

# MERMA

## MINUTES OF THE EXECUTIVE COMMITTEE MEETING March 12, 2014

The Executive Committee of the Monterey Educational Risk Management Authority met at 76 Stephanie Drive, Salinas, CA at 1:30 p.m., on March 12, 2014.

### Executive Committee Members Present

Sara Perez, President  
Veronica Flournoy, Vice President  
Mike Brusa  
Gerald (Jerry) Stratton

### Executive Committee Members Absent

Melody Canady

### Guests and Staff

Lou Lozano, Lozano Smith  
Agnes Hoerberling, Intercare  
Karen Callahan, Intercare  
Danielle Buri, Intercare  
Kris Stanga, Carmel Unified School District  
Mike Simmons, Alliant  
Matt Gowan, Alliant  
Connie Martin

### CALL TO ORDER

Sara Perez called the meeting to order at 1:35 p.m.

### ROLL CALL

### APPROVAL OF AGENDA POSTED

Motion was made to approve the agenda as posted.

**MOTION:** Veronica Flournoy      **SECONDED:** Jerry Stratton      **MOTION CARRIED**

**AYES:**      4      **NOES:**      0      **ABSTAIN:**      0      **ABSENT:**      1

AYES: Veronica Flournoy, Jerry Stratton, Mike Brusa, Sara Perez  
ABSENT: Melody Canady

**PUBLIC COMMENTS**

None

**CONSENT CALENDAR**

The following items were discussed and approved:

1. Executive Committee Minutes – December 11, 2013,
2. Letter of Understanding for Accounting Services from McGilloway, Ray, Brown & Kaufman,
3. Payment Registers and Board Reports – January 2014 and February 2014.

Motion was made to approve the consent calendar with a single motion.

**MOTION:** Jerry Stratton    **SECONDED:** Veronica Flournoy    **MOTION CARRIED**

**AYES:**            4            **NOES:**        0            **ABSTAIN:** 0            **ABSENT:** 1

AYES: Veronica, Flournoy, Jerry Stratton, Mike Brusa, Sara Perez  
ABSENT: Melody Canady

**ADMINISTRATIVE REPORTS**

**President’s Report**

Sara reported that it has been a busy month with lots of conversations and emails with Mike, Matt and with Lou Lozano, and the Executive Committee will see results of those conversations.

**MERMA Administrative Update**

Matt Gowan and Mike Simmons addressed the Committee on matters pertinent to MERMA:

1. Matt reported that he and Rosa had met with Carmel Unified School District on March 11<sup>th</sup> for a claim review. They identified claims issues, and are hoping to focus on improving soon with the districts help. Matt stated that there were a lot of open future meds.
2. Matt reported that he, Aidi, & Marcus attended a claims review at North Monterey County Unified School District, who gave tentative notice to withdraw from MERMA. They met with Liann Reyes, Assistant Superintendent, and Craig Chavez, Human Resources. Craig will be taking over workers’ comp for the district. Matt stated that the meeting was positive. Matt informed the Committee that the claims are in good shape. He said Aidi has

done a good job on the files. There were two future med claims that they were able to close at the meeting. A total 5 files were closed. Going into the meeting there were 45 indemnity claims, and at the end of the claim review, there were only 40.

Aidi and Matt met separately with Craig. Matt mentioned that Craig knows of Intercare, he transferred from Merced County Schools and he seemed pleased with the TPA. Matt informed the Committee that he talked to Liann and Craig about the large amount of equity that North Monterey County Unified School District would be walking away from if they withdrew from MERMA. Matt stated that his impression was, that the meeting went well. They talked about the changes. Matt informed the EC that he had offered multiple times since the meeting, a month ago to Liann to meet again so they could further talk about the changes, and asked her if they wanted to meet with the Executive Committee and Intercare. Matt stated that he never heard back from her.

