alisal Union School District)	Clifford Gilkey	Member
CTA (Washington Union School District)	Stephen Keller	Member
CTA (Alisal Union School District)	Mildred Dodd	Member
CTA (Washington Union School District)	Angela Lauer	Member
CTA (Salinas City Elem. School District)	Robert Della Rosa	Vice President
Retiree Representative	Maureen Flanagan	Member

# MONTEREY COUNTY SCHOOLS INSURANCE GROUP

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***FINANCIAL SECTION***

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## INDEPENDENT AUDITORS' REPORT

To the Governing Board  
Monterey County Schools Insurance Group  
Salinas, California

We have audited the accompanying basic financial statements of the governmental activities of the Monterey County Schools Insurance Group, as of and for the years ended June 30, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the Monterey County Schools Insurance Group's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Monterey County Schools Insurance Group as of June 30, 2011 and 2010, and the changes in financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated \_\_\_\_\_, 2011, on our consideration of MCSIG's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The required supplementary information, such as management's discussion and analysis on pages 4 through \_\_\_ and budgetary comparison and other postemployment information on pages 26 and 27, are not a required part of the basic financial statements, but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

**Preliminary Draft  
For Discussion Purposes Only**

Fresno, California  
\_\_\_\_\_, 2011

**MONTEREY COUNTY SCHOOLS INSURANCE GROUP**

**STATEMENT OF NET ASSETS  
JUNE 30, 2011 AND 2010**

	June 30	
	2011	2010
<b>ASSETS</b>		
Current Assets		
Deposits and investments	\$ 24,241,908	\$ 19,983,877
Receivables	2,780,304	2,730,994
Prepaid expense	8,364	-
Total Current Assets	<u>27,030,576</u>	<u>22,714,871</u>
Capital Assets		
Land and building	682,456	682,456
Equipment	119,538	114,035
Accumulated depreciation	(215,287)	(202,278)
Total Capital Assets	<u>586,707</u>	<u>594,213</u>
Total Assets	<u>27,617,283</u>	<u>23,309,084</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	5,061,534	4,313,296
Claims incurred but not reported	4,650,365	5,952,238
Claims expense accrual	412,882	534,532
Deferred revenue	4,605,512	5,735,564
Long Term Obligations		
Other postemployment benefits	35,088	9,655
Total Current Liabilities	<u>14,765,381</u>	<u>16,545,285</u>
<b>NET ASSETS</b>		
Invested in capital assets	586,707	594,213
Unrestricted	12,265,195	6,169,586
Total Net Assets	<u>\$ 12,851,902</u>	<u>\$ 6,763,799</u>

The accompanying notes are an integral part of these financial statements.

# MONTEREY COUNTY SCHOOLS INSURANCE GROUP

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	June 30	
	2011	2010
<b>OPERATING REVENUES</b>		
Contributions	\$ 77,088,695	\$ 78,655,556
Total Operating Revenues	<u>77,088,695</u>	<u>78,655,556</u>
<b>OPERATING EXPENSES</b>		
Claims	61,407,240	74,585,725
Less: Stop loss recoveries	(2,577,735)	(7,137,649)
Net Incurred Claims Expense	<u>58,829,505</u>	<u>67,448,076</u>
Stop loss reinsurance	5,482,956	4,529,279
Claims Administration	2,897,683	2,954,584
HMO and other medical premiums	2,080,452	1,974,627
Life insurance	217,240	234,194
Salaries and benefits	986,762	909,982
General and administrative	561,720	867,907
Depreciation	13,009	16,252
Total Operating Expenses	<u>71,069,327</u>	<u>78,934,901</u>
Operating income/(loss)	<u>6,019,368</u>	<u>(279,345)</u>
<b>Non Operating Revenues</b>		
Interest and investment income	68,735	175,913
Other Income	-	2,029
Total Non Operating Revenues	<u>68,735</u>	<u>177,942</u>
CHANGE IN NET ASSETS	6,088,103	(101,403)
NET ASSETS, Beginning of Year	<u>6,763,799</u>	<u>6,865,202</u>
NET ASSETS, End of Year	<u>\$ 12,851,902</u>	<u>\$ 6,763,799</u>

The accompanying notes are an integral part of these financial statements.

