

1 Michigan Dental Association

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3 **MINUTES OF THE EMPLOYEE BENEFITS ADVISORY COMMITTEE**

4 August 17, 2015

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6
7 *Present*

8 Dr. Joanne Dawley, Chair

9 Dr. Mark Johnston, Member

10 Dr. Dale Nester, Member

11 Dr. Michele Tulak-Gorecki, Member

12 Karen Burgess, MBA, CAE, Executive Director

13 Grace DeShaw-Wilner, CAE, Managing Vice President

14 Michelle Nichols-Cruz, Board and House Administrator

15 Brandy Ryan, PHR, Human Resource Manager

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17 *Guest*

18 Mark Cirilla, Alerus Account Manager

19 Andrew Calogerakis, Alerus Portfolio Manager

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21 **MDA/IFG Employee Retirement Plan**

22 *MDA Employee Retirement Plan Background*

23 The committee reviewed a report highlighting the total deferral amounts and fees experienced
24 with the MDA Defined Contribution Plan for years 2009 through 2014.

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26 *Employee Retirement Plan Participation Report*

27 Staff presented an employee participation report through the 2nd quarter of 2015. Thirty-nine out
28 of 53 employees (73.6%) are contributing to the standard 401(k) retirement plan with an average
29 deferral amount of 5.94%. Three employees are deferring at the maximum amount.

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31 Nine out of 53 employees (17%) contribute to the Roth 401(k) retirement plan.

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33 The committee discussed the low participation rate in the Roth 401(k). While the MDA and
34 Alerus do not want to tell staff which programs to participate in, Alerus will provide additional
35 education on the Roth 401(k) during its meeting with staff in the fall.

36
37 *Recommendation to the MDA Board Regarding the 2017 Employee Defined Contribution Plan*
38 *Percentage*

39 Staff provided the committee with the employee defined contribution plan percentage history and
40 a background memo explaining that in 2010 the committee asked Ed Ura to complete a review of
41 the employee benefit and wage package every three years to determine whether the package was
42 competitive in the Lansing market. EBAC was given a copy of Mr. Ura's 2013 report indicating
43 that it is competitive. Mr. Ura will be updating the report in 2016.

44

45 The committee noted that MDA has been contributing 6% of each employee’s annual salary into
46 the defined contribution plan. EBAC believes that MDA should continue at that level for the
47 2017 benefit year.

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49 The following was adopted:

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51 Resolved, that the Defined Contribution Plan percentage be six (6) percent of total
52 compensation for the year 2017.

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54 The committee vote was unanimous.

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56 *Alerus Report on Employee Retirement Experience*

57 Mark Cirilla and Andrew Calogerakis of Alerus presented a report on the MDA/IFG employee
58 retirement plan for January 1 through June 30, 2015. A copy of this report is on file at the MDA
59 Central Office. The beginning balance of the MDA retirement plan on January 1, 2015 was
60 \$7,494,867.37. As of June 30, 2015, the plan balance was \$7,779,504.52.

61
62 Although Alerus does not recommend any actual fund changes, two funds have been added to the
63 “watch list” this year. Funds on the “watch list” don’t necessarily mean that they should be
64 removed from the portfolio. These funds are watched by Alerus who will inform EBAC if there
65 are any funds that it recommends removing and provide recommendations.

66
67 Alerus Funds have very low administrative fees and Alerus does not make money from them.
68 Alerus was asked for historical information so that EBAC could determine how well Alerus
69 Funds are performing over time. When Pension Trend changed to Alerus, the track record for
70 these funds was lost. Other funds that are not Alerus managed are expected to be at a 50%
71 benchmark. There are no figures prior to 2012 on how Alerus funds have performed. Alerus
72 informed the committee that the length of time to determine a trend is five years and market
73 cycles are different lengths of time.

74
75 Alerus funds are not mutual funds; they are compared with Morningstar growth funds and a
76 custom benchmark of indexes.

77
78 A S&P500 comparison is apples to apples. The purpose of the Alerus Funds is not to track the
79 market but to diversify. There is a custom benchmark for each fund.

