

COMPENSATION COMMITTEE REPORT
MEETING OF
FRIDAY, SEPTEMBER 12, 2014, AT 1:30 PM

A regular meeting of the Compensation Committee was convened by Chair Alice Lau, at 1:32 PM, in the Board Room at the Gateway complex.

Call to Order

Present, in addition to the Chair, were Committee members Les Birdsall, Mary Lou Delpech, and Richard Hurley. Also in attendance were Warren Salmons, CEO of GRF; Anthony W. Grafals, General Counsel and Director of Confidential Services; and Judith Perkins, Sr. Manager Human Resources.

Attendance

The report of the Committee's meeting held on August 13, 2014, was reviewed and approved by the Committee as presented.

Report of
August 13, 2014
Approved

One resident was present in addition to Directors Guilfooy and Haley. No comments were offered.

Residents'
Forum

As requested, staff presented a report providing additional information for the Committee's review of the current medical benefit program. The information provided expanded on the August presentation of a 'straw man' change in the medical benefit program, removing the current higher-cost HMO and substituting a lower-cost HMO.

Staff Report:
Additional
Medical Benefit
Plan Informatio

Perkins presented a report based on information from the Foundation's broker, laying out the components of the current medical plans (2 HMOs, 1 High Deductible) as well as a lower-cost HMO, in a side-by-side comparison. These charts generated discussion regarding relative levels of financial support for employees depending on how they enrolled (i.e., employee only versus employee plus 1 or employee plus 2 or more dependents) and the comparative value of various components of the plans to the employees.

Grafals provided information regarding general benefit plan design, including definitions of 'cafeteria plan', 'defined contribution', and 'defined benefit', particularly regarding potential effects on Foundation plans and costs, as well as an overview of future requirements of the Affordable Care Act.

Perkins summarized charts comparing the current and 'straw man' HMO to benchmark data for the general San Francisco Bay Area. Generally speaking, current plans are in line with or more generous than the benchmark; the Core HMO and High Deductible plans each include a component which is less generous than the benchmark, while being in line or more generous in other elements. The 'straw man' plan includes 2 components less generous than the benchmark, and one element more generous.

Details of the High Deductible plan were discussed, including the mechanics of how it works over time. One of the issues regarding this plan is that employees eligible for Medicare may not contribute to the Health Savings Account, which is a primary benefit of High Deductible plans. This is of concern, given current employee demographics.

Compensation Committee
September 12, 2014

After discussing the linkage between cash compensation and benefits as key pieces of employee total compensation, the Committee agreed that it is important that both elements be considered as parts of a whole. Staff is preparing total compensation statements for employees, to be delivered in the late October/early November period, to assist employees in understanding their total compensation and in making appropriate benefit choices for 2015.

The Chair commented that the goal of the Committee is to ensure both wages and benefits remain competitive, while controlling costs for residents. The benefits program represents an area of total compensation that has not been comprehensively reviewed in some time. Given that no further changes will be made in the 2015 benefits program (i.e., no changes in plan choices or levels of support), the Committee has time to thoughtfully review the current program, and carefully consider choices for 2016 and beyond.

In light of the Chair's statement, the Committee requested staff provide further information at the next meeting to include: 1) examples of the total compensation statements provided to employees; 2) a review of the 'straw man' fixed-dollar contribution idea for all three enrollment tiers and the relative impact to employees; and 3) another 'straw man' proposal to be focused on a gradual step-down in the percentage of Foundation contribution to benefits and the relative impact to employees.

The regular meeting of the Compensation Committee scheduled for October 8, 2014, is Next Meeting cancelled. The next regular meeting of the Committee will be at 1:30 p.m. on Friday, November 14, 2104, in the Board Room at the Gateway Administration Building.

The meeting was adjourned at 2:57 pm.

Adjournment



Alice Lau, Chair
Compensation Committee

JP/m