Gary Metzler has been out to the NMCUSD. Gary has been pro-active. Intercare offered to meet with Liann on March 11 to sit with them and talk about things that may make them change their mind and stay with MERMA. Matt stated that he informed Liann that MERMA is moving in the right direction, things are improving every day and he asked Liann to stay for another year. Matt mentioned maybe Sara could contact Liann and explain to her that MERMA would really like them to stay for at least another year since Liann mentioned to Matt that she knew Sara very well. Matt reported that North Monterey County Unified School District has the highest E-MODS in JPA, but it has dropped quite a bit from last year, they have improved, the future looks bright. Jerry stated that he knows Liann also, and they are close friends. Both Jerry and Sara will contact Liann to ask her to reconsider from withdrawing their membership from MERMA. Sara stated it has been really tough for Liann because she came into a bad situation. The other Executive Committee members were pleased that Jerry and Sara would both be contacting Liann, they are hoping that NMCUSD will continue on with MERMA.

### **Executive Committee**

Jerry Stratton reported that Salinas City Elementary had Gary Metzler, Loss Control Manager, back for workplace evaluation because one of the stations that he had evaluated moved to another position in the same building. Gary was very responsive, came right away, and Jerry stated that he is looking forward to his report. His first series of reports on the five he checked out were all very good. It allowed the district to get some half-priced chairs with 50% payback.

Kris Stanga, Carmel Unified School District, thanked Matt for the support he has given the district in cleaning up some issues at Carmel and for being so responsive and great to work with. Matt stated that Carmel has the lowest Ex-Mods in MERMA. Matt stated that he has worked with Kris and Rick Blanckmeister on some nasty claims and they were able to resolve the issues on those claims.

**CLOSED SESSION**

The Executive Committee went into closed session at 1:45 p.m., to discuss: Closed session pursuant to Government Code Section 54957:

- 1. Discipline of Public Employee: Claims Examiner(s),
- 2. Evaluation of Public Employee: Loss Control Manager, Administrative Assistants, Clerk.

**REPORT CLOSED SESSION**

The Executive Committee reconvened from closed session at 2:20 p.m. Sara Perez reported that no action was taken in closed session.

**JPA BUSINESS**

**Alliant Pool Administration and Consulting Services Agreement**

Mike Simmons reported that the current Alliant Service Agreement with MERMA was designed to include two, one year continued extensions. Agreement has it’s anniversary on July 1 and the first of these extensions needs to be negotiated. Recommendation from Ad Hoc committee needs to be independently presented to the Executive Committee at an upcoming meeting due to the FPPC requirements for Significant Intervening Review. Mike Brusa and Jerry Stratton were appointed to the Ad Hoc committee in the past. Discussion held regarding process that was used prior by the Ad Hoc Committee and scaling down since some services would no longer be needed.

Motion was made to appoint Mike Brusa and Jerry Stratton to the Ad Hoc Committee and meet with Alliant and develop a recommendation to the Executive Committee for approval of an amendment for services and fees for FY 2014-15.

**MOTION:** Veronica Flournoy    **SECONDED:** Jerry Stratton    **MOTION CARRIED**

**AYES:**                    4                    **NOES: 0**    **ABSTAIN: 0**    **ABSENT: 1**

**AYES:**            Veronica Flournoy, Mike Brusa, Jerry Stratton, Sara Perez

**ABSENT:**        Melody Canady

**Claims Administration Services Contract**

On January 23, 2014, the Board of Directors directed the Executive Committee to negotiate a 3-year contract for claims administration services with Intercare Holdings Insurance Services. The Executive Committee reviewed the contract with lease agreement. The two agreements reference each other. The contract with lease agreement was reviewed by MERMA’s legal counsel and counsel was present at the meeting to answer any questions.

Intercare was also in attendance to answer any questions that the Executive Committee might have on the service agreement and they had an update on some of the transition items that they have accomplished and are working on. Intercare provided the Committee with an updated information packet. They talked about where they are at with the transition. They stated if the contract is signed today, they will move forward. They stated that they want to make an impact as soon possible, before July 1/June 30<sup>th</sup>. The next important step would be interviewing the internal staff. They plan to start the interviews next week. Intercare informed EC that they have conducted outside staff interviews, they stated that they have a very strong candidate for the supervisor position and he is familiar with the area. Items still outstanding interviews, training, hiring staff, providing training and going out to the districts. Intercare is anticipating a go live date of May 1. Executive Committee had several questions for Intercare, regarding settlement authority, bank account, defense counsel, pharmacy program, online reporting, reporting timeline, and office equipment. They also discussed a new phone system, getting away from the receptionist transferring calls. Telephone lines need to be separate. Mike Simmons also discussed the Tenancy & Common Agreement with MCSIG. Marcus will be attending MCSIG's meeting for use of common space.

