



2017 CSEA BOARD OF DIRECTORS MEETING

CSEA Headquarters Building
1108 O Street, *3rd Floor* Valley Quail Conference Room
Sacramento, Ca 95814

October 7, 2017

TIMES CERTAIN

Saturday – October 7, 2017

CSEA Headquarters Building, *3rd Floor* Valley Quail Conference Room
1108 O Street, Sacramento, Ca 95814

(10:00 a.m. – 12:00 p. m.) CSEA Board of Directors Meeting

BOARD MEETING AGENDA

- Call to order on **October 7, 2017, at 10:00 a.m.** by Chair of the Board Arlene Espinoza
- Roll Call – Secretary – Treasurer Jerry Fountain
- Pledge of Allegiance – Chair of the Board Arlene Espinoza
- Reading and Approval of **the July 1, 2017** Board of Directors Minutes – Chair of the Board Arlene Espinoza
- Report of Chair of the Board
- Report of Secretary-Treasurer
- Report of General Manager/CEO
- CSEA Foundation Report
- Affiliate Reports
- Closed Session

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Meeting Location: CSEA Headquarters Building, 3rd Floor Valley Quail Conference Room
1108 O Street, Sacramento, Ca 95814

ROLL CALL
CSEA Board of Directors Meeting
October 7, 2017 10 am

TITLE:	NAME:	√
Chair of the Board, ACSS, Inc.	Arlene Espinoza Sitting in:	
ACSS, Inc. President	Frank Ruffino Sitting in:	
CSR President	Tim Behrens Sitting in:	
CSUEU President	Pat Gantt Sitting in:	
SEIU Local 1000	Yvonne Walker Sitting in:	
CSUEU VP for Finance	Catherine Hutchinson Sitting in:	
SEIU Local 1000 VP/Secretary-Treasurer	Theresa Taylor Sitting in:	
CSR CFO/Secretary	Jerry Fountain Sitting in:	

Meeting Location: CSEA Headquarters Building, 3rd Floor Valley Quail Conference Room
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MINUTES

2017 CSEA BOARD OF DIRECTORS MEETING

July 1, 2017

CSEA Headquarters Building
1108 O Street, 3rd Floor Valley Quail Conference Room
Sacramento, Ca 95814

The meeting was called to order at 10:15 a.m. by Chair of the Board Arlene Espinoza.

Roll Call – Chair of the Board Arlene Espinoza.

The Pledge of Allegiance was led by Jerry Fountain.

Members present:

Arlene Espinoza, Chair of the Board, ACSS
Frank Ruffino, ACSS, Inc. President
Tim Behrens, CSR President
Jerry Fountain, CSR, Chief Financial Officer
Patrick N. Gantt, CSUEU President
Loretta Seva'aetasi, CSUEU Vice President Finance
Yvonne Walker, SEIU Local 1000 President
Theresa Taylor, SEIU Local 1000 VP/Secretary-Treasurer

CSEA and Affiliate Staff Present:

Mike Carr, CSEA General Manager/CEO
Lao Sok, Board Assistant
Lisa Fong, Director of Member Benefits
Pam Robison, ACSS, Secretary/Treasurer
Todd D'Braunstein, ACSS, VP of Governmental Affairs
Elnora Fretwell, ACSS, Vice President

READING AND APPROVAL OF THE OCTOBER 15, 2016 BOARD OF DIRECTORS MINUTES.

BD 1/17/1 **MOTION:** That the Board of Directors approve the Minutes from the October 15, 2016 Board of Directors meeting. Motion was adopted by general consent. **CARRIED.**

BD 2/17/1 MOTION: BP 1/17/1 CSEA Policy File Division 5, Section 502.90 (a)
Moved by Ruffino, second by Taylor that the Board of Directors approve the recommended changes to CSEA Policy File Division 5, Section 502.09 (a). Motion was adopted by general consent. CARRIED.

Division 5: Association Elections

502.09 Affiliate Chapter/DLC Delegate Election Process

(a) Mailing of Ballots

Ballots shall be mailed by headquarters no later than April 20 to each active member in good standing, by nonprofit ~~or~~ first-class or electronic mail to those members with an address within the state, by first-class or electronic mail for all others and shall comply with the following rules: (BD 138/83/3, BD 100/98/5, BD 18/11/2, BD 24/11/2)

BD 3/17/1 MOTION: FIS 1/17/1 Approval of the 2016 CSEA Audit Report
Moved by Walker, second by Ruffino that the Board of Directors adopt the 2016 Audit Report of CSEA. Motion was adopted by general consent. CARRIED.

SECRETARY/TREASURER NOMINATIONS

BD 4/17/1 MOTION: Moved by Ruffino, second by Behrens that Jerry Fountain be nominated as CSEA Secretary/Treasurer. Motion was adopted by general consent. CARRIED.

REPORT OF CLOSED SESSION

Legal issues and CSEA Headquarters building were discussed.

REPORT OF CHAIR OF THE BOARD

Chair of the Board Arlene Espinoza had attended far too many memorial services. The last one attended was Fritz Walgenbach. Chair of the Board learned many things when attending Fritz Walgenbach memorial service; his long history with CSEA and contribution to CSEA.

CSEA audited has been completed. There were no findings to report.

REPORT OF GENERAL MANAGER/CEO and SECRETARY-TREASURER

- The CSEA financial statements for the 5 months ending May 31, 2017 reflect no items of concern. We are currently projecting a year end surplus of over \$500,000 for 2017. The principal reasons for this projected surplus are due to projected profits of approximately \$1,600,000 from the Member Benefits Program that has resulted from increased revenues. Additionally, we have achieved favorable budget variances in the areas of staff compensation, employee benefits and retiree health insurance expense.
- CSEA's Audit Report of 2016 has been completed. The Report was prepared by the audit firm of Gilbert Associates, Inc. A clean (unmodified) opinion was issued which is the highest level of opinion that an outside auditor can render. There was no management letter issued by the auditors or any findings reported that suggested internal control weaknesses or significant deficiencies. The audit report was issued on April 13, 2017 which is an extremely quick turnaround time for a calendar year end.
- Additionally, CSUEU, CSR and ACSS's audits were completed with unmodified opinions and the reports were issued in early April 2017.

- The annual 2016 workers compensation insurance audit was completed by the State Compensation Insurance Fund with no adjustments. We received good news relative to our workers compensation insurance premiums for 2017. The State Compensation Insurance Fund tendered a premium offer of \$77,000 for CSEA's 2017 policy year. This represents a \$40,000 (34%) savings from our 2016 policy. The savings is due to a substantial drop in our experience mod rate, 216% in 2016 to 108% in 2017.
- The remaining CSEA Corporate insurance policies have been renewed for 2017 with the premium increase less than 1% over the 2016 amounts.
- The 2016 exempt organization tax returns for CSEA, CSUEU, ACSS and CSR have been prepared and filed in mid-June 2017. Returns for the CSEA Foundation and Affiliate Chapters have been completed and filed.

- **Report of the CSEA Foundation Scholarship Program**

This year the Foundation received 53 applications. Only 43 could be verified as qualifying members' status. The Foundation is currently reviewing the applications.

Financial Statement

The Foundation was been named beneficiary on a retiree's annuity. The deceased retiree is Ms. Helen M. Vanderwall. The total amount of checks received is \$112,579.25. We have not had any luck in researching additional background on Ms. Vanderwall to provide a press release out. For this is the largest donation that we have ever received. We will keep the Board informed, as more information is available. The Foundation has approximately \$135,835 in our Golden One account.

Future Goals

- Revise the CSEA Foundation Bylaws to keep in step with the change of CSEA to a business model
- Promote Estate planning in our brochure
- Research corporate giving and gifts to the CSEA Foundation

CSEA Foundation Board Positions

We have two vacant Board positions. Ms. Suzanna Nye formerly from ACSS has accepted a position with the County and will no longer be on the Board. We thank Ms. Nye for her hard work on the Board. We encourage affiliates to share how to submit an application to serve as the Board by going to our web page <http://www.calcsea.org/Home/Foundation>

Conclusion

The CSEA Foundation is committed to valuing the philanthropist in everyone by delivering excellent charitable services, fostering collaboration and innovation, respecting and nurturing the CSEA's distinctive sense of community. If you, your chapter or affiliate would like to donate to the CSEA Foundation, please visit the web page to give directly <http://www.calcsea.org/Home/Foundation.aspx> or contact Joan Kennedy, CSEA Foundation INC President @ jkennedy.csueu@gmail.com

In closing, the CSEA Foundation Board of Directors would like to thank the CSEA Benefits staff, CSEA Webmaster and CSEA management for assisting in the on-going communication with friends of the CSEA Foundation and the Board. This year has started off to be a good one.

AFFILIATES REPORTS

(SEIU LOCAL 1000 Report by Yvonne Walker)

SEIU Local 1000 has been working with the Board of Equalization in the restructuring of the Board of Equalization. The Board of Equalization has created a new Department of Tax and Fee Administration. Most of the Board of Equalization workforce has been reassigned to the new department.

SEIU Local 1000 is also in the process of preparing for the ruling from the Supreme Court on the fair share fees case.

(CSR Report by Tim Behrens)

CSR experienced the largest turn over on Board members since February 2017 due to death and medical issues. Fritz Walgenbach before he passed away resigned as the Executive Vice-President. Stephanie Hueg is now the Executive Vice-President. Jay Jimenez was elected for Vice-President in February 2017. Harold Rose resigned. Jerry Fountain is the new Chief Financial Officer.

CSR hired Rocco Paternoster as CSR Executive Director. He is helping CSR members to understand CSR business practices.

Membership for CSR is growing. It has increased by 2000 in the last three years. It is now over \$36,000.

CSR started to work on the 2018 Delegate Assembly.

(ACSS, Inc. Report by President Frank Ruffino)

Continue to work with CalHR on resolving salary compaction. CalHR pledged to continue working in discreet classifications most effected:

- On May 31, 2017 ACSS met with CalHR. CalHR assures ACSS Pay Raises for excluded employees. This is the first time in history that excluded employees have received two separate general pay increases within a year.
 - 3 % on October 1, 2016
 - 4 % on July 1, 2017

Continue to build political presence

- Meet & Greet with governor's candidates, other constitutional officers and legislative leaders of both houses
- Had out most successful Lobby Day to date
- Has made the decision to improve representation of members and has hired two staff attorneys

Membership developing program (organizing) continues to build its frequency of worksite visits and has begun working with local meet & confer issues as a way to increase member activism

Continue to streamline business protocols and is once again on track to come in under budget

Preparing for chapter/BOD elections

Membership continues to grow and should hit 8000 in 2017

(CSUEU Report by Pat Gantt)

CSUEU is in full bargaining contract. The CSUEU and the Trustees for the California State University (CSU) agree to extend all terms and conditions of the November 12, 2014 - June 30, 2017 Collective Bargaining Agreement up to and including August 4, 2017. Active campaign and rally on campus has been CSUEU main focus.

CSUEU is currently sponsoring two legislative bills:

AB 848: This bill would prohibit the University of California and California State University from outsourcing jobs overseas, preventing public universities from eliminating information and technology jobs for California workers.

SB 318: This bill establishes standards for the use of personal services contracts by the California State University (CSU).

MEETING ADJOURNMENT

The meeting was adjourned in memory of Fritz Walgenbach and Christine Thomas.

Respectfully submitted,

Lao Sok

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BOARD AGENDA ITEM: BEN 1/17/2 (Arlene Espinoza)

ACTION ITEM: Date: 10/7/17

SUBJECT: E-Retailer via Payroll Deduction
Purchasing Power, LLC
Annual Review

SOURCE AND/OR PROPONENT: Member Benefits Committee

PRESENTATION BY: Arlene Espinoza, Chair of the Board

ASSIGNED TO: Lisa Fong

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Conclude that there is no contingency reserve surplus.
2. Continue the program with the current carrier.

