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MICHIGAN DENTAL ASSOCIATION  
**MINUTES OF THE EMPLOYEE BENEFITS**  
**ADVISORY COMMITTEE**

August 22, 2014

**Present**

**Absent**

Joanne Dawley, DDS, Chair  
Martin Makowski, DDS, Member  
Michele Tulak-Gorecki, DDS, Member  
Karen Burgess, MBA, CAE, Member  
Grace DeShaw-Wilner, CAE, Managing  
Vice President of Professional Affairs  
Craig Start, IFG President (for a portion)  
Tammy Cauthen, Administrative/HR Assistant

Dale Nester, DDS Member

**Guests Present**

Allison Meyer, Alerus  
Andrew Calogerakis, Alerus

**Call to Order**

The meeting was called to order by Dr. Dawley at 1:40 p.m.

**Review of the 2013 Ratio Analysis**

MDA produces an operating ratio analysis annually. The committee reviewed the 2013 ratio analysis figures for areas that have been identified as ones MDA wishes to benchmark. Ms. DeShaw-Wilner clarified that although the MDA reported figures are from 2013, the ASAE figures are actually from 2010. The reason for this discrepancy is that ASAE surveyed participants in 2011, requesting that participants provide 2010 data. This survey was then published in 2012 which is the most current ASAE operating ratio report. In effect, the data was two years old when it was published.

MDA contacted ASAE to determine when the next survey is planned. ASAE publishes it every four years with the next published in 2016. MDA will purchase the report, perform an analysis and provide it to EBAC. Staff is unaware of another benchmarking tool that would provide more current operating ratio comparisons. However, MDA also relies on Ed Ura of Merces Consulting to conduct a comprehensive total compensation analysis (wages and benefits) every three years with the next analysis occurring in 2016.

It was noted that when reviewing the current MDA ratios against the aged ASAE ratios, MDA is not substantially off, particularly when considering the fact that there are many long-term staff members.

The following was adopted:

Resolved, that the 2013 MDA Ratio Analysis be forwarded to the Board as a matter of information.

Opposed: None

Absent: Dr. Dale Nester

57 **MDA/IFG Employee Retirement Plan**

- 58
- 59 • *Employee Retirement Plan Background* – The committee reviewed a report highlighting the total  
60 deferral amounts and fees experienced with the MDA Defined Contribution Plan for years 2009  
61 through 2013.
  - 62
  - 63 • *Employee Retirement Plan Participation Report* – Staff presented an employee participation  
64 report through the 2<sup>nd</sup> quarter of 2014. Thirty-seven out of 51 employees (72.5%) are  
65 contributing to the standard 401(k) retirement plan with an average deferral amount of 6.32%.  
66 Nine out of 51 employees (17.6%) contribute to the Roth 401(k) retirement plan.

67

68 The committee discussed the participation figures and reasons staff members might take hardship  
69 withdrawals. Chairman Dawley explained that one of the duties of EBAC is to ensure that staff  
70 has adequate annual training on retirement benefits. Staff indicated that annual training is held--  
71 both group and one-on-one-- and educational meetings have been scheduled with Alerus for this  
72 October.

- 73
- 74 • *Recommendation to the MDA Board Regarding the 2016 Employee Defined Contribution Plan*  
75 *Percentage* - Staff provided the committee with the employee defined contribution plan  
76 percentage history and a background memo explaining that in 2010 the committee asked Ed Ura  
77 to complete a review of the employee benefit and wage package every three years to determine  
78 whether the package was competitive in the Lansing market. EBAC was given a copy of  
79 Mr. Ura’s 2013 report indicating that it is competitive.

80

81 The committee noted that MDA has been contributing 6% of each employee’s annual salary into  
82 the defined contribution plan. EBAC believes that MDA should continue at that level for the  
83 2016 benefit year.

84

85 The following was adopted:

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87 Resolved, that the Defined Contribution Plan percentage be six (6) percent of total compensation  
88 for the year 2016.