# MONTEREY COUNTY SCHOOLS INSURANCE GROUP

## STATEMENT OF CASH FLOWS JUNE 30, 2011 AND 2010

	June 30	
	2011	2010
CASH FLOW FROM OPERATING ACTIVITIES		
Operating income/(loss)	\$ 6,019,368	\$ (279,345)
Adjustments to reconcile operating income/(loss) to net cash provided by operating activities		
Depreciation	13,009	16,252
Other postemployment benefits	25,433	192
Changes in assets and liabilities		
(Increase) in receivables	(49,310)	(82,736)
(Increase)/Decrease in prepaid expense	(8,364)	517,602
Increase in accounts payable	748,238	3,426,055
(Decrease) in claims incurred but not reported	(1,301,873)	(816,211)
(Decrease) in claims expense accrual	(121,650)	(76,208)
(Decrease) in deferred revenue	(1,130,052)	(473,148)
Net increase in cash provided by operating activities	<u>4,194,799</u>	<u>2,232,453</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	<u>(5,503)</u>	<u>-</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Interest income	42,293	104,193
Loss on investments - recoveries	26,442	71,720
Net increase in cash provided by investing activities	<u>68,735</u>	<u>175,913</u>
CASH FLOW FROM OTHER NON-OPERATING INCOME		
Other income	<u>-</u>	<u>2,029</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,258,031	2,410,395
CASH AND CASH EQUIVALENTS, Beginning of Year	19,983,877	17,573,482
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 24,241,908</u>	<u>\$ 19,983,877</u>

The accompanying notes are an integral part of these financial statements.

# MONTEREY COUNTY SCHOOLS INSURANCE GROUP

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2011 AND 2010**

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### NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

#### **Description of the Organization**

The Monterey County Schools Insurance Group (MCSIG), was organized on November 22, 1982, to provide a program of employee health coverage to its member organizations. The program's general objectives are to formulate, develop and administer, on behalf of its members, a program of insurance while obtaining lower costs for that coverage. The types of insurance currently provided are medical, dental, vision, and life. MCSIG contracts with an insurance consultant who provides various management and financial services. MCSIG members are subject to supplemental assessments in the event of deficiencies. Membership at June 30, 2011, includes the Monterey County Office of Education, Monterey County School Districts' members, and one community college. MCSIG was established as a public entity separate from the other entities pursuant to Government Code Section 6500. A member may voluntarily withdraw from MCSIG after having completed three consecutive years as a member.

For financial reporting purposes, MCSIG includes all funds that are controlled by, or dependent on MCSIG's Governing Board. Control or dependence was determined on the basis of budget adoption and obligations of MCSIG and its members to finance any deficits. MCSIG has considered all potential component units in determining how to define the reporting entity, using criteria set forth in accounting principles generally accepted in the United States of America. MCSIG determined that there are no potential component units that meet the criteria for inclusion within the reporting entity.

#### **Basis of Accounting**

The accompanying financial statements are presented as a proprietary fund. Proprietary funds are generally accounted for using a flow of financial resources measurement focus and an accrual basis of accounting. Revenues are recognized in the accounting period in which they become both measurable and available to finance expenses of the current fiscal period. Expenses are recognized in the period in which the liability is incurred.

#### **Management Estimates**

The preparations of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term are described elsewhere in this report in Note 7 - Unpaid Claims Liabilities.

#### **Budgets**

The annual budget is adopted by the Governing Board. The Governing Board periodically revises the annual budget after their regular review of budgetary and actual amounts. The budget presented in the financial statements represents the approved revised budget.

# MONTEREY COUNTY SCHOOLS INSURANCE GROUP

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2011 AND 2010**

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### **Member Assessments**

Members' contributions are based on their eligible employees for the period July 1 to June 30. Rates are established by the Governing Board, after consultation with actuaries, based on a fiscal year of July 1 through June 30.

Members are assessed monthly. Assessments are recognized as earned in the month for which the assessment is received.

