



MEETING AGENDA
for
ADMINISTRATIVE & FINANCE COMMITTEE
November 13, 2019 @ 3pm
At Company Office 139 N. Euclid Avenue, Upland, CA

- Call to Order

1. Recognitions and Presentations:

2. Additions-Deletions to the Agenda:

3. Public Comments

This is the time for any shareholder or member of the public to address the committee members on any topic under the jurisdiction of the Company, which is on or not on the agenda. Please note, pursuant to the Brown Act the Committee is prohibited from taking actions on items not listed on the agenda. For any testimony, speakers are requested to keep their comments to no more than four (4) minutes, including the use of any visual aids, and to do so in a focused and orderly manner. Anyone wishing to speak is requested to voluntarily fill out and submit a speaker's form to the manager prior to speaking.

4. Approval of Committee Meeting Minutes

No Minutes to approve.

5. Administrative and Financial Issues:

A. Board Gift – End of Year Luncheon

Discussion and possible recommendation of Board Gift to employees

B. Annual Review of Employee Health Benefits

Review and possible recommendation to maintain current Health Insurance coverage

6. Closed Session: None

7. Committee Comments and Future Agenda Items:

- This is the time for committee's comments and consideration on future agenda items relative to the interests and business of the company and its shareholders.

8. Adjournment:

The next regular Administration and Finance Committee meeting is to be determined.

NOTE: All agenda report items and back-up materials are available for review and/or acquisition at the Company Office (139 N. Euclid Avenue, Upland, CA.) during regular office hours, Monday through Thursday [7:00 – 11:30 and 12:30 – 5:00] and alternating Fridays [7:00 – 11:30 and 12:30 – 4:00]. The agenda is also available for review and copying at the Upland Public Library located at 450 N. Euclid Avenue.

POSTING STATEMENT: On November 8, 2019, a true and correct copy of this agenda was posted at the entry of the Water Company's office (139 N. Euclid Avenue), on the public bulletin boards at 450 N. Euclid Avenue (Upland Public Library) and 460 N. Euclid Avenue (Upland City Hall), and on the Water Company's website.

Item Title: Board Gift - End of the Year Luncheon

Purpose:

That the AFC consider an annual end-of-year monetary gift for its employees and make recommendation to the Board as appropriate.

Issue:

The board gift as recommended by the Board is to be discussed at the AFC prior to the November Board meeting. It has been practiced by the Board to present any Board gift (if approved) at the end of the year luncheon.

Manager's Recommendation:

That the Committee considers the end-of-year gift to Company employees and make a recommendation to the full Board as appropriate.

Background:

In the past, the Board has given an end-of-year gift to Company employees. Board gifts for the past ten years have been \$1,250 for each employee.

If a gift is provided to employees, it is recommended that it be prorated for any employee that has not yet completed a year's service and current part time employees.

In the past, it has been the pleasure of the Board to hand out the gifts to its employees at the end of the year luncheon. The end of the year luncheon will be held at the Magic Lamp on Thursday, December 5, 2019.

Previous Action:

None.

Impact on Budget:

Budgeted for 2019.

Item Title: Annual Review of Employee Health and Welfare Benefits

Purpose:

To review employee health, dental, vision, life and death & dismemberment insurance coverage and premiums for the upcoming 2020 fiscal year, with the intent to make a recommendation to the full Board.

Issue:

Should the Company maintain its current employee health and welfare benefits package?

Manager's Recommendation:

That the Committee recommend to the full Board to maintain the Company's current employee health and welfare benefits package.

Background:

The Company offers full time and regular part-time employees health and welfare benefits for the employee and their dependents.

- Health Insurance

Attached to this report is the upcoming renewal for HealthNet. Our current plan is 'grandfathered', avoiding many of the Affordable Health Care Act mandates. The HealthNet premium is scheduled to increase 4.46% starting January 2020. This represents an increase of \$6,348.72 per year for health insurance. For the 2020 fiscal year the premium for employee health insurance is \$148,693.80 per year.

- Life, Dental and Vision

Attached to this report is the upcoming renewal for Principal. There are no rate changes for life, vision and dental insurance plan. Current premium for employee life, accidental death & dismemberment, dental and vision insurance is \$15,420.84 per year, unchanged from fiscal year 2019.

Impact on the Budget:

\$165,000 in employee health and welfare benefits for the 2020 fiscal year.

For the 2019 fiscal year the company budgeted \$160,000 for health and welfare benefits.

Previous Actions:

None.