BACKGROUND:

The Purchasing Power program was launched in 2007 allowing affiliate members to buy new computer bundles via payroll deduction. Since then, additional products such as home electrics, appliances, furniture, vacation packages and jewelry have been added to the program. The Purchasing Power program is a non-cash/credit buying program.

Attached is the 2016 Annual Report.

ESTIMATED COST/SAVINGS:

FUNDING SOURCE:

BOARD ACTION:

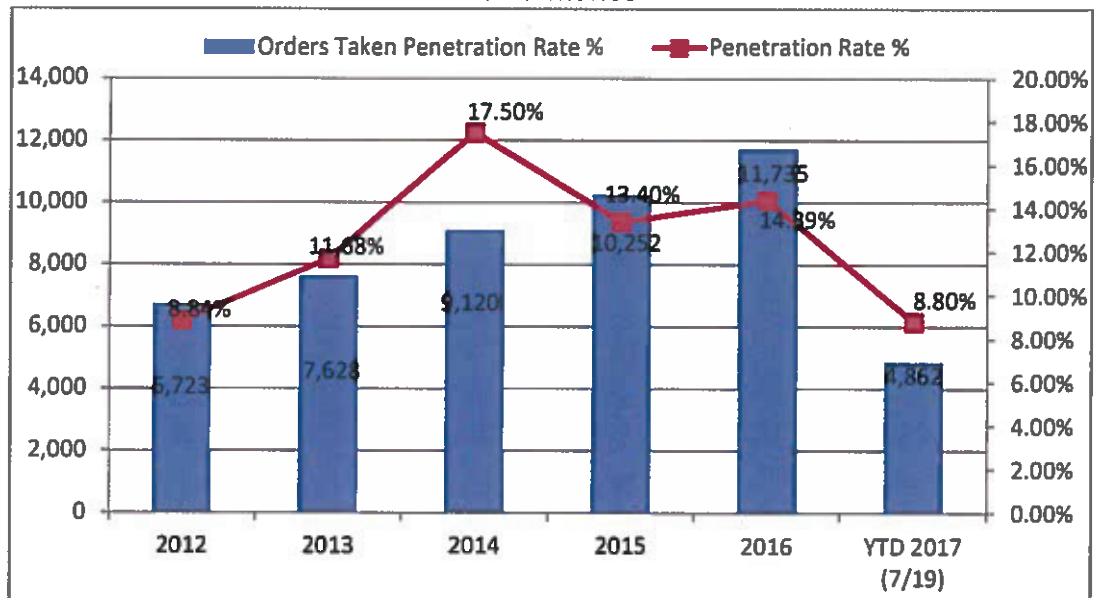
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Business Review

California State Employees Association

Launched:	November 2007	Tenure Requirement:	6 Months
Eligible Members:	84,093		Full-Time Perm
Eligible Retirees:	34,660	Salary Requirement:	\$16,000
Enrollment Type:	Year-Round	Product Offering:	Custom

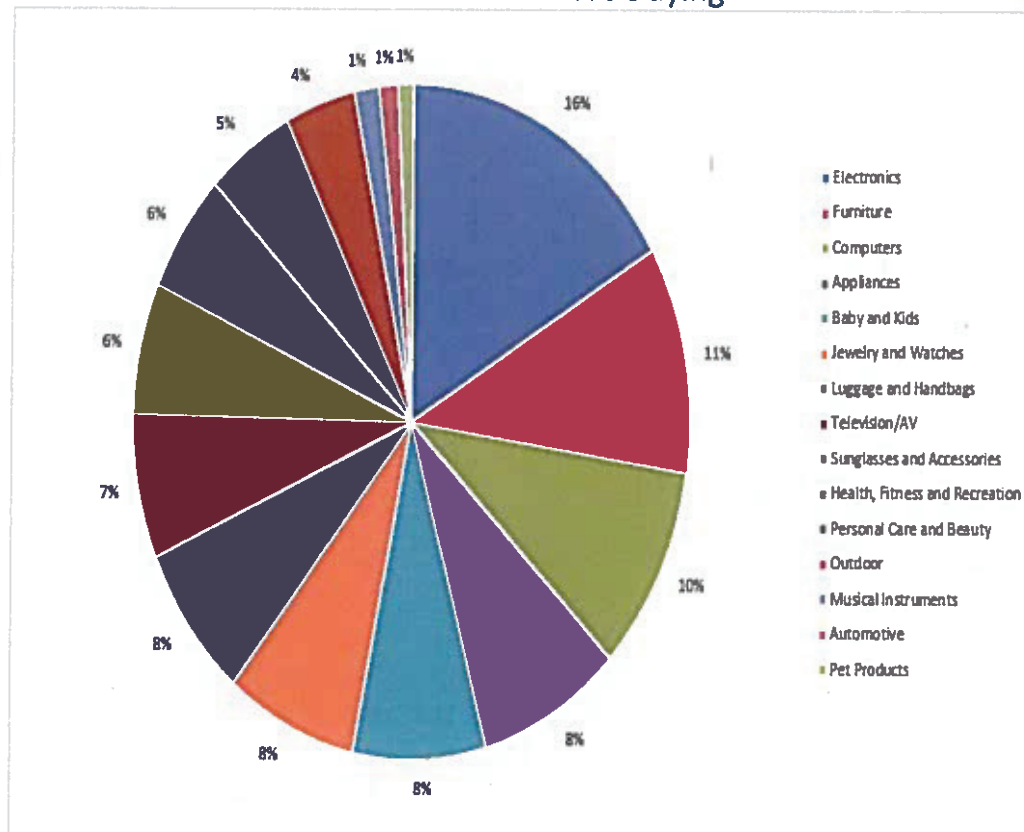
Client Performance



*Penetration is the total number of orders divided by total eligible members

- In 2016, there were a total of 11,735 orders from CSEA members and the annual penetration rate came to 14.39%. This represented a 14.5% order increase over 2015. For the retirees, there were 77 orders in 2016.
- YTD 2017 (thru July 19th) there have been 4,862 orders from CSEA members or 0.7% YOY growth. For retirees, there have been 18 orders or -0.5% YOY decline.
- Total Unique buyers since launch: 11,654 (8,467 repeat buyers & 3,187 one time buyers)

What Members are Buying

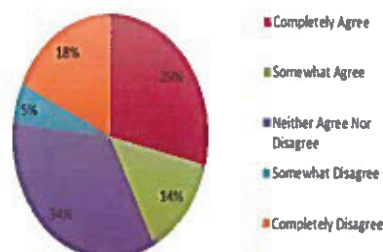


Member Satisfaction

- **80%** of Members say they are completely satisfied using Purchasing Power
- **87%** of Members say that they would likely make another purchase using Purchasing Power
- **87%** of Members say that they would likely recommend using Purchasing Power

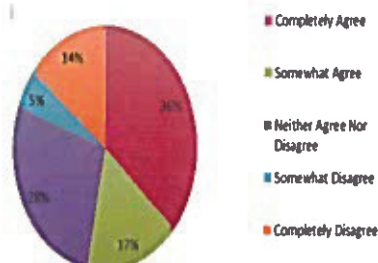
Member Engagement

Access to Purchasing Power keeps me more engaged at work



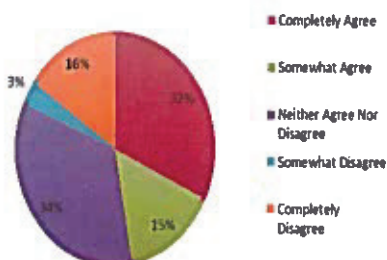
43% say they are more engaged

Access to Purchasing Power makes me more likely to stay with my association



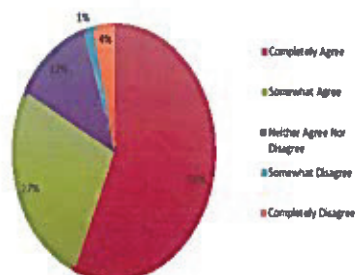
53% say they are likely to stay with assoc.

Access to Purchasing Power makes me a more productive employee



47% say they are more productive

Access to Purchasing Power helps to reduce my financial pressures / stress



83% say the program help to reduce financial stress

Survey Comments

- I really like the program, it is both convenient and easily accessible.
- I am very happy with the Purchasing Power Program along with the low monthly payments. I just think the product prices are a little steep.
- Should be available for all CA state workers.
- Over nearly 10 years my family has spent over \$20,000 with Purchasing Power and have always received great products and service.
- Purchasing Power is an invaluable resource for people like myself who cannot afford to pay conventional upfront cost for certain products and services offered through the state employees benefit program.
- I think this program is great. My husband is jealous his work doesn't offer something like this.
- I love the program. It has helped me with my credit score being very low because of my divorce.

BOARD AGENDA ITEM: BEN 2/17/2 (Arlene Espinoza)

ACTION ITEM: Date: 10/7/17

SUBJECT: Legal & Identity Theft Plan
Legal Club of America
Annual Review

SOURCE AND/OR PROPONENT: Member Benefits Committee

PRESENTATION BY: Arlene Espinoza, Chair of the Board

ASSIGNED TO: Lisa Fong

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Conclude that there is no contingency reserve surplus.
2. Continue the plan with the current carrier at current rates.
3. Offer all three options of Legal Club of America's Family Protection Plan to the membership - Classic, Standard and Plus.

BACKGROUND:

The plan, which became effective in 2000, provides Free and Discounted Legal Care, ID Theft and other services to CSEA members and their families. Legal Club has been the provider of this plan since its inception.

Attached is the 2016 Annual Report.

ESTIMATED COST/SAVINGS:

FUNDING SOURCE:

BOARD ACTION:

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California State Employees Association	
Usage Report (01/01/2016 - 12/31/2016)	
Company Effective Date: 04/01/2002	
Total Members Since Inception	4,308
Active Members (12/31/2016)	1,600
Total Members Enrolled (01/01/2016 - 12/31/2016)	105
Total Usage (01/01/2016 - 12/31/2016)	544
Average Group Usage (Annualized)	28.67%
<i>(Total Usage/Active Members) * (12 months/Reporting Period)</i>	
Examples of Usage	
- Attorney assignment	
- General benefit question	

Meaningful Benefits for Everyday Life



LEGAL CLUB[®]





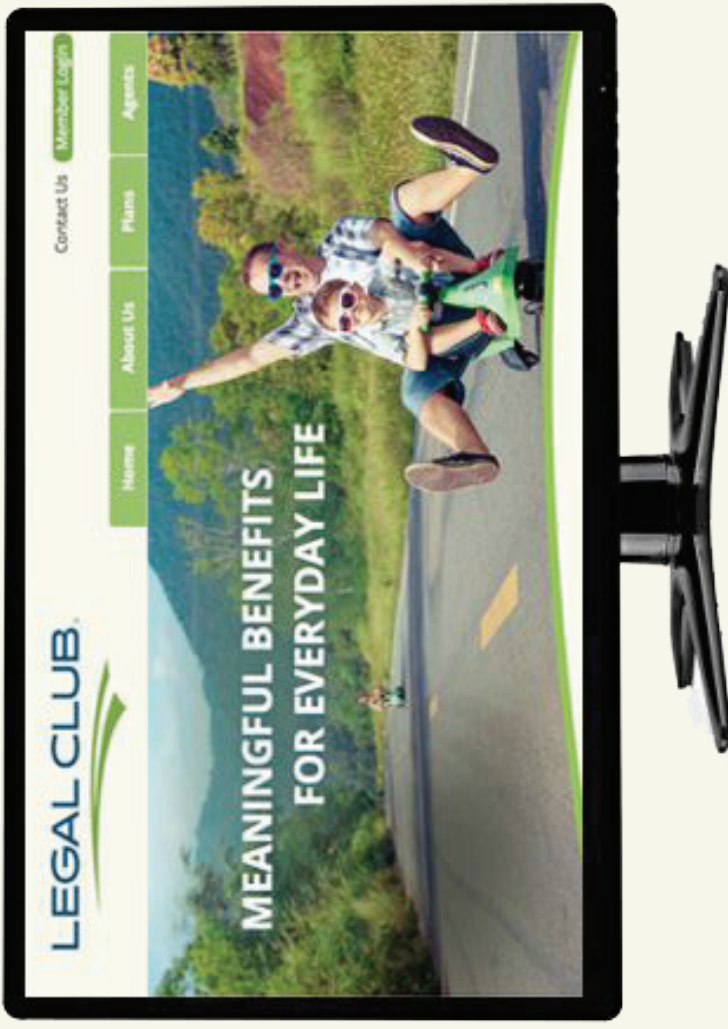
Agenda

- New from Legal Club
- Options and Choices
- Next Steps

New from Legal Club....

