

**PUBLIC RISK, INNOVATION, SOLUTIONS, AND MANAGEMENT
(PRISM)**

EMPLOYEE BENEFITS COMMITTEE

MEETING SUMMARY

Web Conference/Telephonic Meeting

Thursday, May 23, 2024

10:00 a.m.

Second Meeting – 2024

Members Present

Linda Parry, City of Clovis
Mai Yang, Merced County
Dawn Kelley, City of Modesto – Alternate
Diego Chavez, City of Murrieta
Jenn Acfalle, City of Oceanside
Michelle Brown, SDRMA – Alternate
Andrew Guzman, City of Visalia
Karen Fassler, Yuba County

Members Absent

Naomi Whatley, GSRMA

PRISM Dental Income Statement

Staff presented the Dental Program Income Statement, updated through March 31, 2024, reflecting the net assets of \$9.4M, with \$4.3M in unrestricted equity after the setting of program reserves for the Fixed-Rate PPO segment. The Committee requested Incurred But Not Reported (IBNR) liability be added as a reserve line item on future reports.

Alliant – Program Management and Underwriting Fee

Staff and Alliant provided background regarding their compensation and fee structure for the Program, stating that it had not changed since 2010, despite a 60% growth in the Dental Program and 488% growth in the Vision Program. Growth of the Employee Benefits (EB) programs has resulted in the need for additional Alliant staff, specifically on the Program Management and Underwriting team. Current Alliant compensation for the EB programs is a percentage of premium, not-to-exceed structure. Alliant proposed the addition of an additional underwriting and client/broker service fee for the Dental and Vision programs.

The Committee approved the additional Underwriting and Program Management fees as follows:

- Dental – \$0.50 PEPM
- Vision – \$0.10 PEPM

2024 Dental Program Actuarial Report

Turner Consulting and Actuarial presented the annual actuarial study for the fixed-rate PPO Dental segment, and recommended adjustments for the program IBNR and Claims Fluctuation Margin (CFM). The Committee discussed the program's current risk tolerance and reserve level, ultimately voting to change the calculation of the CFM from a 99% confidence level with 15% margin, to a 95% confidence level with 12% margin, resulting in a CFM reserve of \$4.7M. This change will result in a \$900k increase in unrestricted equity. The IBNR reserve was calculated using the completion method and shown as as 7.2% of paid claims, which resulted in \$2,793,306, effective March 31, 2024.

2024 Dental Program Renewal

The Committee approved the Dental Program renewal as follows:

- Fixed Rate PPO Segment – Utilization of a trend of 1.5% with no subsidy, resulting in a 3.50% premium decrease for the Under 250 segment, and a 3.30% premium decrease for the 250 to 1,000 segment, allocated based on member-specific claims experience.
- DHMO Segment – 0.00% (rate pass) with a 24-month rate guarantee through December 31, 2026.

2025 Paid Family Leave Renewal

The Committee approved the Paid Family Leave Program (PFL) renewal at 0.0% (rate pass), effective January 1, 2025 through December 31, 2025. Staff informed the Committee that while the PFL Program was initially designated as a Miscellaneous Program, due to the pooling funding mechanism, staff will be recommending to the Executive Committee that it be shifted to a major program.

2025 VSP Vision Program Administration

The Committee approved staff and Alliant conducting a financial and administrative analysis regarding changing the current VSP Vision program structure from a fully insured and self-funded hybrid model, to a fully self-funded risk sharing program.

Other Matters

- The Committee approved San Geronio Memorial Hospital for entry in the PRISM Dental Program, fixed-rate PPO segment, effective January 1, 2025.
- Staff reported that the 2024 Employee Benefits Symposium was a great success, and to look forward to the 2025 event.
- Staff announced that the topic for the inaugural Employee Benefits Forum, to be held in July, 2024, is Best Practices in EAP Communication.
- Staff expressed gratitude to Diego Chavez for 5 years of dedicated service on the Employee Benefits Committee.

Future Meetings

The next regularly scheduled meeting will be held on **Thursday, July 18, 2024 at 9:30 a.m.** to be held via **web conference**.