San Antonio Water



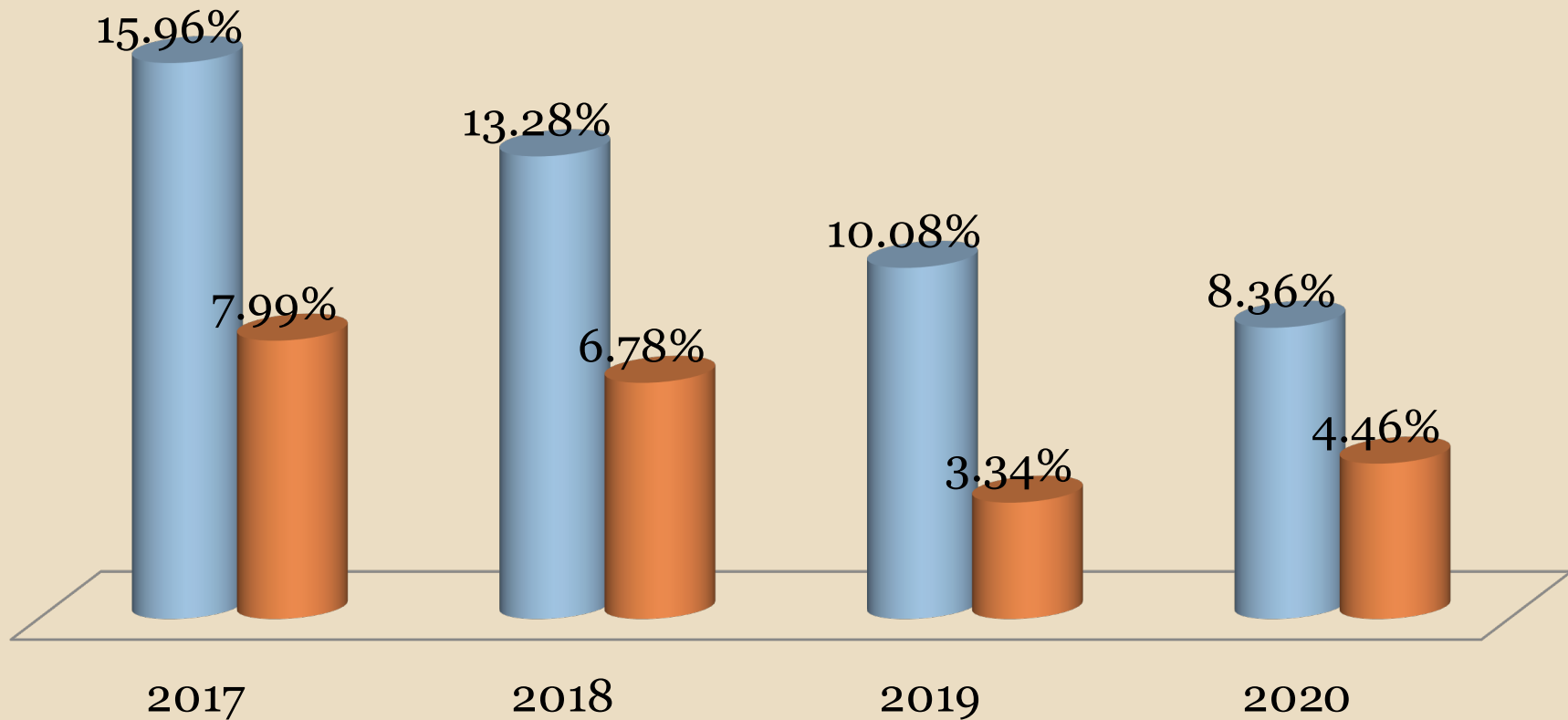
MARKET REVIEW 2020

Rate Review ACA Versus Grandfathered Plans



Rate Progression 2017-2020

■ ACA Plans ■ GF Plans



What's Happened/Future Outlook



Changes to ACA Plans to Date

- **Rates continue to climb**
 - Dependent rating structure continues to increase.
 - Each member individually rated
 - 3 to 1 ratio requirement
- **Plan design changed significantly**
 - OOPM continues to increase annually.
 - Specialist Office Visits continue to increase. Range from 40-60 per visit.
 - Hospital and Emergency costs are more expensive to the member. Most are % based and typically if there is a hospital stay, they will likely meet OOPM.
 - Labs and x-rays not included with office visits anymore.
 - ER Visits often include deductibles if one is on the plan.
- **Multiple doctor networks created to offset cost. Challenging to employees**