All NEW website:

- Member Portal
- Benefit Access
- Online Legal Forms
- Helpful Tips & Resources





legalclub.com



New from Legal Club....

- Online Legal Forms



Legal Forms

[< Go Back](#) > CA-831-11

Landlord Tenant Lease Co-Signer Agreement



The Forms Professionals Trust!

Category: Guaranty - Landlord Tenant - Leases

State: [California](#)

Control #: CA-831-11

Download Token Not Set

Description

Description



New from Legal Club...

IDENTITY THEFT SOLUTIONS - *PREVENTION* | *RESTORATION* | *INSURANCE*

PREVENTION:

- **Privacy Plus Software to help prevent online ID Theft**
 - Protects personal information and internet activity from cybercriminals, hackers and spying with Virtual Private Network (VPN), Secure Data Vault, Secure Email Account and Password manager.
- **3-Bureau Credit Monitoring*** - *FPP PLUS only*
 - Alerts member to changes reported to all three national credit bureaus.
- **Preventative Identity Monitoring***
 - Scours the internet to identify the illegal trade and sale of personal information.
- **Bank Takeover Monitoring**
 - Watches for new bank and credit card account activity. Alerts member if someone tries to open a bank account or credit card using their Social Security number or other personal information.
- **Social Media Monitoring (Cyberbullying)**
 - Monitors member's children's social networks for objectionable content.
- **Sex Offender Monitoring**

* Limited ~~Provides reports~~ of existing and newly registered sex offenders living in member's area

This is only an outline of benefits. See the Legal Club website www.legalclub.com for a complete description of benefits.



IDENTITY THEFT SOLUTIONS - *PREVENTION* | *RESTORATION* | *INSURANCE*

RESTORATION:

- **Identity Theft Restoration**
 - Assists with full service restoration by certified identity theft risk management specialists who will help with restoration of identity to pre-theft state.
- **Lost or Stolen Credit Card Assistance / Document Recovery Services**
 - In the event member's identification or credit cards are misplaced or stolen, Privacy Advocates will help cancel, replace and prevent fraud.

INSURANCE:

- **\$1,000,000 of Identity Theft Insurance***
 - Available with a zero deductible in all 50 states

* Limited only to the member

This is only an outline of benefits. See the Legal Club website www.legalclub.com for a complete description of benefits.

Options and Choices

FPP Classic	FPP Standard	FPP PLUS
Free & Discounted Legal Care	Free & Discounted Legal Care	Free & Discounted Legal Care
Tax Preparation & Advice	Tax Preparation & Advice	Tax Preparation & Advice
Identity Theft Solutions	Identity Theft Solutions	Identity Theft Solutions
Keylogging Defense System™	Privacy Plus Software including: <ul style="list-style-type: none"> Secure Data Vault Secure Email Account Virtual Private Network (VPN) Password Manager 	Privacy Plus Software including: <ul style="list-style-type: none"> Secure Data Vault Secure Email Account Virtual Private Network (VPN) Password Manager
--	--	3-Bureau Credit Monitoring
Preventative ID Monitoring	Preventative ID Monitoring	Preventative ID Monitoring
--	Bank Account Takeover Monitoring	Bank Account Takeover Monitoring
--	Sex Offender Monitoring	Sex Offender Monitoring
--	Social Media Monitoring (Cyberbullying)	Social Media Monitoring (Cyberbullying)
Fully Managed Restoration	Fully Managed Restoration	Fully Managed Restoration
Lost/Stolen Credit Card Assistance	Lost/Stolen Credit Card Assistance	Lost/Stolen Credit Card Assistance
\$1,000,000 Insurance Policy	\$1,000,000 Insurance Policy	\$1,000,000 Insurance Policy
Financial Education & Credit Counseling	--	--
LifeEvents™ Counseling	--	--
\$14 per member per month	\$18 per member per month	\$24 per member per month



Next Steps

- CSEA to decide on product mix and advise Legal Club

THANK YOU

Donald A. Rowe, RHU

VP - Employee Benefits Department, Legal Club of America

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drowe@legalclub.com



legalclub.com

Legal Club is a proud partner of BCRF, donating 2% of revenue from new group cases this year.



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LCOA New Choices Presentation (CSEA) (8.2017)

BOARD AGENDA ITEM: BEN 3/17/2 (Arlene Espinoza)

ACTION ITEM: Date: 10/7/17

SUBJECT: Auto and Homeowners Insurance Plan
Kemper Select
Annual Review

SOURCE AND/OR PROPONENT: Member Benefits Committee

PRESENTATION BY: Arlene Espinoza

ASSIGNED TO: Lisa Fong

RECOMMENDED ACTION:

No recommended action as the partnership with Kemper Select has terminated effective January 1, 2017.

BACKGROUND:

This plan became effective in 2001. It provides auto and homeowners insurance along with umbrella and boat coverage. Coverage is offered on an individual, rather than a group, basis. Records of problems and complaints, maintained by the Member Benefits staff, have shown favorable results. In January of 2003 Merastar replaced Rewards Plus as plan administrator, creating a direct relationship between CSEA and the carrier. In June 2007 Merastar was purchased by Unitrin, Inc. In June 2012, the Unitrin, Inc. brand was replaced by Kemper Select. The contract with Kemper provides for a retention bonus and profit sharing opportunities based on loss ratio and total retention.

Lisa Fong, Director of Member Benefits, received a courtesy call from Dan Markey, Operations Analyst/Account Executive of Kemper Select, stating that Kemper Select has merged with Kemper Personal and Commercial Lines (KPCL). Kemper Executives have decided not to pursue renewal of Kemper Direct/Kemper Select strategic agreement with CSEA. Due to the California Supergroup Laws, Kemper Direct must combine existing policies with KPCL's. This will be completed on the KPCL policy writing platform. Therefore, payroll deduction will no longer be available.

Kemper is bound by law to continue to provide auto insurance to current policyholders. However, they will be without payroll deduction beginning January 1, 2017. When renewing to the KPCL platform, they will be charged using the rating of KPCL's underwriting company Kemper Independence Insurance Company (KIIC). Customers can choose to accept the renewal, or they can choose to find insurance elsewhere, but unless the policyholder cancels their policy before renewal generation, KPCL must offer a renewal by law.

Attached is the 2016 Annual Report.

ESTIMATED COST/SAVINGS:

FUNDING SOURCE:

BOARD ACTION:



KEMPER SELECT

RELATIONSHIP OVERVIEW

- Partnership began in 1999 as the carrier offered through RewardsPlus
- Direct partnership established in 2003
- Kemper awarded 5-yr. exclusive contract in Fall 2012
- Addendum to contract, includes retention bonus and profit sharing opportunities, signed Dec. 2012 – see schedule below
 - Retention Bonus payments to date:
 - \$25K - December 2012
 - \$20K - December 2013
 - \$15K - December, 2014
 - \$10K – December, 2015
 - \$10K –December, 2016
 - No profit sharing payments to date due to annual loss ratios above 56%
- Contracts updated in 2014 to comply with CSEA’s requirements from IRS.
- Kemper announced that we would be terminating relationship at the end of 2016

PARTICIPATION SUMMARY

Policies In Force:

Year	TOTAL	Auto	Home	Boat	Umbrella
2016	1441	1079	362	0	0
2015	1623	1205	416	0	2
2014	1757	1326	429	0	2
2013	1836	1414	415	0	2

Inquiries:

Year	Inquiries	Quotes
2016	1349	1349
2015	1276	1275
2014	1338	1334
2013	2207	2193

Compensation Paid to CSEA:

Description	Royalty Schedule	2016	2015	2014	2013
Administration Royalty	\$6250/Month	\$75,000	\$75,000	\$75,000	\$75,000
Inquiry Royalty	\$14/Inquiry	\$18,886	\$17,864	\$18,732	\$30,898
Retention Bonus	Varies by year	\$10,000	\$10,000	\$15,000	\$20,000
Grand Total		\$103,886	\$102,864	\$108,732	\$125,898

Claims Detail:

2016	# Claims	Total Paid
Auto	406	\$1,755,871
Home	24	\$123,477
Total	430	\$1,879,348

Earned Premium and Loss Summary:

Year	Earned Premium	Losses	Loss Ratio
2016	\$2,680,830.00	\$1,879,348.00	70.10%
2015	\$2,719,015.00	\$1,606,500.00	59.10%
2014	\$2,446,205.00	\$1,791,387.00	73.23%
TOTAL	\$7,846,050.00	\$5,054,781.00	67.48%

3-year loss average: 67.4%

Additional Information:

- 258 new policies were sold in 2016
- No DOI Complaints received in 2016

Expense Summary:

Total marketing expenses for the year were \$40,618.66. This included expenses for the following:

- One home mailing

Future Marketing Plans:

- The relationship between Kemper and CSEA ended on 12/31/16. We would like to thank CSEA for the many years of a great relationship, and wish you all the very best with your new carrier.

BOARD AGENDA ITEM: BEN 4/17/2 (Arlene Espinoza)

ACTION ITEM: Date: 10/7/17

SUBJECT: Auto and Homeowners Insurance Plan
Liberty Mutual
Annual Review

SOURCE AND/OR PROPONENT: Member Benefits Committee

PRESENTATION BY: Arlene Espinoza, Chair of the Board

ASSIGNED TO: Lisa Fong

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Conclude there is no contingency reserve surplus.
2. Continue the plan with the current carrier.

BACKGROUND:

In 2016, the CSEA Member Benefits Committee went out to bid for a new auto and homeowners insurance carrier and the CSEA Board of Directors confirmed that Liberty Mutual.

There is no annual report for 2016. Attached is information regarding the current partnership.