### **Members' Equity**

Each member's pro rata share in MCSIG's net assets would be computed and distributed in accordance with the joint powers agreement, in the event of dissolution or withdrawal. Deficit net assets would be assessed to the members.

### **Statement of Cash Flows**

For the purposes of the Statement of Cash Flows, MCSIG considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

### **Prepaid Expenses**

Prepaid expenses represent amounts paid in advance of receiving goods or services. MCSIG has the option of reporting an expense for prepaid items either when purchased or during the benefiting period. MCSIG has chosen to report the expense when incurred.

### **Capital Assets**

Depreciation of buildings and equipment used by proprietary fund types is charged as an expense against operations. Accumulated depreciation is reported on the Balance Sheet. Depreciation is accumulated over the estimated useful life of equipment using the five year straight-line method, and over the estimated life of buildings using the forty year straight-line method.

### **Accrued Liabilities and Long-Term Obligations**

Payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, other postemployment benefits contributions that will be paid are reported as a liability in the financial statements only to the extent that they are due for payment during the current year.

# MONTEREY COUNTY SCHOOLS INSURANCE GROUP

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

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### New Accounting Pronouncements

In November 2010, the GASB issued GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of GASB Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, this Statement clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination.

This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. For component units that currently are blended based on the "substantively the same governing body" criterion, it additionally requires that (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility (as defined in paragraph 8a) for the activities of the component unit. New criteria also are added to require blending of component units whose total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government. The blending provisions are amended to clarify that funds of a blended component unit have the same financial reporting requirements as a fund of the primary government. Lastly, additional reporting guidance is provided for blending a component unit if the primary government is a business-type activity that uses a single column presentation for financial reporting.

This Statement also clarifies the reporting of equity interests in legally separate organizations. It requires a primary government to report its equity interest in a component unit as an asset. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. Early implementation is encouraged.

# MONTEREY COUNTY SCHOOLS INSURANCE GROUP

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

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### NOTE 2 - DEPOSITS AND INVESTMENTS

#### Summary of Deposits and Investments

Deposits and investments as of June 30, 2011 and 2010, are classified in the accompanying financial statements as follows:

	June 30,	
	2011	2010
Governmental activities	<u>\$ 24,241,908</u>	<u>\$ 19,983,877</u>

Deposits and investments as of June 30, 2011 and 2010, consist of the following:

	June 30,	
	2011	2010
Cash on hand and in banks	\$ 1,493,685	\$ 1,267,454
Cash in revolving	1,000	1,000
Cash with fiscal agent	2,396,415	1,030,544
Investments	<u>20,350,808</u>	<u>17,684,879</u>
Total Deposits and Investments	<u>\$ 24,241,908</u>	<u>\$ 19,983,877</u>

#### Policies and Practices

MCSIG is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

**Investment in County Treasury** - MCSIG is considered to be an involuntary participant in an external investment pool as MCSIG is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of MCSIG's investment in the pool is reported in the accounting financial statements at amounts based upon MCSIG's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

# MONTEREY COUNTY SCHOOLS INSURANCE GROUP

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2011 AND 2010**

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### General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. MCSIG manages its exposure to interest rate risk by investing in the County Pool and having the Pool purchase a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

**MONTEREY COUNTY SCHOOLS INSURANCE GROUP**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010**

**Segmented Time Distribution**

Information about the sensitivity of the fair values of MCSIG's investments to market interest rate fluctuations is provided by the following schedule that shows the distribution of MCSIG's investments by maturity:

**June 30, 2011**

Investment Type	Fair Value	12 Months or Less	13 - 24 Months	25 - 60 Months	More Than 60 Months
County Pool	<u>\$ 20,350,808</u>	<u>\$ 20,350,808</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**June 30, 2010**

Investment Type	Fair Value	12 Months or Less	13 - 24 Months	25 - 60 Months	More Than 60 Months
County Pool	<u>\$ 17,684,879</u>	<u>\$ 17,684,879</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. MCSIG's investment in the County Pool is not required to be rated, nor has it been rated as of June 30, 2007.