89

90 Opposed: None

91

92 Absent: Dr. Dale Nester

- 93
- 94 • *Alerus Report on Employee Retirement Experience* – Allison Meyer and Andrew Calogerakis of  
95 Alerus presented a report on the MDA/IFG employee retirement plan for January 1 through June  
96 30, 2014. A copy of this report is on file at the MDA Central Office. The beginning balance of  
97 the MDA retirement plan on January 1, 2014 was \$7,067,502.78. As of June 30, 2014, the plan  
98 balance was \$7,202,395.07.

99

100 Mr. Calogerakis highlighted portions of the report for EBAC stating this has been a good year for  
101 stocks. Large and small caps are both up for the year. For the second quarter of 2014, the S&P  
102 500 Index climbed over 5% and small caps were up 2%.

103

104 Although Alerus did not recommend any actual fund changes, three funds have been added to the  
105 “watch list” this year:

- 106
- 107 1. Royce Opportunity (Small Cap Equity)
  - 108 2. Loomis Sayles Global Bond (World Bond)
  - 109 3. Vanguard High-Yield Corporate (High Yield Bond)

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113 In order to reduce participant expenses, Alerus proposed the following share class changes:  
114

- 115 1. MetLife Stable Value is currently using the 75 share class with an annual expense of  
116 1.12%. The J share class is available for this fund with an annual expense of 0.47% per  
117 year.
- 118 2. Alerus Collective Funds is currently using the Institutional share class which has annual  
119 expenses ranging from .33% to .39%. The Direct share class is available for this fund  
120 with annual expenses ranging from .13% to .19%.

121  
122 These two changes would result in a savings of approximately \$12,000 per year. The committee  
123 confirmed that there are no costs associated with making these share class changes. Alerus  
124 presented the committee with paperwork to be executed should MDA decide to make the  
125 changes.

126  
127 Dr. Dawley inquired about a five year prediction. Mr. Calogerakis explained that although the  
128 market will have a correction at some point, he did not feel there was a reason to be overly  
129 concerned as historically the market will bounce back from such an event. He also explained that  
130 MDA offers quite a diversified portfolio to staff which can be individually tailored to each  
131 employee's risk tolerance.

132  
133 Staff clarified with Alerus that employees may rebalance their investments annually either  
134 through the website or via telephone/email. Employees are given fund information in an easy to  
135 understand format without overwhelming detail. The committee also confirmed that new  
136 employees are given a packet of information and have access to Alerus representatives in order to  
137 make informed decisions. Staff noted that employees are encouraged to attend the annual Alerus  
138 training session held at the MDA, but may also sign up for an individual, private session with an  
139 Alerus representative.

140  
141 EBAC accepted the plan administrator's suggestions and recommends the following resolutions for board  
142 approval:

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144 Resolved, that the MDA/IFG Retirement Plan be updated with recommendations from Alerus that  
145 the MetLife Stable Value Fund be changed from the 75 share class to the J share class, and be it  
146 further

147  
148 Resolved, that the Alerus Collective Funds be changed from the Institutional share class to the  
149 Direct share class.

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151 Opposed: None

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153 Absent: Dr. Dale Nester  
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#### 156 **Discussion and Recommendation Regarding MDA/IFG Health Insurance Benefits**

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- 158 • *MDA/IFG Health Insurance Program* – The committee reviewed a memo highlighting the rate  
159 increases for MDA's Blue Cross health insurance offerings for the period of December 1, 2014  
160 through November 30, 2015. The Simply Blue HSA plan increase is 9.9%, (90% of MDA/IFG  
161 employees enrolled in health benefits select this plan); the Simply Blue PPO plan increase is  
162 11.8% (only 2 staff members); Simply Blue Retiree plan increase is 7.4% (only 2 retirees).
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The following are the proposed Blue Cross rates:

	Dec 2014 to November 30, 2015 rate	2013 to Nov. 30, 2014 rate	Current taxes**	% of increase on premiums
Simply Blue HSA Plan				
Single	\$ 540.10	\$ 491.42	31.55	9.9
2 person	\$ 1,296.24	\$ 1,179.43	75.72	9.9
Family	\$ 1,620.30	\$ 1,474.29	94.65	9.9
Simply Blue PPO Plan				
Single	\$ 624.89	\$ 558.95	35.88	11.8
2 person	\$ 1,499.71	\$ 1,341.46	86.12	11.8
Family	\$ 1,874.64	\$ 1,676.83		11.8
Simply Blue Retiree Plan				
One comp	\$ 820.47	\$ 763.76		7.4
2 comp	\$ 1,640.94	\$ 1,527.52	73.93	7.4

\*\*We do not have next year's Affordable Care Act tax rates, but they will be slightly higher than the current rates.