ESTIMATED COST/SAVINGS:

FUNDING SOURCE:

BOARD ACTION:

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Voluntary Benefit Program Review

California State Employees Association

PI Benefits

U.S. Consumer Markets
Strategic Partnerships



Liberty Mutual Insurance

Financial strength, market stability and leadership in the affinity marketplace

Founded in Massachusetts in 1912	5th largest Property & Casualty Insurer in the US	Ranked 73rd on the Fortune 100
Employs approximately 50,000 people in more than 900 offices throughout the world	\$125.6 billion in assets and \$38.3 billion in annual revenue as of 2016	
Rated “A” (Excellent) for financial strength	#1 sponsored auto and home insurance program in the country	
Dedicated Account Management team with a commitment to integrated marketing		Active in the employer segment since 1970

As of March 2017

Voluntary Auto and Home Benefit

A full suite of insurance products your members need at a price they'll really like

Savings	Convenience
<ul style="list-style-type: none">• Employer group savings• Auto specific discounts• Home specific discounts• Multi-policy	<ul style="list-style-type: none">• Easy to enroll & obtain a quote Local Agent Online Phone• Convenient payment options Payroll deduction Electronic funds transfer (EFT) Recurring credit card Direct billing

Employees could save hundreds of dollars on their auto and home insurance with our **exclusive group savings**, as well as many other discounts



Auto • Home • Condo • Renters • Personal Liability / Umbrella
Identity Fraud Expense • Watercraft • Motorcycle • Recreational Vehicles

Partnership Profile

CSEA Members



Program effective
10/15/16



800-699-5298
or Luke at 916-781-2871



Benefit eligible
employees: **109,733**

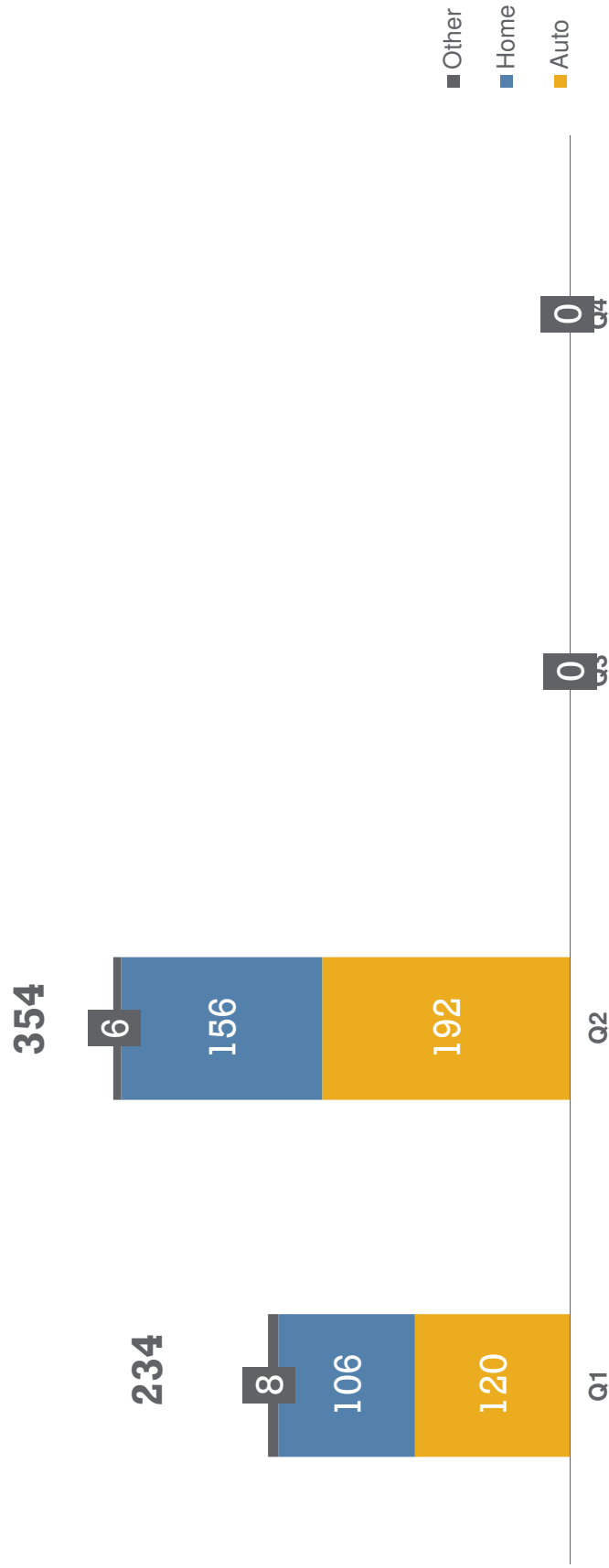
Liberty Mutual Contacts:

Account Manager: Joy Hartley

Account Executive: David Hayden

Sales Representative: Luke Hampleman

New Participation



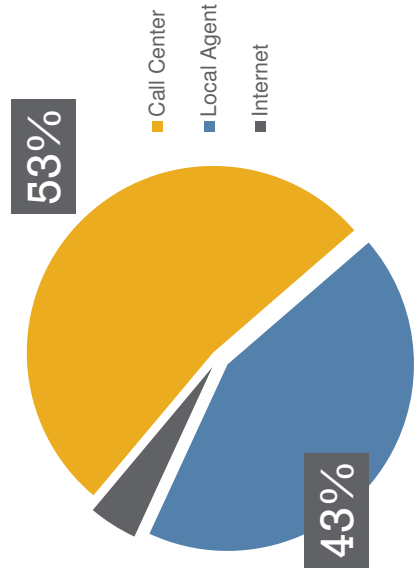
Year-End Actuals

- Total new policies: 588
- Total Inforce policies: 708

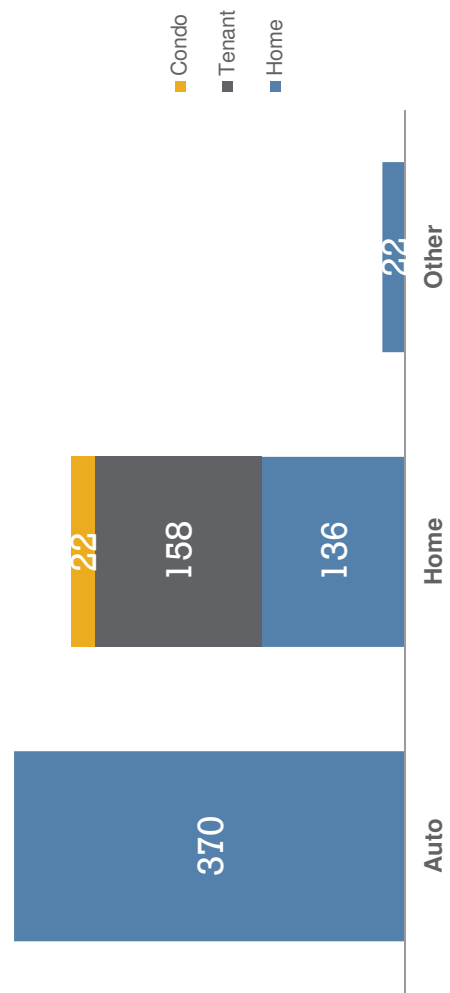
	Jan	Feb	Mar	Apr	May	Jun
New Business Policies	48	76	52	22	86	202
Online Quote Starts	70	170	175	140	323	379

Total – Deep Dive

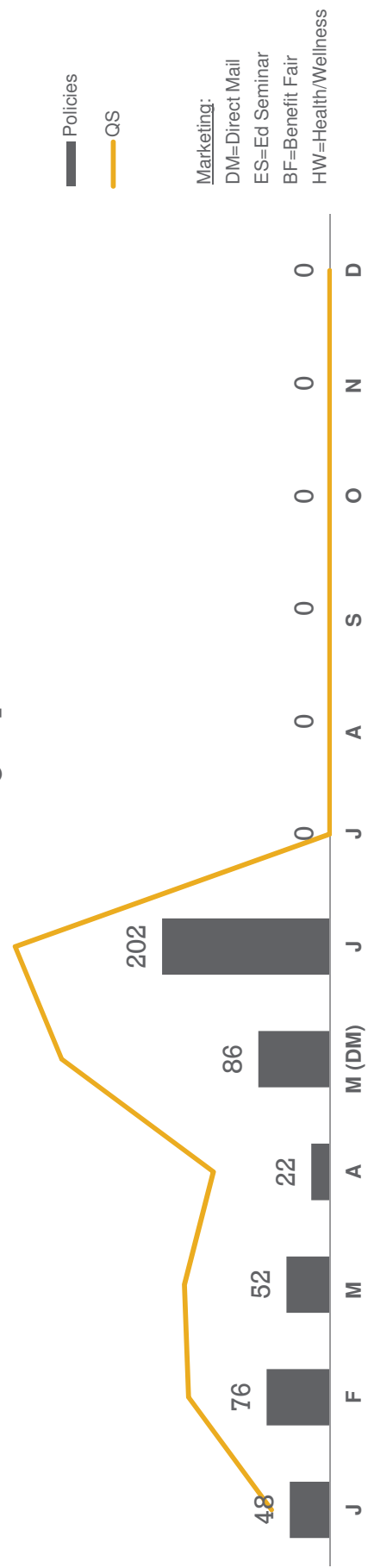
Preferred Purchase Channel



Protected Asset



Marketing Impact



Program Growth Plan of Action

Participation Levers

- **Electronic**
 - Email
 - Ads
 - E-News Placement
 - Benefits Intranet
- **On-Site Enrollment & Education**
 - Quote Days
 - Health / Wellness Fair
 - Benefits Fair/Open Enrollment
 - Educational Seminars
 - Appreciation Days
- **Print**
 - Direct Mail
 - Posters
- **Value Programs & Partnerships**

Communication Plan

	January	February	March
Q1			
	April	May	June
Q2		Direct Mail	
	July	August	Sept
Q3			
	October	November	December
Q4		Direct Mail	



BOARD AGENDA ITEM: BEN 5/17/2 (Arlene Espinoza)

ACTION ITEM: Date: 10/7/17

SUBJECT: Group Term Life Insurance Plan
Anthem Life Insurance Company
Annual Review

SOURCE AND/OR PROPONENT: Member Benefits Committee

PRESENTATION BY: Arlene Espinoza, Chair of the Board

ASSIGNED TO: Lisa Fong

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Earned Premium has not exceeded Plan Benefits and Expenses for 2015 and 2016 causing a Plan Loss and reduction in the Claim Reserve.
2. The Claim Reserve is fully funded.
3. Continue to market/promote the Group Term LifePLUS and 10 Year Level Term Life Insurance Plans to bring in new Plan participants and premium.
4. Continue Plans with Anthem Life Insurance Company during the transition to New York Life Insurance Company.

BACKGROUND:

The original Group Term Life plan, which became effective more than seventy years ago, offers coverage under a schedule which increases with salary and decreases at age 65 thru 70. Monthly premium rates per \$1,000 coverage vary from .05¢ under age 25 to \$1.90 at age 70 and older. The plan provides maximum basic coverage of \$100,000 for those under age 65 whose salary is at least \$2,500 per month. Supplemental coverage was offered to increase coverage. Accidental death coverage, premium waiver benefits and spouse coverage are available under the plan. In July, 2002 a temporary premium rate discount of 20 percent was implemented to release excess margin in the contingency reserve. In December, 2005 this goal was met and premium rates were restored to the contractual levels.

In 2011, the premium rates were reduced an average of 30%+ with the goal of bringing in more new plan participants and premium to the Plans. A new 10-year level term life plan was introduced, and the term life program was extended to include associate members of CSEA.

Attached is the 2016 Annual Report.

ESTIMATED COST/SAVINGS:

FUNDING SOURCE:

BOARD ACTION:

Group Term and TermPLUS Life Insurance Plans

Plan Design:

The Group TermPLUS Life Insurance Plan provides up to \$300,000 of coverage (up to \$600,000 for accidents). Coverage is Guarantee Issue (for minimum benefit amount based upon salary) if Members apply within the first 7 months of employment. If enrolling after 7 months of employment or enrolling for coverage in excess of pre-approved amounts evidence of insurability is required.

Retired CSEA Members are eligible for coverage provided they are under age 65, working at least 20 hours per week and remain a Retired CSEA Member (evidence of insurability is required).

Protection is also available for Spouse and Children. Spouse may enroll for up to 50% of the Member Benefit and children up to age 26 can be covered for \$10,000.

The TermPLUS Life Plan features an Accelerated Death Benefit which allows for the collection of 50% of the Plan benefit or up to \$75,000, if diagnosed with a terminal illness and given a life expectancy of 12 months or less.

Premiums for the TermPLUS Plan are waived if an insured becomes totally disabled prior to age 60 and remain disabled for four consecutive months.

At age 65, the benefit amount reduces by 50%. At age 70, the benefit amount reduces to \$15,000. Spouse and Children coverage reduces to \$5,000 at age 65.

When the Member retires they may continue the TermPLUS coverage provided they have been insured for two years, receive CalPERS benefits, continue CSEA membership and send in an application requesting continued benefits into retirement.

The Term LifePLUS Plan is underwritten by Anthem Life Insurance Company and is on retention.

Participation and Premium:

Participation and Premium in the Term LifePLUS Plan as of 12/31/15 and 12/31/16 are as follows:

Term and Term LifePlus	Insureds	Total Annual Premium
12/31/2015	8,421	\$3,124,001
12/31/2016	8,179	\$3,101,375

Participation has declined by 242 participants or 2.9% for the Term Life Plans while the average premium per policy increased slightly from \$370 to \$379 due to age increases.