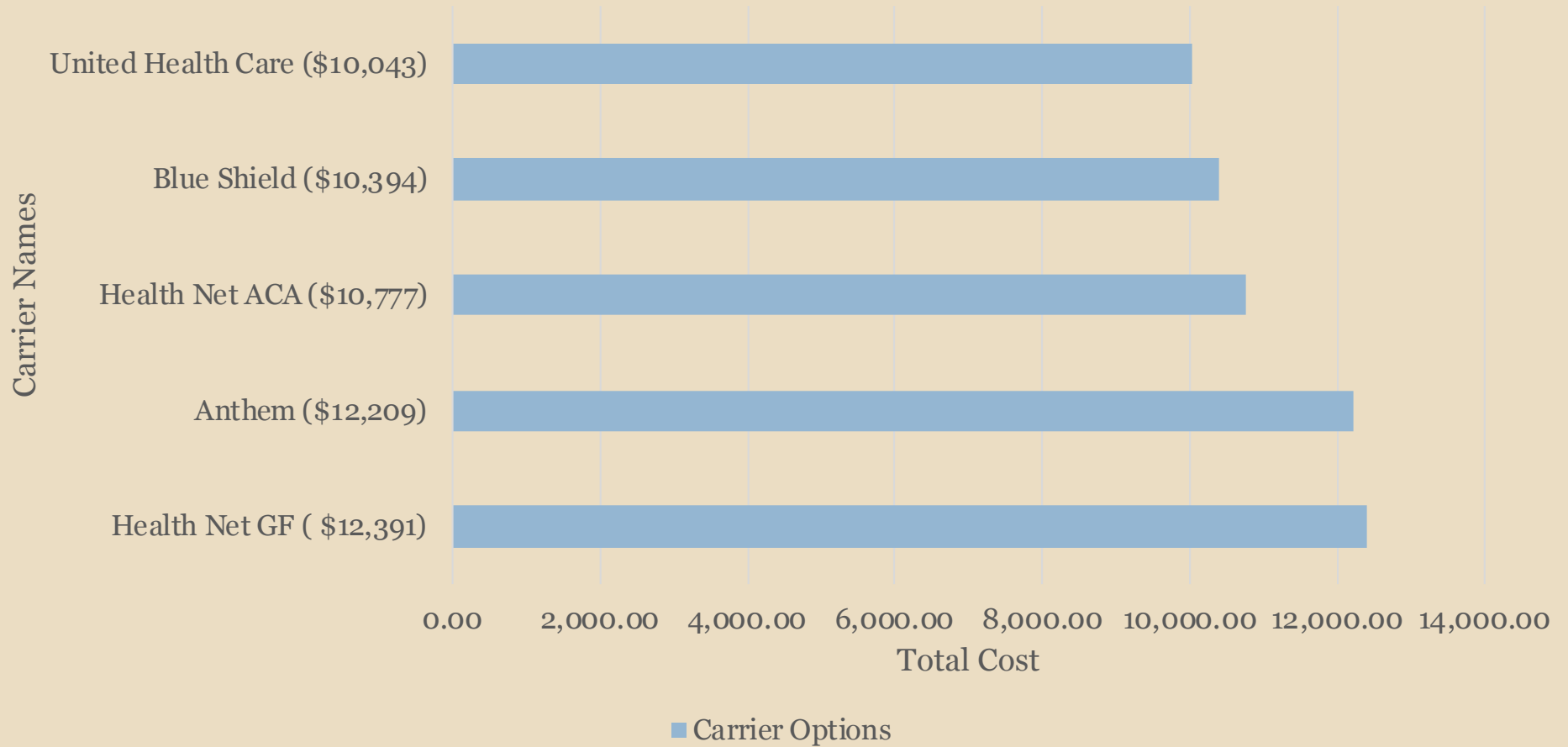
Future Outlook

- Individual market imploding in many states- Employees look to employer for plans.
- Rates projected to increase again in 2019 6-9 percent. Deeper impact to families due to rating system.
- Deductibles, Copays, OOPM projected to rise again for individuals.
- Uncertainty in the marketplace on the future of healthcare.
- Individual mandate still intact for California
- Grandfathered plans continue to be protected from any material changes to the benefits.