**June 30, 2011**

Investment Type	Fair Value	Minimum Legal Rating	Rating as of Year End		
			AAA	Aa	Unrated
County Pool	<u>\$ 20,350,808</u>	N/A	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,350,808</u>

**June 30, 2010**

Investment Type	Fair Value	Minimum Legal Rating	Rating as of Year End		
			AAA	Aa	Unrated
County Pool	<u>\$ 17,684,879</u>	N/A	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,684,879</u>

N/A - Not applicable

# MONTEREY COUNTY SCHOOLS INSURANCE GROUP

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

### Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, MCSIG's deposits may not be returned to it. MCSIG does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2011, \$4,426,113 of MCSIG's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of MCSIG.

### NOTE 3 - RECEIVABLES

Accounts receivable at June 30, 2011 and 2010 are as follows:

	2011	2010
Stop loss recoveries	\$ 2,093,489	\$ 1,716,240
Medical claims refund	609,183	936,153
Interest	11,563	16,217
Rebate	66,069	62,384
Total	<u>\$ 2,780,304</u>	<u>\$ 2,730,994</u>

### NOTE 4 - CAPITAL ASSETS

A schedule of changes in fixed assets for the year ended June 30, 2011, is shown below:

	Balance Beginning of Year	Additions	Balance End of Year
Land and Building	\$ 682,456	\$ -	\$ 682,456
Equipment	114,035	5,503	119,538
Subtotal	796,491	5,503	801,994
Less: Accumulated Depreciation	202,278	13,009	215,287
Total	<u>\$ 594,213</u>	<u>\$ (7,506)</u>	<u>\$ 586,707</u>

# MONTEREY COUNTY SCHOOLS INSURANCE GROUP

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

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### NOTE 5 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2011 and 2010, consisted of the following:

	<u>2011</u>	<u>2010</u>
Claims arbitration	\$ 4,547,524	\$ 3,334,783
Other claims	496,127	938,943
Other vendors	17,883	39,570
Total	<u>\$ 5,061,534</u>	<u>\$ 4,313,296</u>

### NOTE 6 - INCURRED BUT NOT REPORTED (IBNR)

IBNR reserves are the amounts of losses that are estimated to have been incurred, but have not yet been reported. The IBNR reserves for the 2010-11 fiscal year are estimated to be \$5,063,247 (\$6,486,770 in 2009-10). This estimate was developed by MCSIG's actuary, Total Compensation Systems, Inc. and is updated monthly by Keenan and Associates.

### NOTE 7 - UNPAID CLAIMS LIABILITIES

MCSIG establishes claims liabilities based on estimates of the ultimate costs of claims that have been reported but not settled, and of claims that have been incurred but not reported (IBNR). The length of time for which such costs must be estimated varies depending on the type of insurance involved. Estimated amounts of reinsurance recoverable are considered in developing the estimates. Because actual claims costs depend on many complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. In estimating the liability, reliance is placed on both actual historical data and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

**MONTEREY COUNTY SCHOOLS INSURANCE GROUP**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010**

As discussed previously, the funds established a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represents changes in those aggregate liabilities for the Fund during the past two years:

	In Thousands	
	2011	2010
UNPAID CLAIMS AND CLAIM ADJUSTMENTS EXPENSES AT THE BEGINNING OF YEAR	\$ 6,487	\$ 7,379
INCURRED CLAIMS AND CLAIM ADJUSTED EXPENSES		
Provision for insured events of the current year.	64,305	77,540
Total Incurred Claims and Claims Adjustment Expenses	64,305	77,540
PAYMENTS		
Claims and claim adjustment expenses attributed to insured events of the current year.	59,242	71,053
Claims and claim adjustment expenses attributed to insured events of the prior year.	6,487	7,379
Total Payments	65,729	78,432
Total Unpaid Claims and Claim Adjustment Expenses at End of Year.	\$ 5,063	\$ 6,487
UNPAID CLAIMS SUMMARY		
Claims incurred but not reported	4,650	5,952
Claims expense accrual	413	535
Total	\$ 5,063	\$ 6,487

**NOTE 8 - LONG-TERM OBLIGATIONS**

**Summary**

The changes in MCSIG's long-term obligations during the year consisted of the following:

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011	Due in One Year
Other postemployment benefits	\$ 9,655	\$ 46,092	\$ 20,659	\$ 35,088	\$ -

**Other Postemployment Benefits (OPEB) Obligation**

MCSIG's annual required contribution for the year ended June 30, 2011, was \$46,092, and contributions made by MCSIG during the year were \$20,659. As of June 30, 2011, the net OPEB obligation was \$35,088. See Note 10 for additional information regarding the OPEB obligation and the postemployment benefits plan.

