AGENDA

HUMAN RESOURCES COMMITTEE
A COMMITTEE OF THE BOARD OF DIRECTORS

SPECIAL MEETING
Tuesday, September 24, 2019
10:00 AM
Administration Boardroom
600 N. Highland Springs Avenue, Banning, CA 92220

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Administration Office at (951) 769-2101. Notification 48 hours prior to the meeting will enable the Hospital to make reasonable arrangement to ensure accessibility to this meeting. [28 CFR 35.02-35.104 ADA Title II].

TAB

I. Call to Order

E. Lewis

II. Public Comment

A five-minute limitation shall apply to each member of the public who wishes to address the Human Resources Committee of the Hospital Board of Directors on any matter under the subject jurisdiction of the Committee. A thirty-minute time limit is placed on this section. No member of the public shall be permitted to “share” his/her five minutes with any other member of the public. (Usually, any items received under this heading are referred to staff for future study, research, completion and/or future Committee Action.) (PLEASE STATE YOUR NAME AND ADDRESS FOR THE RECORD.)

On behalf of the San Gorgonio Memorial Hospital Board of Directors, we want you to know that the Board/Committee acknowledges the comments or concerns that you direct to this Committee. While the Board/Committee may wish to occasionally respond immediately to questions or comments if appropriate, they often will instruct the CEO, or other Administrative Executive personnel, to do further research and report back to the Board/Committee prior to responding to any issues raised. If you have specific questions, you will receive a response either at the meeting or shortly thereafter. The Board/Committee wants to ensure that it is fully informed before responding, and so if your questions are not addressed during the meeting, this does not indicate a lack of interest on the Board/Committee’s part; a response will be forthcoming.

NEW BUSINESS

III. * Proposed Action – recommend approval to Hospital Board 2020 Associates Health Plan Benefits

A. Karam

A

* ROLL CALL
IV. *Proposed Action – recommend approval to Hospital Board
   Associate Holiday Gift Cards
   • ROLL CALL

V. *Proposed Action – recommend approval to Hospital Board
   Executive Incentive program for FY2020
   • ROLL CALL

VI. Adjourn

* Requires Action

In accordance with The Brown Act, Section 54957.5, all public records relating to an agenda item on this agenda are available for public inspection at the time the document is distributed to all, or a majority of all, members of the Committee. Such records shall be available at the Hospital office located at 600 N. Highland Springs Avenue, Banning, CA 92220 during regular business hours, Monday through Friday, 8:00 am - 4:30 pm.

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Certification of Posting

I certify that on September 20, 2019, I posted a copy of the foregoing agenda near the regular meeting place of the Board of Directors of San Gorgonio Memorial Hospital Human Resources Committee, and on the San Gorgonio Memorial Hospital website, said time being at least 24 hours in advance of the special meeting of the Human Resources Committee (Government Code Section 54954.2).

Executed at Banning, California, on September 20, 2019

Bobbi Duffy, Executive Assistant
TAB A
SGMH: 2020 Benefits Renewal Meeting Follow-up

September 13, 2019

Presented by:
Patricia Moore, Senior Vice President
Nicole Junck, Vice President
2020 Financial Overview & Executive Summary
### 2020 Financial Overview

<table>
<thead>
<tr>
<th>Line of Coverage</th>
<th>2019 Current</th>
<th>2020 Initial Renewal</th>
<th>% Δ</th>
<th>2020 Negotiated Renewal</th>
<th>% Δ</th>
<th>Total Cost PEPY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical HMO - Anthem</td>
<td>$3,568,792</td>
<td>$4,353,933</td>
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<td>$3,922,002</td>
<td>9.9%</td>
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<td>Medical Classic PPO - Anthem</td>
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<td>$9,079</td>
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<td>0.0%</td>
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<td>Vision - Anthem</td>
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<td>$40,024</td>
<td>0.0%</td>
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<td>Basic Life and AD&amp;D - Anthem</td>
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<td>14.3%</td>
<td>$60,978</td>
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<td>$125</td>
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<td>Long Term Disability - Anthem</td>
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<td>$12,936</td>
<td>14.3%</td>
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<td>0.0%</td>
<td>$23</td>
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<td><strong>Wellness Fund</strong></td>
<td><strong>$25,000</strong></td>
<td><strong>$25,000</strong></td>
<td></td>
<td><strong>$25,000</strong></td>
<td></td>
<td><strong>$25,000</strong></td>
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<td><strong>TOTAL ANNUAL PREMIUM</strong></td>
<td><strong>$3,984,283</strong></td>
<td><strong>$4,834,475</strong></td>
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<td><strong>$4,349,258</strong></td>
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<td><strong>ANNUAL DOLLAR CHANGE</strong></td>
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<td><strong>$364,975</strong></td>
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<td><strong>ANNUAL PERCENTAGE CHANGE</strong></td>
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</tbody>
</table>
2020 Executive Summary