Financial Experience:

Earned Premium decreased slightly by \$22,626 for 2016 versus 2015 while expenses decreased by \$16,046. Incurred claims decreased significantly by \$2,547,469. While claim experience is very cyclical, the plan suffered significant losses due to a claims scrub that was conducted in 2015 that increased incurred claims significantly. 2016 was a more normal year. Contingency Reserves while still well-funded (approximately 1 times the Earned Premium) decreased by \$536,001.

	Earned Premium	Incurred Claims	Expenses	Profit/Loss for the Policy Year	Cont. Reserve
2015	\$3,124,001	\$5,643,462	\$1,128,877	(\$3,648,338)	\$3,548,372
2016	\$3,101,375	\$3,088,688	\$1,112,831	(\$1,100,869)	\$3,012,317

Findings:

- The Earned Premium for the past two years has been below Plan Benefits plus Expenses (Claims, Taxes, Royalty, etc.) causing a Plan Loss and a reduction in the Claim Reserve. This was compounded by the claims scrub conducted in 2015 which added \$2,000,000 to the plan losses. In 2018 or 2019 consideration for a rate increase should be considered.
- Marketing efforts each year are undertaken to offset aging members leaving the program with the goal to attract younger participants. Marketing will increase with the move to NY Life.
- Incurred Claims have decreased by approximately \$2,600,000 from 2015 to 2016. We will continue to monitor the Claim activity closely in 2017 but we expect claims to remain at 2016 levels since the claim scrub skewed 2015 results.
- Expenses for the Plans are in large part determined by contract and remained level from 2015 to 2016.
- We continue to review underwriting guidelines with the goal of accepting as many applications as possible within the appropriate risk guidelines.
- We always need to add more insureds (preferably younger) and premium (upgrades, cross-sells, no-cost coverage) to this Plan to increase participation and premium in the Plans. This will be a focus in 2018 when the plan moves to NY Life. Transfer date is scheduled for 11/1/17.

BOARD AGENDA ITEM: BEN 6/17/2 (Arlene Espinoza)

ACTION ITEM: Date: 10/7/17

SUBJECT: Group Ordinary Life Insurance Plan
Anthem Life Insurance Company
Annual Review

SOURCE AND/OR PROPONENT: Member Benefits Committee

PRESENTATION BY: Arlene Espinoza, Chair of the Board

ASSIGNED TO: Lisa Fong

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Earned Premium has not exceeded Plan Benefits and Expenses for 2015 and 2016 causing a Plan Loss and reduction in the Claim Reserve.
2. Claim Reserve is fully funded.
3. Continue to market Group Ordinary Life Plan to increase participants and premium.
4. Continue Plans with Anthem Life Insurance Company during the transition to New York Life Insurance Company.

BACKGROUND:

This plan, which became effective in 1960, provides whole life insurance with increasing cash values. Coverage varies with salary from a low of \$12,000 to a maximum of \$30,000 basic coverage, but up to an additional \$50,000 of supplemental group ordinary life insurance may be purchased. Accidental death and premium waiver benefits are included under the plan, and dependent life coverage is also available. Separate sub-plans are maintained for policies issued prior to November of 1971 (old policies) and those issued subsequently (new policies). From 1984 to 2002, mortality dividends (varying from 25 percent to 75 percent on old policies) were utilized to help reduce excess margin in the plan's contingency reserve. In addition, premium rates have been discounted 50 percent for supplemental coverage.

Attached is the 2016 Annual Report.

ESTIMATED COST/SAVINGS:

FUNDING SOURCE:

BOARD ACTION:

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Group Ordinary Life Insurance Plan

Plan Design:

CSEA members are eligible for coverage in the Group Ordinary Life Insurance Plan if they are actively employed and working at least 20 hours per week. If they apply for coverage during the first seven months of employment coverage is guaranteed. After 7 months, an application and statement of health is required. Benefits up to \$100,000 are available.

Retired CSEA members are eligible for coverage provided they are under age 65, working at least 20 hours or more per week and maintain their Retired CSEA membership. Evidence of insurability is required. Members age 66 and over may apply for \$2,500 of insurance

\$5,000 of coverage is available for Spouse and Children.

The Group Ordinary Life Insurance Plan provides a cash value component as well as the Life Insurance benefit. Cash value grows with each year of coverage, starting in year 4.

If coverage is terminated before filing a claim, a cash value benefit may be earned.

Premiums for the group Ordinary Life Plan are waived if an insured becomes totally disabled prior to age 60 and remain disabled for four consecutive months.

Coverage may be converted, without evidence of insurability, to an individual policy if the insured terminates employment, CSEA membership, or is no longer eligible for retirement benefits.

The Group Ordinary life Insurance Plan is underwritten by Anthem Life Insurance Company and is on retention.

Participation and Premium:

Participation and Premium in the Group Ordinary Life Insurance Plan as of 12/31/15 and 12/31/16 are as follows:

Group Ordinary	Insureds	Total Annual Premium
12/31/2015	1,117	\$311,058
12/31/2016	1,091	\$299,782

Participation and Total Annual Premium in the Group Ordinary Life Insurance Plan has declined slightly over the past few years.

Financial Experience:

Earned Premium declined by \$11,276 and expenses also decreased by \$3,757. Incurred Claims increased by \$562,171. The Plan suffered losses (Claims and Expenses exceeded Premium) in both 2015 and 2016. The Stabilization Reserve increased by \$80,488 due interest earned in the program.

	Earned Premium	Incurred Claims	Expenses	Profit/Loss for the Policy Year	Stabilization Reserve
2015	\$311,058	\$709,044	\$175,741	(\$573,727)	\$203,404
2016	\$299,782	\$1,271,215	\$171,984	(\$971,433)	\$283,892

Findings:

- The Earned Premium for the past two years has not exceeded Plan Benefits plus Expenses (Claims, Taxes, Royalty, etc.) causing a Plan Loss.
- The Plan participants are aging and while life insurance claims are cyclical with age comes increased propensity for higher claims
- Expenses for the Plans are determined by contract and they decreased a small amount in 2015 due to lower commissions as a result of less premium.
- Reserves which approximate 1 times annual premium are adequate at this time.
 - Additional participants are needed in this Plan to increase participation and premium in the ordinary life program. Marketing and promoting the Group Ordinary Life Plan is a goal in 2017 with the move to NY Life.

BOARD AGENDA ITEM: BEN 7/17/2 (Arlene Espinoza)

ACTION ITEM: Date: 10/7/17

SUBJECT: Group Final Expense Insurance Plan
Anthem Life Insurance Company
Annual Review

SOURCE AND/OR PROPONENT: Member Benefits Committee

PRESENTATION BY: Arlene Espinoza, Chair of the Board

ASSIGNED TO: Lisa Fong

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. There has been minimal demand for this type of insurance plan from the CSEA membership to date.
2. The Plan may continue to have a presence on the CSEA Group Insurance Plan web site but there should be no direct mail marketing campaigns planned for this line of insurance.
3. Continue Plans with Anthem Life Insurance Company during the transition to New York Life Insurance Company.

BACKGROUND:

The Final Expense Life Insurance Plan is designed to provide piece of mind with a low Life Insurance benefit of \$10,000 or \$20,000. CSEA members age 80 and under, employed less than 7 months and continuously working 20 hours per week (excluding retired employees) qualify for a guaranteed minimum benefit amount of \$10,000. A Statement of Health is required if enrolling after 7 months of employment, increasing coverage after initial enrollment or retired. CSEA membership is required to maintain coverage.

The Final Expense Insurance Plan was launched in January 2014. The Plan is combined with the Group Ordinary Life Insurance Plan for financial experience. Separate Premium, Claim and Expense line items will not be available.

Attached is the 2016 Annual Report.

ESTIMATED COST/SAVINGS:

FUNDING SOURCE:

BOARD ACTION:

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Group Final Expense Life Insurance Plan

Plan Design:

The Final Expense Life Insurance Plan is designed to provide piece of mind with a low Life Insurance benefit of \$10,000 or \$20,000. CSEA members age 80 and under, employed less that 7 months and continuously working 20 hours per week (excluding retired employees) qualify for a guaranteed minimum benefit amount of \$20,000. A Statement of Health is required if enrolling after 7 months of employment, increasing coverage after initial enrollment or retired. CSEA membership is required to maintain coverage.

Coverage is available to Active and Retired CSEA Members. The benefit amount will not reduce due to age.

The Plan is underwritten by Anthem Life Insurance Company and is combined with the Group Ordinary Life Insurance Plan financial and retention purposes.

Participation and Premium:

This is a fairly new CSEA Life Insurance Plan (implemented in 2013) and one that is not marketed via direct mail. The Plan has a presence on the CSEA Group Insurance web site and a dynamic PDF application is available for submission.

Financial Experience:

The Final Expense Plan is combined with the Group Ordinary Life Insurance Plan for financial experience. Therefore, separate premium, claim and expense line items are not available.

Findings:

- We have seen minimal demand for this product since introduction. We have sold fifteen policies since inception with an associated premium of \$6,857.
- There should be no direct mail marketing campaigns for this Plan.
- Continue to have the Plan available to CSEA members with NY Life which is planned.

BOARD AGENDA ITEM: BEN 8/17/2 (Arlene Espinoza)

ACTION ITEM: Date: 10/7/17

SUBJECT: Accidental Death and Dismemberment
Insurance Plan
New York Life Insurance Company
Annual Review

SOURCE AND/OR PROPONENT: Member Benefits Committee

PRESENTATION BY: Arlene Espinoza, Chair of the Board

ASSIGNED TO: Lisa Fong

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Premium rates are adequate to support current Plan expenses as long as the Premium Surplus Reserve maintains its current level.
2. The Premium Surplus Reserve is fully funded.
3. Continue plan upgrade and cross-sell strategies to generate new insureds and premium.
4. Continue the Plan with New York Life Insurance Company at current premium rates and benefits.

BACKGROUND:

This New York Life plan, which replaced the Mutual of Omaha plan in 2003, provides accidental and dismemberment benefits for employed members and their dependents, with continuing coverage for retired members and their families. Coverage is in units of \$50,000, with a maximum of \$500,000 for active participants and \$200,000 for retirees. Coverage terminates at age 80. Several supplementary benefits are provided, such as an inflation hedge and a 12-month waiver of dependent coverage premiums following the death of the insured. Dependent coverage is directly related to member coverage, being 40 percent for spouses (50 percent without children) and 10 percent for each child. The monthly premium is \$2.50 per unit plus \$1.00 per unit for dependents.

Attached is the 2016 Annual Report.

ESTIMATED COST/SAVINGS:

FUNDING SOURCE:

BOARD ACTION:

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Group Accidental Death and Dismemberment Plan

Plan Design:

The ADD Plan is Guarantee Issue for both Actively Working and Retired CSEA members.

Actively Working - Benefit up to \$500,000.

Retired - Benefit up to \$200,000.

Life or Dismemberment benefits are paid in addition to any other insurance. Coverage is provided 24/7 anywhere, anytime for covered accidents.

Additional Plan benefits include; \$10,000.00 if member or covered family member dies in fatal auto accident while wearing a seat belt; up to \$3,000.00 education benefits for covered spouse to advance his/her education if member dies; up to \$2,500.00 each year for members eligible children to attend college if member dies.

The Plan pays benefits for covered accidents such as car accidents, work and home accidents, drowning, falls, electrical accidents, boating mishaps as well as a passenger on a commercial airplane, train or bus.

The ADD Plan is underwritten by New York Life Insurance Company and is on retention.

Participation and Premium:

Participation and Premium in the ADD Plan as of 12/31/15 and 12/31/16 are as follows:

ADD	Insureds	Total Annual Premium
12/31/2015	11,679	\$2,063,783
12/31/2016	12,458	\$2,045,960

Participation in the ADD Plan increased during the past year. We marketed a 6 month no cost offer (\$40,000 of coverage to active members and \$5,000 to retiree members excluding those age 79 and older) for this product in 2015 with a follow up to purchase the coverage in the spring of 2016. The offer went out to 76,859 association members. A total of 2,575 members converted after the free offer representing \$162,871 of premium.