# MONTEREY COUNTY SCHOOLS INSURANCE GROUP

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2011 AND 2010**

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### NOTE 9 - NET ASSETS

At June 30, 2011, there were 25 members in the Monterey County Schools Insurance Group. The undesignated net assets are the equity of the members. Generally, there is no accounting for individual member's equity on the books of MCSIG. Such an accounting would require acceptance of assumptions and concepts generally applicable to entities contemplating liquidation.

### NOTE 10 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

#### Plan Description

The Postemployment Benefit Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the Monterey County Schools Insurance Group. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of one retiree and beneficiaries currently receiving benefits and seven active plan members.

#### Contribution Information

The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2010-11, MCSIG contributed \$20,659 to the plan, all of which was used for current premiums.

#### Annual OPEB Cost and Net OPEB Obligation

MCSIG's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding excess) over a period not to exceed thirty years. The following table shows the components of MCSIG's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in MCSIG's net OPEB obligation to the Plan:

Annual OPEB cost (expense)	\$ 46,092
Contributions made	(20,659)
Increase in net OPEB obligation	<u>25,433</u>
Net OPEB obligation, beginning of year	9,655
Net OPEB obligation, end of year	<u><u>\$ 35,088</u></u>

# MONTEREY COUNTY SCHOOLS INSURANCE GROUP

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

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### Trend Information

Trend information for annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation is as follows:

Year Ended June 30,	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation
2011	\$ 46,092	\$ 20,659	44.82%	\$ 35,088
2010	\$ 23,137	\$ 22,945	99.17%	\$ 9,655
2009	\$ 23,137	\$ 13,674	59.00%	\$ 9,463

### Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, investment returns, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

### Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the February 1, 2011, actuarial valuation, the entry age normal method was used. The actuarial assumptions included a 5.0 percent investment rate of return (net of administrative expenses). Healthcare cost trend rates were 4.0 percent. The cost trend rate used for the Dental and Vision programs was 4.0 percent. The UAAL is being amortized at a level percentage of payroll method. The remaining amortization period at July 1, 2011, was 28 years. The actuarial value of assets was not determined in this actuarial valuation.

### NOTE 11 - SERVICES PROVIDED BY OTHERS

The Monterey County Office of Education provides general accounting services and computer processing services for transactions and financial reports.

# MONTEREY COUNTY SCHOOLS INSURANCE GROUP

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2011 AND 2010**

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### **NOTE 12 - STOP LOSS INSURANCE**

MCSIG carries insurance to reduce the exposure to large losses. This insurance permits recovery of a portion of losses from insurers, although it does not discharge the primary liability of MCSIG as direct insurer of the risks. MCSIG does not report insured risks as liabilities and no amount has been deducted from claims liabilities for this insurance.

### **NOTE 13 - COMMITMENTS AND CONTINGENCIES**

In the event that the total unpaid claims obligation against MCSIG exceeds the total amount of net assets and the reserves established by the Governing Board, the members could be assessed an additional amount as determined by the Governing Board. The additional assessment would be based on the pro rata payments made by each member relative to the total payments made by all members for that year in accordance with the joint powers agreements.

Also, in the event that a member voluntarily withdraws after having completed three consecutive years as a member, the withdrawal agreement provides for MCSIG to pay claims for the withdrawing member to the extent of its share of the assets. In the event the withdrawing member's share of assets does not satisfy all unpaid claims, then the withdrawing member, not MCSIG, is responsible for the excess unpaid claims liabilities.