- Overall initial renewal was a 21.3% increase; Alliant was able to negotiate the status quo renewals down to a 9.2% increase (saving approximately $485k from the initial renewal)

Medical
- Initial Anthem increase was 22.8%; Alliant was able to negotiate the renewal down to a 9.9% increase
- Anthem is providing a $25k wellness/communications fund for the 2019 plan year
- Requested quotes from Aetna, Blue Shield, Cigna and UHC – all were uncompetitive
- Requested quotes from CSAC EIA – Anthem quoted 6.5% increase matching plan designs and network
- There is one large claim over $50k for the current plan year; plan year to date utilization is running at 123% (see exhibits)

Dental & Vision
- United Concordia is in a rate guarantee through 1/1/2022
- Anthem Vision is in a rate guarantee through 1/1/2021
2020 Executive Summary

Life & Disability
- Anthem Basic Life/AD&D and Long Term Disability initial renewal received an increase of 14.3%; Alliant was able to negotiate down to a rate pass
- Anthem Supplemental Life/AD&D received a rate pass

Other
- Employee Assistance Program (CSAC EIA) is in a rate guarantee through 6/30/2023
- Currently out to market for FSA and COBRA vendors (Discovery Benefits, HR Simplified and Igoe)
# Employee Contribution Analysis

## Employee HMO Full Time

<table>
<thead>
<tr>
<th>Plan</th>
<th>Lives</th>
<th>2019 Current Monthly Contributions</th>
<th>2020 Negotiated Renewal - EE % Same Monthly Contributions</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>ER Cost</td>
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<td>EE Only</td>
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<td>$400.75</td>
<td>$412.61</td>
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<td>EE + 1</td>
<td>66</td>
<td>$978.34</td>
<td>$864.79</td>
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<tr>
<td>EE + Family</td>
<td>110</td>
<td>$1,266.72</td>
<td>$1,234.69</td>
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<tr>
<td>Annual Premium</td>
<td>280</td>
<td>$3,200.040</td>
<td>$2,820.810</td>
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## Anthem HMO Part Time

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<tr>
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<th></th>
<th>Total</th>
<th>ER Cost</th>
<th>EE Cost</th>
<th>EE %</th>
<th>Total</th>
<th>ER Cost</th>
<th>EE Cost</th>
<th>EE %</th>
<th>$A</th>
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</thead>
<tbody>
<tr>
<td>EE Only</td>
<td>13</td>
<td>$466.75</td>
<td>$393.94</td>
<td>$72.81</td>
<td>15.0%</td>
<td>$512.96</td>
<td>$432.94</td>
<td>$80.02</td>
<td>15.6%</td>
<td>$7.21</td>
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## Anthem Classic PPO Full Time

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<th>EE Cost</th>
<th>EE %</th>
<th>Total</th>
<th>ER Cost</th>
<th>EE Cost</th>
<th>EE %</th>
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<tbody>
<tr>
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<td>$853.78</td>
<td>$490.47</td>
<td>$363.31</td>
<td>42.0%</td>
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<td>$79,859</td>
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## Anthem Classic PPO Part Time

<table>
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<tr>
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<th>EE Cost</th>
<th>EE %</th>
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<th>ER Cost</th>
<th>EE Cost</th>
<th>EE %</th>
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<tr>
<td>EE Only</td>
<td>2</td>
<td>$853.78</td>
<td>$470.11</td>
<td>$383.67</td>
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<td>$938.30</td>
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<td>$421.66</td>
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<td>EE + 1</td>
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<td>$885.27</td>
<td>$896.59</td>
<td>49.5%</td>
<td>$1,987.94</td>
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## Anthem Solutions PPO Full Time

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<th>Total</th>
<th>ER Cost</th>
<th>EE Cost</th>
<th>EE %</th>
<th>Total</th>
<th>ER Cost</th>
<th>EE Cost</th>
<th>EE %</th>
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## Anthem Solutions PPO Part Time

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<th>EE %</th>
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## Medical Total

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<th>EE %</th>
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Change from current - $:

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<tr>
<td>EE + 1</td>
<td>66</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>EE + Family</td>
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<tr>
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Change from current - %:

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<tbody>
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<td>0%</td>
</tr>
<tr>
<td>Annual Premium</td>
<td>280</td>
<td>0%</td>
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## Employee Contribution Analysis

### Employee Contributions

#### United Concordia Plus DHMO

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<tr>
<th>Class</th>
<th>Monthly Contributions</th>
<th>Total</th>
<th>ER Cost</th>
<th>EE Cost</th>
<th>EE %</th>
<th>$A</th>
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#### United Concordia Plus DHMO

<table>
<thead>
<tr>
<th>Class</th>
<th>Monthly Contributions</th>
<th>Total</th>
<th>ER Cost</th>
<th>EE Cost</th>
<th>EE %</th>
<th>$A</th>
</tr>
</thead>
<tbody>
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<tr>
<td>EE + 1</td>
<td>6</td>
<td>$30.50</td>
<td>$25.73</td>
<td>$4.77</td>
<td>15.6%</td>
<td>$0.00</td>
</tr>
<tr>
<td>EE + Family</td>
<td>7</td>
<td>$47.00</td>
<td>$39.60</td>
<td>$7.40</td>
<td>15.6%</td>
<td>$0.00</td>
</tr>
<tr>
<td>Annual Premium</td>
<td>18</td>
<td>$7.140</td>
<td>$6.026</td>
<td>$1.114</td>
<td>15.6%</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

#### United Concordia DPPO

<table>
<thead>
<tr>
<th>Class</th>
<th>Monthly Contributions</th>
<th>Total</th>
<th>ER Cost</th>
<th>EE Cost</th>
<th>EE %</th>
<th>$A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full / Part Time</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EE Only</td>
<td>88</td>
<td>$37.23</td>
<td>$11.60</td>
<td>$25.63</td>
<td>68.8%</td>
<td>$0.00</td>
</tr>
<tr>
<td>EE + 1</td>
<td>40</td>
<td>$69.20</td>
<td>$21.58</td>
<td>$47.62</td>
<td>68.8%</td>
<td>$0.00</td>
</tr>
<tr>
<td>EE + Family</td>
<td>58</td>
<td>$120.67</td>
<td>$37.60</td>
<td>$83.07</td>
<td>68.8%</td>
<td>$0.00</td>
</tr>
<tr>
<td>Annual Premium</td>
<td>166</td>
<td>$147,582</td>
<td>$45,991</td>
<td>$101,591</td>
<td>68.8%</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

#### Anthem Vision

<table>
<thead>
<tr>
<th>Class</th>
<th>Monthly Contributions</th>
<th>Total</th>
<th>ER Cost</th>
<th>EE Cost</th>
<th>EE %</th>
<th>$A</th>
</tr>
</thead>
<tbody>
<tr>
<td>EE Only</td>
<td>125</td>
<td>$6.28</td>
<td>$0.00</td>
<td>$6.28</td>
<td>100.0%</td>
<td>$0.00</td>
</tr>
<tr>
<td>EE + 1</td>
<td>68</td>
<td>$9.75</td>
<td>$0.00</td>
<td>$9.75</td>
<td>100.0%</td>
<td>$0.00</td>
</tr>
<tr>
<td>EE + Family</td>
<td>122</td>
<td>$15.47</td>
<td>$0.00</td>
<td>$15.47</td>
<td>100.0%</td>
<td>$0.00</td>
</tr>
<tr>
<td>Annual Premium</td>
<td>315</td>
<td>$40,024</td>
<td>$0</td>
<td>$40,024</td>
<td>100.0%</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

#### Anthem Basic Life and AD&D

<table>
<thead>
<tr>
<th>Class</th>
<th>Monthly Contributions</th>
<th>Total</th>
<th>ER Cost</th>
<th>EE Cost</th>
<th>EE %</th>
<th>$A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Premium</td>
<td>487</td>
<td>$60,978</td>
<td>$60,978</td>
<td>$0</td>
<td>0.0%</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

#### Anthem LTD

<table>
<thead>
<tr>
<th>Class</th>
<th>Monthly Contributions</th>
<th>Total</th>
<th>ER Cost</th>
<th>EE Cost</th>
<th>EE %</th>
<th>$A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Premium</td>
<td>487</td>
<td>$11,319</td>
<td>$11,319</td>
<td>$0</td>
<td>0.0%</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

### GRAND TOTAL

<table>
<thead>
<tr>
<th>Class</th>
<th>Total</th>
<th>ER Cost</th>
<th>EE Cost</th>
<th>EE %</th>
<th>$A</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$4,009,283</td>
<td>$3,383,830</td>
<td>$625,453</td>
<td>15.6%</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