Overall Cost Per Carrier



Carrier Options



Carrier Benefit Comparison



Benefits	Health Net (GF)	UHC	Blue Shield	Health Net (ACA)	Anthem
Deductible	\$0	\$0	\$0	\$0	\$0
OOPM	\$1500/\$3000	\$3500/\$7000	\$1900/\$3800	\$2500/\$5000	\$2000/\$4000
Office Visit/Specialist	\$10	\$20/\$40	\$20/\$40	\$10/\$30	\$20/\$30
Labs/X-rays	\$0	\$25/\$25	\$10/\$30	\$10/\$10	\$10/\$20
Emergency	\$100	20%	\$200	\$100	\$250
Urgent care	\$50	\$20 in Area/\$50 out of Area	\$20	\$30	\$20
Outpatient Surgery	\$0	20%	\$100	\$40	\$150 + surgeon Fee
Hospital	\$0	20%	\$500/Admission	\$250/1 st 3 Days	\$250/1 st 3 days

Dental and Vision



Dental

- Rate pass issued
- No benefit change
- Price competitive to current dental plan offerings

Vision/Life

- Vision rate pass issued
- No benefit change
- Life rate pass issued

Health Net

Small Business Group

STANDARD PROPOSAL

Prepared for

SAN ANTONIO WATER COMPANY

Effective date: 01/01/2020

Quote date: 10/18/2019

Case ID: 108981

Quote number: 242441-01

Presented by:

Producer: Health Net Broker Agency

Agency: JLR ENTERPRISES & INSURANCE SERVICES, INC.

Address: P O BOX 6310

ORANGE CA 92863

Work: (714) 997-4944

Fax: (714) 997-4901

General Agency: WORD & BROWN INS ADMIN-ATT: AP

Sales Representative: Michele Ines

Work: (800)447-8812



Health Net®

Health Net of California, Inc.
Health Net Life Insurance Company
PO Box 9103
Van Nuys, CA 91409-9103

SBG Account Management: CA-900-02-17

SAN ANTONIO WATER COMPANY
139 N EUCLID AVE
UPLAND CA 91786

10/18/2019

Policyholder ID:
108981

Renew your group coverage for 2020

Dear SALENA HOLLEY,

It's time to renew your small business group (SBG) coverage with Health Net of California, Inc. and/or Health Net Life Insurance Company (Health Net). This year, you can once again choose Health Net for your coverage needs, whether medical, dental, vision, or life! Keep your employees and your business healthy with these small business-focused plans.

Your premium for 2020 and choices for 2020

There is a change to your monthly premium rates, effective 01/01/2020. The amounts shown below are based on your current plan(s). If you have one or more plans that are closing or changing for the upcoming year, the premium below is for the most similar plan(s).

Current monthly premium: **\$11,862.09**

Renewal monthly premium: **\$12,391.15**

Premium change: \$529.06

Percent change: 4.46%

Rate changes happen for a number of reasons. These include:

- **increased costs due to the use of medical technologies and prescription drugs;**
- **continued provider cost shifting to the private sector to cover funding gaps for public programs;**
- **implementing certain Affordable Care Act (ACA) provisions, including:**
 - **modified underwriting;**
 - **rating rules for children under the age of 21;**
 - **requirements for minimum Essential Health Benefits; and**
 - **the addition of certain taxes and fees.**

Your renewals made easy – Take action now

1. Review the enclosed materials. You'll find everything you need to renew!
 - Custom renewal quote.
 - Census listing all covered employees.
 - Renewal Guide with details about our 2020 plans and any benefit changes. Please use this guide to find the perfect fit for 2020.

You'll also find information about buying coverage through Covered California. The Centers for Medicare & Medicaid Services (CMS) requires that we send employer groups this information.

2. Talk to your broker or give me a call to discuss your options and find your best fit for the coming year.
3. Let Health Net know your plan choice after you've made your decision. If we do not hear from you prior to the effective date, we will automatically renew your group in the same plan, if available, or the most similar plan. Plan change requests received after the effective date could slow the delivery of ID cards and impact billing accuracy.
4. The Employer Group Size Verification form must reflect any changes occurring during the calendar year that could impact your employer size determination related to Medicare Secondary Payer or Health Care Reform.

Check out our full plan portfolio!

Find options that can save you money. Plus, our Enhanced Choice option lets you define your contribution costs and give your employees multiple choices.

More helpful information:

- **Summary of Benefits and Coverage (SBC) Documents.** Visit www.healthnet.com/sbc to find a copy of your SBCs, along with distribution instructions. To comply with federal mandates, you are required to distribute electronic or printed copies of the SBC documents to all eligible and covered plan participants.
- **The Affordable Care Act and You.** Visit Health Net's ACA Information Center at www.healthnet.com/employer/reformguide for a high-level overview of the primary reform provisions, including those that have a financial impact.