#### **Litigation**

### **NOTE 14 - EMPLOYEE RETIREMENT SYSTEM**

#### **Plan Description**

MCSIG contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

# MONTEREY COUNTY SCHOOLS INSURANCE GROUP

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2011 AND 2010**

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### **Funding Policy**

Active plan members are required to contribute 7.0 percent of their salary and the MCSIG is required to contribute an actuarially determined rate. CalPERS employees contributions are "picked up" by MCSIG. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2010-11 was 10.707 percent of covered payroll. The contribution requirements of the plan members are established by State statute. MCSIG's contributions to CalPERS for the fiscal years ending June 30, 2011, 2010, and 2009, were \$93,202, \$97,088, and \$96,513, respectively, and equal 100 percent of the required contributions for each year.

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***REQUIRED SUPPLEMENTARY INFORMATION***

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**MONTEREY COUNTY SCHOOLS INSURANCE GROUP**

**BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances -</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u>
				<u>(Unfavorable)</u>
OPERATING REVENUES				
Contributions	\$ 81,914,002	\$ 77,803,774	\$ 77,088,695	\$ (4,825,307)
Total Operating Revenues	<u>81,914,002</u>	<u>77,803,774</u>	<u>77,088,695</u>	<u>(4,825,307)</u>
OPERATING EXPENSES				
Claims	70,115,382	63,861,773	61,407,240	8,708,142
Less: stop loss recoveries	-	-	(2,577,735)	2,577,735
Net incurred claims expense	<u>70,115,382</u>	<u>63,861,773</u>	<u>58,829,505</u>	<u>11,285,877</u>
Stop loss reinsurance	5,481,517	5,481,517	5,482,956	(1,439)
Claims Administration	2,898,042	2,524,498	2,897,683	359
HMO and other medical premiums	2,072,827	2,060,381	2,080,452	(7,625)
Life insurance	239,642	220,108	217,240	22,402
Salaries and benefits	928,585	963,154	986,762	(58,177)
General and Administrative	624,007	618,142	561,720	62,287
Depreciation	-	-	13,009	(13,009)
Total Operating Expenses	<u>82,360,002</u>	<u>75,729,573</u>	<u>71,069,327</u>	<u>11,290,675</u>
Operating income/(loss)	<u>(446,000)</u>	<u>2,074,201</u>	<u>6,019,368</u>	<u>6,465,368</u>
Non Operating Revenues				
Interest and investment income	<u>96,000</u>	<u>66,092</u>	<u>68,735</u>	<u>(27,265)</u>
Total Non Operating Revenues	<u>96,000</u>	<u>66,092</u>	<u>68,735</u>	<u>(27,265)</u>
INCREASE/(DECREASE) IN NET ASSETS	<u>\$ (350,000)</u>	<u>\$ 2,140,293</u>	<u>6,088,103</u>	<u>\$ 6,438,103</u>
NET ASSETS, Beginning of Year			<u>6,763,799</u>	
NET ASSETS, End of Year			<u>\$ 12,851,902</u>	

The accompanying notes are an integral part of these financial statements.

**MONTEREY COUNTY SCHOOLS INSURANCE GROUP**

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
 FUNDING PROGRESS  
 FOR THE YEAR ENDED JUNE 30, 2011**

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<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Liability (AAL) - Entry Age Normal (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a / b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ( b - a  / c)</b>
February 1, 2011	\$ -	\$ 214,797	\$ 214,797	0%	\$ 641,468	33.49%
May 31, 2007	\$ -	\$ 212,313	\$ 212,313	0%	\$ 621,825	34.14%

The accompanying notes are an integral part of these financial statements.

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***INDEPENDENT AUDITORS' REPORT***

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Governing Board  
Monterey County Schools Insurance Group  
Salinas, California

We have audited the basic financial statements of the governmental activities of the Monterey County Schools Insurance Group as of and for the years ended June 30, 2011 and 2010, and have issued our report thereon dated \_\_\_\_\_, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

The management of Monterey County Schools Insurance Group is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Monterey County Schools Insurance Group's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Monterey County Schools Insurance Group's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Monterey County Schools Insurance Group's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Monterey County Schools Insurance Group's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the governing board, management, and the State Controller's Office, and is not intended to be and should not be used by anyone other than these specified parties.