Financial Experience:

Earned Premium had a very large decrease (\$513,025) due to premium related to the no cost offer being in the prior year while expenses decreased (\$114,744) due to the reduced expenses related to the no cost offer being in the prior year. The amount of Incurred Claims increased significantly (\$519,520) due to timing and Marketing costs increased (\$53,658) as some of the expenses of the no cost offer fell into 2016. 2016 had a number of large claims which contributed to the negative results this past year. AD&D is very volatile and 2015 did not have significant claims therefore better results were achieved as compared to 2016. The Premium Surplus Reserve is fully funded.

	Earned Premium	Incurred Claims	Expenses	Mktg	Profit/Loss for the Policy Year	Premium Surplus and Dividend on Deposit
2015	\$2,506,368	\$149,033	\$1,054,333	\$112,567	\$1,303,022	\$3,374,689
2016	\$1,993,343	\$668,553	\$939,589	\$166,225	\$391,201	\$3,515,663

Findings:

- ADD coverage is very volatile from year to year. Several large claims can have a large impact on the profitability of the Plan in a given Policy Year. We saw this in the past Policy Year while we had very positive years in 2014 and 2015 with fewer claims.
- Premium rates are adequate to support the current Plans' Expenses (Claims, Taxes, Royalty, etc.) as long as the Premium Surplus Reserve maintains its current level.
- Expenses of 7.1% for the Insurance Carrier are in line with similar accounts.
- The 1.5% premium taxes are regulated and determined by the Department of Insurance.
- Expenses for the Plans are determined by contract and they increased in 2015 due expenses related to the no cost offer.
- Premium Surplus Reserve funding requirement of 25% is on par with what we typically would see for an AD&D Plan.
- Premium Surplus Reserve is fully funded.
- The no cost AD&D offer undertaken in 2015 and 2016 can be considered a success and we will work to do a similar offer for the cancer product after it moves to Securian in 2018.

BOARD AGENDA ITEM: BEN 9/17/2 (Arlene Espinoza)

ACTION ITEM: Date: 10/7/17

SUBJECT: Disability Income Insurance Plans
(Short Term and Long Term)
New York Life Insurance Company
Annual Review

SOURCE AND/OR PROPONENT: Member Benefits Committee

PRESENTATION BY: Arlene Espinoza, Chair of the Board

ASSIGNED TO: Lisa Fong

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Premium rates are more than adequate to support Plan Expenses and fund the Premium Surplus Reserve.
2. The Premium Surplus Reserve is fully funded.
3. Consider improving Plan (additional benefits) for current and new participants. A reduction in premium rates, a premium credit or a benefit bonus program can now be considered.
4. Continue the Plan with New York Life insurance Company as the underwriter.

BACKGROUND:

This plan has been underwritten by New York Life Insurance Company since May 1, 2002, and is the continuation of a plan first implemented in 1977. Coverage varies with salary, being designed to replace most of net after-tax earned income lost due to disability. The long-term version of the plan provides up to two years or five years of monthly income (based on plan selection) after a six-month elimination period (i.e., non-retroactive waiting period). The short-term version of the plan provides benefits up to six months after a one-month elimination period for sickness only (there is no elimination period for injury). Monthly premiums vary with salary and age. When New York Life Insurance Company took over the Plan, existing rates were continued, benefit maximums were increased, and a five-year plan was added. The plan developed nearly a million-dollar deficit during the first three years of operation. After negotiations with AGIA on CSEA's behalf, New York Life agreed

to continue the plan unchanged, but with a 38 percent rate increase effective December 1, 2005. In 2006, plan enrollment began to drop as a consequence of SEIU Local 1000 members becoming eligible for the state-sponsored SDI program. In response, New York Life developed an alternative plan for these members, which is offered at an average rate deduction of over 30% and is designed to augment SDI coverage. This plan was added in 2007.

Attached is the 2016 Annual Report.

ESTIMATED COST/SAVINGS:

FUNDING SOURCE:

BOARD ACTION:

Group Disability Income Insurance Plans

Long Term and Short Term

Plan Design:

There are two Disability Income Plans available to CSEA members -- Long Term and Short Term.

- **Long Term Disability Income Plan**

The Long Term Disability Income Plan provides for disabilities including injury, illness and pregnancy while at work, home or travelling. Two year and five year benefit periods are available and benefits, payable directly to the insured, begin after six months or when the insureds' sick leave ends, whichever is later.

Members are eligible if they are under age 70 and work at least 20 hours per week. The Plan pays benefits equal to 66% of the basic monthly earnings and coordinates with the California State Disability Insurance (501) Plan. If the SDI benefit is cancelled for whatever reason the CSEA coverage will continue.

Additionally the Plan will waive all premiums while the insured is disabled and collecting benefits. The Plan will also pay up to \$5,000 in addition to other disability benefits for certain physical injuries caused by a covered accident and 2 extra monthly payments will be paid to the insureds family if the insured dies while receiving benefits for a covered disability that lasted 30 days or longer.

- **Short Term Disability Income Plan**

The Short Term Disability Income Plan pays benefits directly to the insured for up to 6 months as a result of a covered accidental injury, sickness or pregnancy. The Plan covers up to 75% of the basic monthly pay.

Benefits are payable on the 1st day for a covered accident, 31st day for a covered sickness or pregnancy or at the end of their sick leave, whichever is later.

Both Plans are underwritten by New York Life Insurance and are combined for financial experience.

Participation and Premium:

Participation and Premium in the Long Term and Short Term Disability Income Plans as of 12/31/15 and 12/31/16 are as follows:

Long Term	Insureds	Total Annual Premium
12/31/2015	1,000	\$743,278
12/31/2016	831	\$630,741

Short Term	Insureds	Total Annual Premium
12/31/2015	256	\$217,917
12/31/2016	211	\$196,072

Participation in the Long Term Disability Income Plan declined with the Premium also decreasing.

Both Participation and Premium also declined in the Short Term Disability Income Plan over the past Policy Year.

Financial Experience:

Earned Premium declined (\$66,207) and Expenses also decreased (\$20,628) from 2015 to 2016. The amount of Incurred Claims decreased significantly (\$317,560) as there was much less claim activity in 2016. Marketing costs increased by (\$3,700). When combining the results for 2015 and 2016, the results show a healthy profit for the two years. The Premium Surplus Reserve is fully funded.

	Earned Premium	Incurred Claims	Expense s	Marketin g	Profit/Loss for the Policy Year	DOD & CSR
2015	\$907,815	\$384,158	\$418,169	\$3,061	\$105,489	\$2,519,229
2016	\$841,608	\$66,598	\$397,541	\$6,761	\$377,541	\$2,957,106

Findings:

- Plan participation generally follows the economic cycle of the State of California.
- Premium rates are more than adequate to support the current Plan Expenses (Claims, Taxes, Royalty, etc.) and fund the Premium Surplus Reserve.
- Expenses of 9.2% for the Insurance Carrier are in line with similar accounts.

- The 2.7% premium taxes are regulated and determined by the Department of Insurance.
- Expenses for the Plans are determined by contract.
- Premium Surplus Reserve funding requirement of 25% is normal for these types of Plans and the Premium Surplus Reserve is fully funded.
- The Plans are in a position to be improved (additional benefits) for current and new participants. A reduction in premium rates, a premium credit or a benefit bonus program can now be considered. This will be discussed with NY Life for the next plan year as the concern is that participation will continue to decrease.

BOARD AGENDA ITEM: BEN 10/17/2 (Arlene Espinoza)

ACTION ITEM: Date: 10/7/17

SUBJECT: Cancer Insurance Plans
Monumental Life Insurance Company
Annual Review

SOURCE AND/OR PROPONENT: Member Benefits Committee

PRESENTATION BY: Arlene Espinoza, Chair of the Board

ASSIGNED TO: Lisa Fong

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Premium rates are more than adequate to support Plan expenses and fund the Premium Surplus Reserve.
2. The Premium Surplus Reserve is fully funded and a Surplus is available.
3. If 2016 Policy Year ends with positive Premium Surplus Reserve, consider higher lump sum benefit or a low percentage premium credit.
4. Continue the Plans with Monumental Life Insurance Company during the transition to Securian Insurance as the new carrier.

BACKGROUND:

The original Plan became effective in 1996, replacing the Cancer and Other Specified Disease program which had previously been underwritten by National Foundation Life. The Plan provides lump sum benefits payable directly to the insured member, as well as specified medical care coverage. It offers heart attack and stroke coverage as an optional benefit, in addition to the basic cancer coverage. The maximum lifetime amount for all benefits is \$250,000. Dependent coverage is also available under this plan. The plan was put out to bid in 2001, with Monumental Life retained as the carrier. During 2006 a second plan was put out to bid, and the Cancer CarePlus Plan was added. Beginning in 2006 a retention agreement was implemented for both plans, which provides for a 50 percent share of Premium Surplus to be disbursed. Financial experience for the two Plans is combined in this report.

The current carrier, Monumental Life Insurance Company is exiting the affinity insurance market in calendar year 2018. AGIA conducted the RFP process and Securian Insurance was identified as the new carrier. The Plan will transition to Securian Insurance of St. Paul, MN in 2018.

Attached is the 2016 Annual Report.

ESTIMATED COST/SAVINGS:

FUNDING SOURCE:

BOARD ACTION:

Group Cancer Care and Cancer CarePLUS Insurance Plans

Plan Design:

There are two Group Cancer Expense plans available to CSEA members – Cancer Care and Cancer CarePLUS.

Both Plans provide a lump sum benefit as well as specified medical *coverages* (Hospital Confinement, Private Duty Nurse, Surgery, etc.) that are payable directly to the insured. The Cancer Care First Occurrence Plan provides higher benefit amounts. Dependent *coverage* is available. Each Plan has a \$250,000 maximum lifetime benefit.

Both Plans are underwritten by Monumental Life Insurance Company and are combined on a retention basis. 75% of the Premium Surplus *Reserve*, if any, is retained by CSEA and 25% is retained by Monumental Life Insurance Company.

Participation and Premium:

Participation and Premium in the Cancer Care and Cancer CarePLUS Plans as of 12/31/15 and 12/31/16 are as follows:

Cancer Care First Occ.	Insureds	Total Annual Premium
12/31/2015	3,309	\$1,535,582
12/31/2016	3,232	\$1,504,872

Cancer Care Plus	Insureds	Total Annual Premium
12/31/2015	2,407	\$368,125
12/31/2016	2,553	\$385,667

Participation and Total Annual Premium in the Cancer Care Plan remained stable over the past year when looking at the two plans in total.

In 2016, participation and total annual premium in the Cancer Care PLUS Plan grew by about 6%, predominantly due to cross-sell and upgrade activities.

Monumental Life Insurance Co. (Transamerica) is leaving the affinity insurance market in 2018. This cancer business will be moving to Securian Insurance of St. Paul, MN in 2018. AGIA had a detailed RFP process and Securian was identified as the superior market for the future. We have kept CSEA association management informed of our process every step of the way during this process.

Financial Experience:

Earned Premium and Expenses marginally increased from 2015 to 2016 slightly (\$6,902) while the amount of Incurred Claims also decreased (\$50,520) and marketing costs increased (\$15,022). Both 2015 and 2016 were profitable (Premium collected exceeded Claims and Expenses paid) for the Cancer Care Plans resulting in premium surplus for both Policy Years. The Premium Surplus Reserve is fully funded at 15% of Earned Premium and Surplus *above* that may be disbursed. A contractual amendment effective 1/1/15 increased CSEA's share of the premium surplus from 50% to 75%.