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Mr. Start explained that with recent staff hiring, MDA/IFG is now a 50+ entity and, therefore, subject to the large employer government mandate. Consequently, MDA/IFG is able to keep the existing plan for another year if the organization elects to approve the proposed increases. Had MDA/IFG not qualified for the large employer category, it would have been necessary to select another health plan this year.

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Staff is concerned about changing the health plan this year because of the timing and notification requirements for employees. The process of reviewing other plans would include researching options, reporting to EBAC to obtain approval of a new plan and ensuring a 60 day notice to employees. Given the roll out of the MEWA and all IFG resources pointed toward that effort, as well as the workload currently on the HR department, staff recommended that EBAC accept the rate increases and continue with the current health offerings for an additional year (December 1, 2014 through November 30, 2015).

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Mr. Start noted that the large employer mandate is changing in 2015 from 50+ employees to 100 employees. Therefore, it will be necessary for MDA/IFG to research and select another health plan for the 2015-2016 cycle as MDA/IFG will no longer meet eligibility requirements for the existing plan.

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The following was adopted:

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Resolved, that the MDA/IFG employee 2013-2014 health plan remain the same for 2014-2015 (December 1, 2014 through November 30, 2015).

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Opposed: None

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Absent: Dr. Dale Nester

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- *HSA (Health Savings Account) Funding* – The committee reviewed the history of funding for the MDA employee health savings accounts (HSA). Since the beginning of the HSA offering in 2007, MDA has funded \$1000 of the \$1250 annual deductible for singles and \$2000 of the \$2500 deductible for families.

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205

Mr. Start explained to the committee that when the MDA moved to a high deductible health plan (HSA), the MDA saved considerable monies. Because deductibles were quite high, the MDA

206 decided to assist employees by contributing an amount annually to cover a portion of the  
207 deductible. EBAC recommends this deductible assistance continue.

208  
209 Discussion was held on why the words “up to” are included in the draft resolution presented to  
210 EBAC. In 2010, EBAC requested that since the approval of deductible assistance spans two  
211 years, and there could be significant increases in premium rates the second year, the committee  
212 would like some flexibility in terms of lowering the deductible assistance in order to make up for  
213 premium hikes without having to go to the Board for additional monies. EBAC agrees that this  
214 situation continues to be a possibility and requested that the words “up to” remain in the  
215 resolution forwarded to the Board.

216  
217 The following was adopted:

218  
219 Resolved, that MDA continue funding the employee health savings accounts from December  
220 2014 through November 2016 (up to \$1,000 annually for singles and up to \$2,000 annually for  
221 families).

222  
223 Opposed: None

224  
225 Absent: Dr. Dale Nester

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228 **Informational Items**

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- 230 • *August 19, 2013 Minutes* – The minutes of August 19, 2013 were previously approved via mail  
231 ballot.
  - 232
  - 233 • *Review of Turnover Related to Pay and Benefits* – Ms. DeShaw-Wilner presented the committee  
234 with a memo relating to turnover related to pay and benefits. One IFG employee resigned to  
235 accept a position with higher pay and benefits. However, this employee was part-time and had  
236 recently completed a Master’s Degree in Public Administration. The new position offered her a  
237 better match for her skill set and education. In terms of recruitment, it is rare to have a candidate  
238 drop out of the interviewing process because of the pay/benefit package offered by MDA.
  - 239
  - 240 • *MDA Dental Benefits* – Ms. DeShaw-Wilner presented EBAC with MDA’s dental reimbursement  
241 policy and payment schedule. Also presented was a report highlighting claim payment history  
242 since 2002 and reimbursement information. The claims for 2013 totaled \$70,010.80 with 141  
243 insureds in the plan.
  - 244
  - 245 • *Scope of EBAC Committee* – Staff presented the committee with the scope of EBAC as an  
246 information item. There were no recommendations for change.

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249 **Adjournment**

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251 The meeting was adjourned at 2:45 p.m.