# **Preliminary Draft For Discussion Purposes Only**

Fresno, California

\_\_\_\_\_, 2011

EXECUTIVE COMMITTEE WORKSHOP  
AGENDA  
March 2 & 3, 2012

<b>Time</b>	<b>Event</b>
<b>Friday, March 2, 2012</b>	
7:00 – 7:45 a.m.	<b>Breakfast</b>
8:00 – 8:15 a.m.	Welcome, Introductions & Public Comment
8:15 – 9:15 a.m.	Legal/Legislative Update <ul style="list-style-type: none"><li>• Health Care Reform – 2014 and beyond – provisions affecting MCSIG <i>Brandie Barrows, Esquire, Saltzman &amp; Johnson Law Corporation</i></li></ul>
9:15 – 9:45 a.m.	Staff Update <ul style="list-style-type: none"><li>• Health Care Reform – Looking Ahead to 2014 <i>Sherrell Freeman, Executive Director</i></li></ul>
9:45 – noon (with breaks as needed)	Consider Plan Design Options Resulting from Health Care Reform Changes to HIPAA Opt-Out Provisions Affecting MCSIG
noon – 1:00 p.m.	<b>Lunch</b>
1:15 – 5:00 p.m. (with breaks as needed)	Workshop on Wellness <i>Sherrell Freeman, Executive Director</i>
5:30 – 6:00 p.m.	<b>Reception</b>
6:00 – 7:30 p.m.	<b>Dinner</b>
<b>Saturday, March 3, 2012</b>	
7:30 - 8:15 a.m.	<b>Breakfast</b>
8:30 – noon (with breaks as needed)	Workshop on Wellness <i>Sherrell Freeman, Executive Director</i>
	2012-13 Goals <i>Sherrell Freeman, Executive Director</i>
Noon	Adjournment

## **Report From the Executive Director to the MCSIG Executive Committee at the meeting of December 13, 2011**

**Subject: Consider Health Screening Contract**

### **Background**

MCSIG has held an annual health screening event as a part of its wellness program for the last several years. MCSIG encourages its members to participate in a health screening every two years in conjunction with their regularly scheduled physical exam with their physician to stay informed about any possible changes to their health status.

This year (2011), the Board decided to not hold a health screening event due to budget constraints. In 2010, 608 school members were tested for total cholesterol, HDL, glucose, blood pressure, BMI, grip strength and other modifiable health risks at 23 schools throughout the county. The health screening was voluntary and confidential and was offered at no cost to MCSIG members. There were fifty-five (55) physician referrals for abnormal test results.

### **Discussion**

The Board allocated funds for a health screening in 2012. The current FY 2011-12 Wellness Program budget includes sufficient funds to contract for health screenings for 700 members at the rate offered in the proposal. We screened 608 members last year and do not anticipate we will exceed 700 total screenings this year with a smaller overall Group. We have eliminated the grip strength test this year in order to keep the cost of each screening within our budget.

MCSIG distributed a request for proposal to three vendors. Three proposals were received (see attached summary). The proposals from Maxim Health Services and VNA did not include the blood pressure screening; therefore Clinical Health Appraisals is the lowest responsible bidder with a bid that includes blood pressure and the lipid panel.

### **Recommendation**

That the Executive Committee award a one-year contract for the 2012 health screenings to Clinical Health Appraisals for \$30.00 per person to administer the health screenings as outlined in the report.

Summary of the 2011 Health Screening Proposals Received  
Executive Committee Report  
December 13, 2011

1. Clinical Health Appraisals  
Elk Grove, CA

- Registered Nurse to administer tests
- Blood Pressure test included

Price Per Participant: \$30

2. Maxim Healthcare Services  
San Jose, CA

- Registered Nurse to administer tests
- Online Registration
- No blood pressure test

Price Per Participant: \$30

3. Central Coast Visiting Nurse Association  
Monterey, CA

- Registered Nurse to administer tests
- No blood pressure test

Price Per Participant: \$40