Your partner for a smooth renewal

Renewing your group coverage can be a positive experience – that's why I'm here! Please give me a call at (800)447-8812, or send an email to MICHELE.D.INES@HEALTHNET.COM.

On behalf of everyone at Health Net, thank you for making us part of your health coverage team. We're proud to support the health of your employees and your business. We look forward to continuing our partnership for the coming year.

Health Net HMO and HSP plans are offered by Health Net of California, Inc. Health Net PPO insurance plans are underwritten by Health Net Life Insurance Company. Health Net of California, Inc. and Health Net Life Insurance Company are subsidiaries of Health Net, LLC. Health Net is a registered service mark of Health Net, LLC. Covered California is a registered trademark of the State of California. All rights reserved.

Sincerely,
Michele Ines
Account Manager
License number #0E97004

Enclosures

cc: JLR ENTERPRISES & INSURANCE SERVICES, INC.

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CASBG RENEWAL LTR2020



October 20, 2019

SAN ANTONIO WATER COMPANY
ATTN: Teri Layton
139 N EUCLID AVE
UPLAND, CA 91786

JLR ENTERPRISES & INS SERVICES INC
PO BOX 6310
ORANGE, CA 92863-6310

As you approach your upcoming renewal with Principal Life Insurance Company, we would like to thank you for your business over the past year. Our goal is to offer competitive benefit solutions supported with exceptional service. Your business is very important to us and we look forward to working with you over the next year.

Your Renewal

We are pleased to inform you that your rates will not change. Your Principal Life coverage will renew on your policy anniversary date of January 1, 2020.

How to Renew Coverage

To renew coverage, your payment of the premium due is acceptance of your rates. We look forward to continuing our relationship with you and fulfilling your needs in the coming year.

Contact Us

To inquire about this renewal or explore alternate benefit designs contact your broker or local Principal Life Insurance Company sales office at 657-261-2592.

Sincerely,

Group Benefits Underwriting
Specialty Benefits Division

RENEWAL RATES
Effective January 1, 2020

Rates below assume all coverages are renewed. A change to coverages may cause rates to change.

GROUP TERM LIFE - Rates are expressed as Per \$1,000

Your rates are not changing.

Renewal rates are guaranteed through December 31, 2020.

ALL MEMBERS				
Volume Lives	Current Rate	Current Monthly Premium	Renewal Rate	Renewal Monthly Premium
\$950,000 9	\$0.195	\$185.25	\$0.195	\$185.25
Renewal Premium Percent of Change				No change

ACCIDENTAL DEATH & DISMEMBERMENT - Rates are expressed as Per \$1,000

Your rates are not changing.

Renewal rates are guaranteed through December 31, 2020.

Active Members Only				
Volume Lives	Current Rate	Current Monthly Premium	Renewal Rate	Renewal Monthly Premium
\$950,000 9	\$0.037	\$35.15	\$0.037	\$35.15
Renewal Premium Percent of Change				No change

DENTAL

Your rates are not changing.

Renewal rates are guaranteed through December 31, 2020.

ALL MEMBERS					
	Lives	Current Rates	Renewal Rates	Current Monthly Premium	Renewal Monthly Premium
Employee	3	\$51.31	\$51.31	\$153.93	\$153.93
Employee & One Dependent	4	\$99.05	\$99.05	\$396.20	\$396.20
Family	2	\$178.94	\$178.94	\$357.88	\$357.88
TOTAL				\$908.01	\$908.01
Renewal Premium Percent of Change					No change

VISION

Your rates are not changing.

Renewal rates are guaranteed through December 31, 2020.

ALL MEMBERS					
	Lives	Current Rates	Renewal Rates	Current Monthly Premium	Renewal Monthly Premium
Employee	4	\$8.55	\$8.55	\$34.20	\$34.20
Employee & Spouse	2	\$18.11	\$18.11	\$36.22	\$36.22
Employee & Child(ren)	1	\$20.74	\$20.74	\$20.74	\$20.74
Family	2	\$32.75	\$32.75	\$65.50	\$65.50
TOTAL				\$156.66	\$156.66
Renewal Premium Percent of Change					No change

Renewal Premium Percent of Change. The renewal premium percent of change is based on information presented in this letter.



Principal Life Insurance Company
 Des Moines, Iowa 50392
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