Motion was made to approve the Claims Administration contract with lease agreement with Intercare, effective May 1, 2014.

**MOTION:** Veronica Flournoy    **SECONDED:** Jerry Stratton    **MOTION CARRIED**

**AYES:**            4        **NOES:** 0    **ABSTAIN:** 0                    **ABSENT:** 1

**AYES:**            Veronica Flournoy, Jerry Stratton, Mike Brusa, Sara Perez

**ABSENT:**        Melody Canady

**Layoff Notices for Claims Department Staff**

Mike Simmons provided the Executive Committee with the resolution and an example of the layoff notices with an attachment of the Labor/Ed code sections that apply. Legal Counsel Lou Lozano, assisted Alliant with the layoff notices. MERMA must formally notify the current claims staff of layoff due to outsourcing of claims administration services. Executive Committee requested that the notices be delivered in person.

Motion was made to approve Resolution 14-01 Authorizing Reduction of Classified Services for FY 2013-14.

**MOTION:** Veronica Flournoy    **SECONDED:** Jerry Stratton    **MOTION CARRIED**

**AYES:**            4    **NOES:**    0        **ABSTAIN:** 0                    **ABSENT:** 1

**AYES:**            Veronica Flournoy, Jerry Stratton, Mike Brusa, Sara Perez

**ABSENT:**        Melody Canady

**Claims System Contract**

With MERMA going to a Third Party Administrator for claims services, MERMA will no longer need to contract out for a claims software system/program. The claims software system will be provided by the Third Party Administrator.

Motion was made to notify QISS with a 90-day notice that MERMA would be cancelling the claims software system/program.

**MOTION:** Mike Brusa      **SECONDED:** Veronica Flournoy      **MOTION CARRIED**

**AYES:** 4    **NOES:** 0    **ABSTAIN:** 0      **ABSENT:** 1

**AYES:** Mike Brusa, Veronica Flournoy, Jerry Stratton, Sara Perez

**ABSENT:** Melody Canady

**Stratacare Contract**

Stratacare provides bill review, utilization review and nurse case management services to the MERMA claims department. With MERMA contracting with a Third Party Administrator, bill review, utilization review and nurse case management services will be provided by the Third Party Administrator. Therefore, Stratacare services will no longer be needed.

Motion was made to notify Stratacare that MERMA would be cancelling their contract.

**MOTION:** Mike Brusa      **SECONDED:** Veronica Flournoy      **MOTION CARRIED**

**AYES:** 4      **NOES:** 0    **ABSTAIN:** 0      **ABSENT:** 1

**AYES:** Mike Brusa, Veronica Flournoy, Jerry Stratton, Sara Perez

**ABSENT:** Melody Canady

**David Donn Consulting Services Contract**

Matt informed the Executive Committee that David Donn’s Consulting Services will no longer be needed with the transition to a Third Party Administrator. Their contract expires on July 1, 2014. Discussion held on this information item only.

**CLOSING COMMENTS**

Mike Simmons commented that this has been a long process and the Executive Committee has been great.

Sara officially welcomed Intercare. Sara asked Intercare to make sure they take care of the member

districts, keeping them informed and conduct training. Intercare stated that they plan on going to each member district. Sara mentioned that the Executive Committee should have a Welcoming/Introduction meeting.

Veronica Flourney asked that Intercare be sensitive to the MERMA claims staff. She stated that it will be difficult for them since they have been with the JPA for a long time.

Sara will be emailing all of the Board of Directors to inform them of the changes in the claims department.

**ADJOURNMENT**

Motion was made to adjourn the meeting at 3:25 p.m.

**MOTION:** Veronica Flourney      **SECONDED:** Jerry Stratton      **MOTION CARRIED**

**AYES:**            4                      **NOES:**            0                      **ABSTAIN:** 0                      **ABSENT:** 1

**AYES:**            Veronica Flourney, Jerry Stratton, Mike Brusa, Sara Perez

**ABSENT:**        Melody Canady

**UPCOMING MEETING**

Next meeting will be held in April.

\_\_\_\_\_  
President/Vice President *Ann M. Goff*

\_\_\_\_\_  
Interim Management *[Signature]*

Date 5/1/14