	Earned Premium	Incurred Claims	Expenses	Mkgt	Profit/Loss for the Policy Year	Premium Surplus
2015	\$1,884,374	\$421,569	\$989,296	\$111,053	\$318,250	\$236,131
2016	\$1,891,276	\$371,049	\$1,040,203	\$126,075	\$357,230	\$267,146

Findings:

- Premium rates are more than adequate to support the current Plans' Expenses (Claims, Taxes, etc.) and the Premium Surplus Reserve.
- Expenses of 12.5% for the Insurance Carrier are in line with similar accounts.
- The 2.5% premium taxes are regulated and determined by the Department of Insurance.
- Expenses for the Plans are determined by contract and they remained constant in 2016
- Premium Surplus Reserve funding requirement of 15% is a bit lower than we usually see (20% more typical) and this results in more Premium Surplus being generated.
- Disbursement of Premium Surplus still allows for a fully funded Premium Surplus Reserve going forward.
- If 2017 Policy Year ends with positive Premium Surplus Reserve, consider higher lump sum benefit or a low percentage premium credit after the transfer to the new carrier Securian

BOARD AGENDA ITEM: BEN 11/17/2 (Arlene Espinoza)

ACTION ITEM: Date: 10/7/17

SUBJECT: Comprehensive Accident Plan (CAP)
Hartford Life and Accident Insurance Company
Annual Review

SOURCE AND/OR PROPONENT: Member Benefits Committee

PRESENTATION BY: Arlene Espinoza, Chair of the Board

ASSIGNED TO: Lisa Fong

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Premium rates are adequate to support the current Plan benefits and expenses.
2. No benefit or premium changes recommended at this time.
3. Continue the Plans with Hartford Life and Accident Insurance Company as the underwriter.

BACKGROUND:

This plan was implemented in 2007 to provide additional coverage for accident-related loss not included in the AD&D plan underwritten by New York Life Insurance Company. Two levels of coverage (Base and High Option) are offered, providing benefits for death, disability and hospitalization.

Attached is the 2016 Annual Report.

ESTIMATED COST/SAVINGS:

FUNDING SOURCE:

BOARD ACTION:

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Group Comprehensive Accident Insurance Plan

Plan Design:

The Comprehensive Accident Insurance Plan offers a Base and a High Option Plan for Accidental Death, Accident Disability and Hospital Accident coverage. The Base Plan provides \$50,000 ADD, \$500/mos. Disability and \$50/day Hospital Income. The High Option Plan doubles these benefits.

Coverage is Guarantee Issue for CSEA members under age 60, actively at work (at least 20 hours per week) and living in the United States.

The Accident Disability Plan has a 60 Day Waiting Period before benefits begin and a 12 month maximum payment period. The Hospital Accident Plan has a 500 Day maximum benefit period.

The Plan is underwritten by Hartford Life and Accident Insurance Company and is not on retention.

Participation and Premium:

Participation and Premium in the Comprehensive Accident Insurance Plan as of 12/31/15 and 12/31/16 are as follows:

Comprehensive Accident Plan	Insureds	Total Annual Premium
12/31/2015	433	\$133,525
12/31/2016	430	\$131,032

Participation and Total Annual Premium in the Comprehensive Accident Plan have remained constant over the past two years.

These plans are now highly regulated due to Department of Insurance and insurance carrier concerns and the introduction of the Affordable Care Act.

Financial Experience:

Earned Premium increased slightly (\$1,073) from 2015 to 2016 while the amount of Expenses increased slightly (\$697) and the Expense Ratio remained at the permissible level of 65%.

	Earned Premium	Incurred Claims	Expenses	Expense Ratio
2015	\$124,726	\$18,133	\$81,072	65%
2016	\$125,799	\$28,498	\$81,769	65%

Findings:

- Permissible Plan Expense Ratio is 65% so premium rates are adequate to support the current Plan Expenses (Claims, Taxes, Royalty, etc.).
- Plan is not eligible to be placed on retention as Premium is below \$1,000,000 level.
- No changes recommended to the Plan at this time.
- A marketing campaign will be considered in 2017.

BOARD AGENDA ITEM: BEN 12/17/2 (Arlene Espinoza)

ACTION ITEM: Date: 10/7/17

SUBJECT: Travel Accident Insurance Plan
New York Life Insurance Company
Annual Review

SOURCE AND/OR PROPONENT: Member Benefits Committee

PRESENTATION BY: Arlene Espinoza, Chair of the Board

ASSIGNED TO: Lisa Fong

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Premium rates are adequate to support current Plan Expenses and the combined Premium Surplus Reserve.
2. Continue to combine the Travel Accident Plan with the ADD Plan for retention purposes.
3. Continue the Plan with New York Life Insurance Company at the current premium rates and benefit levels.

BACKGROUND:

This plan was implemented in 2010 to provide specified benefits for travel-related loss. Benefits are paid in addition to all other insurance, and include life insurance up to \$200,000 and cash benefits up to \$200/day (\$146,000 maximum) during hospitalization.

This plan is combined with the Accidental Death and Dismemberment Plan for financial and retention purposes.

Attached is the 2016 Annual Report.

ESTIMATED COST/SAVINGS:

FUNDING SOURCE:

BOARD ACTION:

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Group Travel Accident Plan

Plan Design:

The Group Travel Accident Plan is Guarantee Issue (no matter health, occupation, past driving record or number of miles travelled annually) for both Active and Retired CSEA members and provides coverage almost everywhere in the world and as soon as they leave their home. Benefits are paid in addition to any other insurance in place.

Plan benefits include:

- \$200,000 if insured dies while a fare paying passenger on public transportation (common carrier including airplane, taxi, subway, bus or cruise ship).
- Up to \$100,000 if insured dies in a private automobile accident as either the driver or passenger. Includes cars, RV's, pick-ups and trucks.
- Up to \$200 per day for every day the insured is treated as an inpatient in a hospital due to a covered common carrier accident or \$100 per day for private automobile accident. Benefits are payable for a maximum of two years.

The Group Travel Accident Plan is underwritten by New York Life Insurance Company and is combined with the Accidental Death and Dismemberment Plan (ADD) for financial/retention purposes.

Participation and Premium:

Participation and Premium in the Group Travel Accident Plan as of 12/31/15 and 12/31/16 are as follows:

Group Travel Accident	Insureds	Total Annual Premium
12/31/2015	2,958	\$277,455
12/31/2016	3,276	\$307,148

Participation and Total Annual Premium in the Group Travel Accident Plan has increased over the past two years due to successful marketing efforts.

Financial Experience:

The Group Travel Accident Plan is combined with the Accidental Death and Dismemberment Plan for financial and retention purposes. The Group Travel Accident Plan is too small (less than \$1.0 million in premium) to be placed on retention as a stand-alone Plan.

Findings:

- We have not seen volatile Claim swings from year to year for the Plan and being combined with the larger ADD plan insulates the Plan from one or two large (shock) claims if they should occur. If not combined with the ADD Plan, a rise in premium rates or benefit reductions would be required if one or two \$200,000 claims occurred in a Policy Year.
- In conjunction with the ADD Plan, the premium rates are adequate to support the current Plan Expenses (Claims, Taxes, Royalty, etc.) and the combined Premium Surplus Reserve.
- Expenses for the Plans are determined by contract and they did not increase in 2016.
- ADD Premium Surplus Reserve is fully funded and adequate to pay anticipated claims.
- No changes recommended to the Plan at this time.

BOARD AGENDA ITEM: BEN 13/17/2 (Arlene Espinoza)

ACTION ITEM: Date: 10/7/17

SUBJECT: Emergency Assistance Plan (EA+)
Worldwide Rescue and Security
Annual Review

SOURCE AND/OR PROPONENT: Member Benefits Committee

PRESENTATION BY: Arlene Espinoza, Chair of the Board

ASSIGNED TO: Lisa Fong

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Continue testing marketing offers and billing notices to add new participants and increase retention of current program participants.
2. This is a Service Program, not an insurance plan, and is not available for retention/profit sharing.
3. Continue the program with Worldwide Rescue and Security at the current benefit and fee levels.

BACKGROUND:

This plan, which became effective in 2004, provides travel, medical and associated assistance in the event of sickness or injury when traveling 24 hours a day/7 days a week. Coverage is available on a family or member-only basis.

Attached is the 2016 Annual Report.

ESTIMATED COST/SAVINGS:

FUNDING SOURCE:

BOARD ACTION:

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Group Emergency Assistance Plus Plan (EA+)

Plan Design:

The Emergency Assistance Plus (EA+) Plan protects the CSEA Member and their family 24 hours a day 7 days a week with travel, medical and transportation emergency assistance services. 24-hour emergency assistance is available whether you are traveling across the state, country or the world. Participation is Guarantee Issue (no matter health, occupation, past driving record or number of miles travelled annually) for both Actively Working and Retired CSEA members and provides coverage almost everywhere in the world and as soon as you leave your home. Benefits are paid in addition to any insurance in place.

The CSEA endorsed EA+ Plan offers over 20 travel benefits including:

- Emergency medical transportation (air or ground) to get the Plan Participant(s) to a facility that will provide adequate care.
- Ongoing emergency medical assistance and medical monitoring.
- 24 hour emergency locator service (doctors, dentists and attorneys).
- Vehicle return if the Plan Participant is incapacitated and cannot drive after they have been medically evacuated.
- If travelling alone and hospitalized for more than 7 days, transportation for a loved one to come to the Plan Participant's hospital/bedside.
- Covers return home expenses for unattended dependent children or grandchildren.
- No-limit emergency cash transfers for unexpected medical bills, against a valid credit card.
- Telephone assistance for lost or stolen travel documents.
- Personal security services providing real time intelligence for weather, health, political or social unrest and environmental hazards.

The EA+ coverage is provided by Worldwide Rescue and Security and is not an insurance product.

Participation and Service Fees:

Participation and Service Fees in the Emergency Assistance Plus Plan as of 12/31/15 and 12/31/16 are as follows:

Emergency Assistance Plus (EA+)	Participants	Service Fees
12/31/2015	2,933	\$492,292
12/31/2016	2,845	\$472,476

Participation and Service Fees in the Emergency Assistance Plus Plan have slightly decreased over the past two years.

Financial Experience:

The Emergency Assistance Plus Plan is not an insurance plan but rather a service program and as such is not able to be placed on retention or profit sharing. All Service Fees and costs are pooled together at the provider level and not at the individual association level.

Findings:

- The Emergency Assistance Plus Plan is typically purchased before a major trip domestically or internationally. A better job of promoting the coverage as being useful for shorter trips should be made as the coverage is not trip specific..
- AGIA is constantly testing new product designs, benefits and marketing materials and the positive member experiences will be shared with CSEA to be considered for the EA+ Program going forward.
- The EA+ Program is billed annually and AGIA is looking at ways to keep the plan more "front of mind" to participants with e-mail newsletters and other items than increase paid retention rates.
- A nurse assistance travel benefit has been added in 2016.
- No changes recommended to the Program at this time.

BOARD AGENDA ITEM: BEN 14/17/2 (Arlene Espinoza)

ACTION ITEM: Date: 10/7/17

SUBJECT: Long Term Care Program
Long Term Care Resources
Annual Review

SOURCE AND/OR PROPONENT: Member Benefits Committee

PRESENTATION BY: Arlene Espinoza, Chair of the Board

ASSIGNED TO: Lisa Fong

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Review marketing trends and Plan/Benefit designs to stay current and offer the most up to date Long Term Care coverages available.
2. Continue with one direct mail campaign per year.
3. Continue the Program with Long Term Care Resources.

BACKGROUND:

The Long Term Care Program was launched in 2011 and is made up of multiple Insurance Carriers (Genworth, John Hancock, Mutual of Omaha and Transamerica) to offer a national network of enrollment specialists who are dedicated to Long Term Care Insurance. The program provides enrollment specialists that can answer questions about long term care insurance, help design a plan that's right for the member, and assist with the enrollment process. Long Term Care Resources (LTCR) works with all four insurance carriers to customize Plans that meet the specific needs of CSEA's members and their families.

