

SAN ANTONIO WATER COMPANY
ADMINISTRATION and FINANCE COMMITTEE (AFC)
MINUTES

November 26, 2013

An open meeting of the Administration and Finance Committee (AFC) of the San Antonio Water Company (SAWCo) was called to order at 3:03 p.m. on the above date at the Company office located at 139 N. Euclid Ave., Upland, California. Committee Members present were Sue Sundell, Bob Cable, Glenn Bozar, and Tom Thomas. Also in attendance were SAWCo's General Manager Charles Moorrees, Assistant Manager of Administration and Finance Teri Layton, Accounting/Personnel Clerk Joni Ruggles, Office Assistant Kelly Mitchell and from JLR Insurance Services Jason Reichert and Melissa Calabretta. Ms. Sundell presided.

1. Recognitions and Presentations: None.
2. Additions-Deletions to the Agenda: None.
3. Public Comments: None.
4. Approval of Committee Meeting Minutes: Mr. Bozar moved and Mr. Cable seconded to approve the meeting minutes of September 24, 2013 as presented. Motion carried.
5. Administrative and Financial Issues:

B. CY2014 Calendar – Mr. Thomas inquired if there were any major changes to the calendar. Ms. Mitchell replied that the rotation of the committee meetings had changed. The PROC will meet every other month beginning in January and the AFC will meet every other month beginning in February. Also, the Annual Shareholders meeting will be held the second Tuesday of April instead of the first Tuesday in April.

Jason Reichert and Melissa Calabretta from JLR Insurance Services entered the meeting.

Mr. Cable moved and Mr. Bozar seconded to approve the Calendar for 2014 as presented. Motion carried.

A. Health Benefit Plan Review – Presentation by JLR Insurance Services – Mr. Moorrees introduced Jason Reichert and Melissa Calabretta from JLR Insurance Services, SAWCo's insurance brokers, who attended the meeting to inform the staff and the committee about updates and changes to SAWCo's health benefit plan.

Mr. Thomas asked whether SAWCo's plan was grandfathered in and Ms. Calabretta replied that yes, SAWCo's plan has been grandfathered in.

Ms. Calabretta presented the information given in the handout that was circulated. She began by explaining some important facts about the health care industry and how it is being affected by the Affordable Care Act (ACA) such as the fact that grandfathered plans will never be affected by the ACA changes unless Federal Regulations change. Currently, ACA plans premium rating will be based on exact age (not a five or 10 year age bracket as is the current norm), area of residence (not of company's location), family composition and tobacco use. Not all of the items will affect SAWCo's group plan but individual plans will be affected. All plans must have Minimum Essential Health Benefits which include services in 10 categories including pediatric dental, maternity, and vision.

SAWCo's current plan includes most of these services. Employer sponsored plans cannot have a wait period of longer than 90 days. In California the maximum wait period is 60 calendar days. A Summary and Benefits of Coverage must be provided to all plan holders outlining details of their plan. Due to the changes created by the ACA, insurance plan costs are expected to increase 30-100% over the next few years. Increases as high as 87% have been seen to date.

Ms. Calabretta also explained new fees that are being added to the cost of health plans but that do not affect SAWCo due to their grandfathered status. Those new fees include the fees for the creation of Patient-Centered Outcome Research Institute (PCORI), a Transitional Reinsurance Program fee, and a Health Insurer Fee.

Ms. Calabretta then explained further about SAWCo's grandfathered status and what small changes made to their plan would cause that grandfathered status to be revoked. Significantly cutting or reducing benefits, raising co-insurance charge, significantly raising the co-pay charges and deductibles or out of pocket maximums and lowering employer contributions by five percent would all cause SAWCo to lose their grandfathered status.

Ms. Calabretta and Mr. Reichert compared SAWCo's current plans and compared them to the other plans that are on the market. The plans currently being offered at the same cost have significantly lower benefits and more out of pocket costs with reduced or limited networks to choose from. Based on their analysis, JLR Insurance Services recommends renewing SAWCo's current plan as of 1/1/2014 under grandfathered status to avoid significant rate increases or benefit decreases and allow carriers to shake out kinks in the ACA rollout. They also recommended only offering the HMO STD 10 and Value HMO 20 plans as the PPO STD 20 plan is no longer grandfathered. JLR Insurance Services will continue to evaluate ACA compliant plans and costs throughout the year and move carriers if a more cost effective plan comes forward.

Mr. Bozar moved and Mr. Cable seconded to recommend the Board approve SAWCo renewing their current health benefit plan for 2014. Motion carried.

6. Closed Session: None.

7. Committee Comments and Future Agenda Items:

Adjournment: The committee determined there was no further business and adjourned the meeting at 3:51 p.m.

Assistant Secretary
Charles Moorrees