#### Change from current - $%

<table>
<thead>
<tr>
<th>Class</th>
<th>$A</th>
<th>9.1%</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRAND TOTAL</td>
<td>$4,374,258</td>
<td>$3,701,655</td>
</tr>
</tbody>
</table>

*Grand Totals do not include the $25k wellness fund.
TAB B
### 2019 HOLIDAY GIFT CARDS
DISTRIBUTION Week of November 11th

<table>
<thead>
<tr>
<th>Type</th>
<th>Quantity</th>
<th>Last Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Time</td>
<td>422</td>
<td>$100.00</td>
<td>$42,200.00</td>
</tr>
<tr>
<td>Part Time</td>
<td>79</td>
<td>$50.00</td>
<td>$3,950.00</td>
</tr>
<tr>
<td>Per Diem</td>
<td>168</td>
<td>$15.00</td>
<td>$2,520.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>669</strong></td>
<td></td>
<td><strong>$48,670.00</strong></td>
</tr>
</tbody>
</table>
ANNUAL EXECUTIVE INCENTIVE COMPENSATION

Fiscal Year Ending on 06/30/2020

In Fiscal Year 2020 (July 1, 2019 through June 30, 2020), Executive Incentive Compensation, generally expressed as a percentage of salary and includes a guaranteed minimum and a specified maximum, based on predetermined targets as follows:

<table>
<thead>
<tr>
<th>LEVEL ACHIEVED</th>
<th>PERCENTAGE ACHIEVED</th>
<th>INCENTIVE COMPENSATION AWARD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Threshold</td>
<td>15%</td>
<td>15% of Base Compensation</td>
</tr>
<tr>
<td>Target</td>
<td>20%</td>
<td>20% of Base Compensation</td>
</tr>
<tr>
<td>Maximum</td>
<td>25%</td>
<td>25% of Base Compensation</td>
</tr>
</tbody>
</table>

The recommended incentive pay will be based on quantitative and/or qualitative factors and will vary depending on Targets achieved as follows:

- Financials Goals will account for 40%
- Quality Goals will account for 40%
- Business Development Goals will account for 20%

For example:

If all goals are met at the target level then \((40\% + 40\% + 20\% = 100\%)\) then according to the table above, the Executives would be entitled to 20% of their annual base compensation as an incentive. However, if the 2\(^{nd}\) financial goal is not met then \((20\% + 40\% + 20\% = 80\%)\) the executives would only be entitled to 16% of their annual base compensation.

Below are the goals that must be achieved:

<table>
<thead>
<tr>
<th>AREA</th>
<th>GOAL</th>
<th>THRESHOLD</th>
<th>TARGET</th>
<th>MAXIMUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>FINANCIAL</td>
<td>EBIDA Goal</td>
<td>Break-even</td>
<td>Meet Budget $1.5 M</td>
<td>Exceed Budget $3.5 M</td>
</tr>
<tr>
<td>FINANCIAL</td>
<td>Net Patient Revenue</td>
<td>98% of the budgeted total net operating revenue. $70,878,000</td>
<td>The Budgeted total net operating revenue. $72,325,000</td>
<td>105% of Budgeted operating revenues. $75,941,000</td>
</tr>
<tr>
<td>AREA</td>
<td>GOAL</td>
<td>THRESHOLD</td>
<td>TARGET</td>
<td>MAXIMUM</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>----------------------------------------------------------------------</td>
<td>----------------------------------------</td>
<td>---------------------------------------</td>
<td>---------------------------------</td>
</tr>
<tr>
<td>QUALITY</td>
<td>Star Ratings for CMS Hospital Compare</td>
<td>Awarded 2 Stars</td>
<td>Awarded 3 Stars</td>
<td>Awarded 4 Stars</td>
</tr>
<tr>
<td>QUALITY</td>
<td>Installation and Implementation of AllScripts</td>
<td>Core applications are operational by 07/08/2020</td>
<td>All the application are complete for Go Live on 7/8/2020</td>
<td>User Satisfaction Survey conducted prior to go live to establish a baseline of success. Then one month after “go live” another User Satisfaction Survey will be conducted to see if there has been any improvement.</td>
</tr>
<tr>
<td>BUSINESS DEVELOPMENT</td>
<td>Adjusted Discharges</td>
<td>95% of Budgeted Adjusted Discharges $9,130</td>
<td>Budgeted Adjusted Discharges $9,610</td>
<td>110% of the Budgeted Adjusted Discharges $10,571</td>
</tr>
</tbody>
</table>