Attached is the 2016 Annual Report.

ESTIMATED COST/SAVINGS:

FUNDING SOURCE:

BOARD ACTION:

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Long Term Care Program

Plan Design:

The Long Term Care Program is made up of several highly rated Long Term Care Insurance Companies (Genworth, John Hancock, Mutual of Omaha and Transamerica) that offer individual Long Term Care Plan solutions for CSEA members and their spouses. Each Long Term Care Plan is an individual policy that the insured can continue whether working or not. Typical benefits included are Home Health Care, Adult Day Care and Care in a Facility (Assisted Living or Nursing Home).

Coverage is available for members and their dependents under the age of 80 and who are not currently in a care facility or receiving home health care.

Utilizing Long Term Care Resources as a Long Term Care aggregator provides several advantages for CSEA members including:

- Special Discounts not available to the general public (multiple insureds on one policy, nonsmoking, age, benefit amounts, premium amounts, etc.).
- Multiple Carrier Platform (more insurance carrier choice, not locked into one insurance carrier, benefit configuration or pricing model).
- Multiple Products (Plan variations, daily, monthly, maximum benefit amounts and additional Riders allow the design of plans to fit different needs and budgets.
- Service for Life. Insurance Agents come and go, having an organization that supports the CSEA Plan and its members for an extended period of time are key in maintaining the trust and security of Long Term Care Insurance.

Participation and Premium:

Participation and Premium in the Long Term Care Plan as of 12/31/15 and 12/31/16 are as follows:

Long Term Care	Insureds	Total Annual Premium
12/31/2015	125	\$261,307
12/31/2016	118	\$278,937

Participation decreased and Total Annual Premium increased in the Long Term Care Plan during 2016 with 8 fewer policies but \$17,630 of additional premium due to additional rate as member's age.

Financial Experience:

The Long Term Care Plan provides individual insurance contracts and as such is not able to be placed on retention or profit sharing.

Findings:

- The Long Term Care Plan provides meaningful benefits to the CSEA membership.
- AGIA is constantly in discussions with Long Term Care Resources to make sure the most recent and cutting edge product designs and marketing offers are being tested and offered to CSEA members
- The Long Term Care Program should continue on an "as is" basis and remain available to the aging CSEA membership.

BOARD AGENDA ITEM: BEN 15/17/2 (Arlene Espinoza)

ACTION ITEM: Date: 10/7/17

SUBJECT: Pet Insurance Program
United Fire Insurance Company
Annual Review

SOURCE AND/OR PROPONENT: Member Benefits Committee

PRESENTATION BY: Arlene Espinoza, Chair of the Board

ASSIGNED TO: Lisa Fong

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Review meaningful and cost efficient ways to promote the Plan. Use e-newsletters, e-blasts and word of mouth.
2. Continue the program with United Fire Insurance Company, administered by Petsmarketing Insurance.com Agency.

BACKGROUND:

This Program provides medical and wellness coverage for all types of pets, primarily cats and dogs. The Plan allows for visits to any licensed veterinarian in the United States or Canada. Incident levels range from \$2,500 to \$7,000, deductibles from \$100 to \$500 and injuries, accidents and chronic conditions are covered. 10% discounts for multiple pets are available.

Attached is the 2016 Annual Report.

ESTIMATED COST/SAVINGS:

FUNDING SOURCE:

BOARD ACTION:

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Pet Insurance

Plan Design:

The Pet Insurance Program provides an affordable way to protect your pet's health. Plans can start for as little as \$1 per day, you can visit any licensed vet (including emergency clinics and specialists) and reimbursement is up to 90% of covered costs.

The Plan allows you to visit any licensed veterinarian in the US or Canada. You pay for services as usual, and then submit a simple claim form with receipts. Claims are able to be tracked on line. There are no limits to the number of claims that may be filed.

The Pet Insurance Plan offers 4 levels of coverage:

- Incident Levels from \$2,500 to \$7,000.
- Deductibles from \$100 - \$500.
- Reimbursement from 70% - 90%.
- Injuries, Accidents and Chronic Conditions are covered.
- Routine and Advanced Wellness benefits are available.
- 10% multiple pet discounts is available.

The Pet Insurance Program is provided by the United Fire Insurance Company and administered by Petsmarketing Insurance.com Agency.

Coverage is available for all CSEA members (Active and Retired).

Participation and Premium:

Participation and Premium in the Pet Insurance Program as of 12/31/15 and 12/31/16 are as follows:

Pet Insurance	Insureds	Total Annual Premium
12/31/2015	44	\$22,164
12/31/2016	65	\$32,695

A new Pet Insurance provider was chosen in 2013. Initial marketing of the Plan has been through organic traffic to the CSEA Member Benefits web site and inclusion in e-newsletters. Initial growth in the Pet Insurance Program was lower than projected but we saw a significant increase in premium in 2015 and 2016.

Financial Experience:

The Pet Insurance Plan is not a Group Insurance Program, but rather individual policies, and as such is not eligible to be placed on retention or profit sharing.

Findings:

- As this plan has increased significantly in the past year growing by 50% although the numbers remain small.
- To increase awareness and Plan participation we need to look at non-traditional ways to promote the Plan (flyers, meetings, word of mouth, etc.) as direct mail would be too expensive.

BOARD AGENDA ITEM: BEN 16/17/2 (Arlene Espinoza)

ACTION ITEM: Date: 10/7/17

SUBJECT: Hearing Aid Benefit Program
EPIC Hearing Service Plan
Annual Review

SOURCE AND/OR PROPONENT: Member Benefits Committee

PRESENTATION BY: Arlene Espinoza, Chair of the Board

ASSIGNED TO: Lisa Fong

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Continue marketing to increase plan participation.
2. Continue the plan with the current vendor.

BACKGROUND:

EPIC Hearing Service Plan is the nation's first specialty care plan devoted to the vital sense of hearing. The program is dedicated to delivering the highest quality of care at the best value to its clients.

EPIC's network is comprised of Audiologists and ENT physicians and is the largest network of its kind with over 5,000 provider locations in all 50 states.

Members realize savings of between 30 – 60% off MSRP and have access to all name brand hearing aid technology by top tier hearing aid manufacturers. Hearing aids start as low as \$495 from an EPIC network provider.

Attached is the 2016 Annual Report.

ESTIMATED COST/SAVINGS:

FUNDING SOURCE:

BOARD ACTION:

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EPIC Hearing Discount Plan

Plan Design:

The EPIC Hearing Discount Plan allows CSEA members and families access to brand-name hearing aids and related technology at discounted rates with payment and financing available. Members will work with a local participating provider to discuss recommendations, insurance coverage and any applicable out of pocket expenses.

EPIC Hearing has the largest network of audiologists and ENT physicians in the country (5,000+ provider locations nationwide) and distribution relationships with all major manufacturers.

Once contacted by a CSEA member, EPIC Hearing issues a referral to a local participating provider. After the patient is seen, the provider sends a recommendation with the exam results to EPIC. EPIC then discusses recommendations, insurance options, out of pocket expenses and payment/finance options. The hearing aids are ordered by the provider, the patient is fit with the aids, and the 45 trial period begins. At the completion of the 45 day trial period, both patient and provider approve and the patient is mailed a complimentary one year supply of batteries and their repair warranty is extended for three (3) years.

The EPIC Hearing Plan features:

- **Network.** The largest national network of audiologists and ENT physicians in the country with over 5,000 participating providers.
- **Customer Service.** Toll-free Call Center with hearing counselors onsite for member support from 6:00 am to 6:00 pm PST (M-F).
- **Products and Pricing.** Members have access to brand-name hearing aids and related technology at published fixed fee pricing (savings of 30-60% of MSRP).
- **Payments and Financing.** Professional services and devices are billed through EPIC (no office co-pays, up selling). Financing options are available.
- **Warranty and Service.** Hearing aids carry an extended three year warranty.
- **Money Back Guarantee.**

Levels of Coverage:

HSP TECHNOLOGY LEVELS	DEGREE OF HEARING LOSS	MSRP Per Ear (Typical)	EPIC Pricing Per Ear
BASIC	Mild to Moderate	\$1,400 - \$1,600	\$495
STANDARD	Moderate:	\$1,601 - \$2,300	\$849 - \$1,499
ADVANCED	Moderate to Severe:	\$2,301 - \$3,000	\$1,500 - \$2,099
PREMIUM	Moderate to Severe:	\$3,001 - \$4,000	\$2,100 - \$2,599

Participation and Premium:

We have received information on member encounters from inception in 2015. A total of 53 members have registered for this program and 23 have used the services of EPIC. According to statistics received from EPIC, the retail value of the services and equipment utilized by CSEA members was \$76,650 but the member paid \$32,959 resulting in a savings of \$43,691.

Financial Experience:

The EPIC Hearing Discount Plan provides individual discounts and is not an insurance plan. As such, there is no financial experience information to report nor ability for profit sharing.

Findings:

- Initially launched on CSEA Member Benefit web site and product flyer created for Retiree and other meetings.
- Separate CSEA code created for tracking and discounts.
- Look for additional ways to promote this member benefit.
- No changes recommended to the Program at this time.

BOARD AGENDA ITEM: BEN 17/17/2 (Arlene Espinoza)

ACTION ITEM: Date: 10/7/17

SUBJECT: Discount Drug Prescription Program
Paramount Rx
Annual Review

SOURCE AND/OR PROPONENT: Member Benefits Committee

PRESENTATION BY: Arlene Espinoza, Chair of the Board

ASSIGNED TO: Lisa Fong

RECOMMENDED ACTION:

That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations:

1. Review meaningful ways to for members to obtain discount prescription card including e-newsletters, e-blasts and distributing printed flyers at meetings and events.
2. Continue the program with Paramount Rx.

BACKGROUND:

The CSEA Member Benefits Committee directed AGIA, to conduct a comparison of the solicitations brought to CSEA staff in regards to discount drug prescription programs. After discussion and review by the Committee, a recommendation was made to the CSEA Board of Directors to adopt Paramount Rx as the CSEA Member Benefits Discount Drug Prescription Program. The recommendation was adopted by the Board. This new program would provide a revenue source to the Member Benefits Department of \$0.50 per compensable script filled.

This is a no-cost Program that provides a discount of approximately 44% off retail prices at pharmacies all across the United States (54,000 locations). Once the discount card is presented at the pharmacy any discounts are applied automatically. Discounts are also available on Pet Prescriptions.

Attached is the 2016 Annual Report.

ESTIMATED COST/SAVINGS:

FUNDING SOURCE:

BOARD ACTION:

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Discount Drug Prescription Plan

Plan Design:

The Paramount Rx Discount Drug Prescription Plan was introduced as a new CSEA member Benefit in late 2013. This is a no-cost program that provides a discount of approximately 44% off retail prices on prescription drugs throughout pharmacies all across the United States (54,000 locations).

CSEA members and their families may print their discount prescription card from the CSEA Member Benefits web site. Discounts are available to all CSEA members (Active and Retired) and their families.

The discount prescription program is accepted at all major pharmacies (CVS, Walgreens, Wal-Mart, RiteAid, ect.). All the CSEA member needs to do is present their discount card and any discounts are applied automatically.

Discounts are also available on Pet Prescriptions.

Participation and Premium:

This program just in its infancy and there are no premium figures as this is a no-cost program. We have seen an uptick in utilization as a result of an e-blast.

Financial Experience:

CSEA is paid a royalty of \$0.50 per filled script through this program. There were 120 claims in 2016 and 80 for the first half of 2017 so utilization has increased over the past 12 months.

Findings:

- Program participation is increasing in 2016 and 2017.
- As we have done successfully in 2016, review meaningful ways to drive traffic to CSEA Member Benefits Web site for printing of Discount Card. Create flyers for at events/meetings, include in e-blasts and e-newsletters and promote via word of mouth. Due to the high cost of mailings and low royalties associated with this program, direct mail is not a viable option.
- No changes recommended to the Program at this time.