80
81 Alerus stated that it can review the historical data and provide the information to the committee
82 so that is can determine whether Alerus funds underperformed or over performed as compared to
83 other aggressive funds. MDA wants to make sure they are performing at a reasonable
84 expectation for an aggressive fund.

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86 **Discussion and Recommendation Regarding MDA/IFG Health Insurance Benefit**

87 *Update on MDA/IFG Employee Health Plan*

88 Mr. Craig Started informed EBAC that MDA received good news for its staff health plan
89 renewal.

90

- 91 1. All three plans, HSA, PPO and retiree segment, had very slight (less than 1%)
92 premium **reductions** for the 11/1/2015 renewal. Obviously this is less than the range
93 approved by EBAC so MDA will proceed with the renewal as is.
94
- 95 2. BCBS determined that the need to change the renewal date so that MDA can maintain its
96 status as a “large group” can be delayed until next year. This means MDA will maintain
97 its 11/1/2015 renewal date this year. Then the renewal can be changed to 10/1/2016 next
98 year and maintain large group status through 10/1/2017. Hopefully by then congress will
99 have addressed this issue. If not, then MDA will have to do a complete overhaul of the
100 plan in the summer of 2017 for 10/1/2017 effective date.
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102 *History of HSA*

103 The committee reviewed the history of funding for the MDA employee health savings accounts
104 (HSA). Since the beginning of the HSA offering in 2007, MDA has funded \$1000 of the \$1250
105 annual deductible for singles and \$2000 of the \$2500 deductible for families.
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107 *Current Policy: Resolution 14-610:*

108 At its June meeting, the Board discussed the resolution and how the employee health plan will be
109 handled in the future now that the MDA does not have a group BCBSM plan to compare the rate
110 increases to. The Board agreed that 10% is a reasonable increase for EBAC to approve without
111 Board input. Anything over 10% is something for the Board to discuss.
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113 Resolution 14-610 reads as follows:
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115 Resolution 14-610

116 Resolved, that the Employee Benefits Advisory Committee has the authority to make changes to
117 the MDA/IFG health plan provided the cost does not exceed the amount of the proposed rate
118 increase received each November from Blue Cross.

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120 MDA’s maintain its current plan through October 2017. There is an effort to move 50-100
121 employee companies to the small group market and the outcome will impact MDA’s employee
122 health plan. If changes occur, MDA will have to revamp its entire employee health plan.
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124 The following was adopted:
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126 Resolved, that the Employee Benefits Advisory Committee has the authority to make
127 changes to the MDA/IFG health plan provided the rate increase does not exceed
128 10% of the previous years’ premium.
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130 EBAC is aware that any increases over 10% of the previous years’ premium will require Board
131 approval. Due to the timeframe of the renewal process, the approval may have to occur through a
132 special Board meeting.
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134 **Informational Items**

- 135 • *June 15, 2015 Minutes* – The minutes of June 15, 2015 were previously approved via
136 mail ballot.

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- *Turnover Related to Pay and Benefits* -- Ms. DeShaw-Wilner presented the committee with a memo relating to turnover related to pay and benefits. There have been a few candidates that have commented that the cost of the premiums for the health care plan was a deterrent. The committee questioned why the MDA only pays 60% for new hires and was informed that it was due to budgetary reasons. The committee asked that staff prepare a report on what the costs would be if the MDA were to pay 80% of health care costs for all employees.

In addition, Executive Director Burgess commented that this year the HSA deductible was increased by \$100. Staff that receives an increase in salary may view this as not actually receiving an increase due to the increase in deductible.

- *MDA Dental Benefit* -- Ms. DeShaw-Wilner presented EBAC with MDA’s dental reimbursement policy and payment schedule. Also presented was a report highlighting claim payment history since 2002 and reimbursement information. The claims for 2014 totaled \$65,384.10 with 136 insureds in the plan. A request was made that MDA begin to track how many employees don’t use the benefit and why.
- *Scope of EBAC Committee* – Staff presented the committee with the scope of EBAC. It recommended that the scope be updated to include the IFG Chair and to include making decisions on the employee health insurance plan. It is aware that the MDA Workgroup on Committees is currently reviewing all committee scopes and requested that these change be provided to the workgroup.

Joanne Dawley, DDS
Chair