

LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS

TELEPHONIC MEETING OF THE
GOVERNANCE AND PERFORMANCE REVIEW COMMITTEE

OPEN SESSION

Monday, November 17, 2014

3:46 p.m.

Legal Services Corporation
3333 K Street, N.W.
Washington, D.C. 20007

COMMITTEE MEMBERS PRESENT:

Martha L. Minow, Chairperson
Sharon L. Browne
Charles N.W. Keckler
Julie A. Reiskin
John G. Levi, ex officio

BOARD MEMBERS PRESENT:

Robert J. Grey Jr.
Victor B. Maddox
Father Pius Pietrzyk, O.P.
Gloria Valencia-Weber

STAFF AND PUBLIC PRESENT IN THE CORPORATION'S OFFICES:

James J. Sandman, President

Lynn Jennings, Vice President for Grants Management

Julia Kramer, Office of Compliance and Enforcement &
Executive Office

Ronald S. Flagg, Vice President for Legal Affairs,
General Counsel and Corporate Secretary

Atitaya Rok, Staff Attorney, Office of Legal Affairs

Carol A. Bergman, Director, Office of Government
Relations and Public Affairs

Treefa Aziz, Government Affairs Representative,
Office of Government Relations and Public Affairs

Jeffrey E. Schanz, Inspector General

John Seeba, Assistant Inspector General for Audit,
Office of the Inspector General

Joel Gallay, Special Counsel to the Inspector
General, Office of the Inspector General

Daniel O'Rourke, Assistant Inspector General for
Investigations, Office of the Inspector General

David Maddox, Assistant Inspector General for
Management and Evaluation, Office of the
Inspector General

Traci Higgins, Director, Office of Human Resources

Sophia Mason, Office of Human Resources

Janet LaBella, Director, Office of Program
Performance

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P R O C E E D I N G S

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(3:46 p.m.)

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CHAIRMAN MINOW: Can I just call our Committee to order? I assume we have a quorum for the Committee?

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MS. AZIZ: Yes, we do.

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CHAIRMAN MINOW: Is Carol there?

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MS. BERGMAN: Yes.

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CHAIRMAN MINOW: Good. So what do we need to do?

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MS. ROK: First we need to approve the Committee agenda, and then there will be a very brief presentation on consider and act and the adoption of the Health Reimbursement Arrangement Plan.

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CHAIRMAN MINOW: Great.

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M O T I O N

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MS. REISKIN: I'll move approval of the agenda. This is Julie.

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CHAIRMAN MINOW: Great. Thank you, Julie.

19

Any second?

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MR. KECKLER: Second. This is Charles.

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CHAIRMAN MINOW: All seconded. Great. So we're going to go ahead.

1 So can we have the brief presentation?

2 MR. FLAGG: Yes. This is Ron Flagg on behalf
3 of Management, and in particular, Traci Higgins, the
4 Director of HR. We have really two pieces to this
5 presentation. One is specific to the Health
6 Reimbursement Arrangement Plan, and I'll speak to that
7 first.

8 We have currently a reimbursement plan
9 covering employees who bring with them either their own
10 or their spouse's health benefits to LSC, and there are
11 arrangements in our employee handbook that provides for
12 certain reimbursement of those expenses.

13 Under the Affordable Care Act, in order to, in
14 essence, retain those arrangements more or less in
15 place, we needed to create a plan that formalized the
16 arrangements that were covered by the handbook.

17 We have consulted with both our outside
18 benefits expert as well as our outside counsel, and
19 that's the course they recommended. We have done that.

20 We have created a plan. Those materials were sent to
21 the Board and to the Committee.

22 And it's Management's recommendation that the

1 Board adopt the resolution adopting the plan along the
2 lines I just described, which in terms of both benefits
3 to the affected employees and cost to the Corporation
4 would maintain the status quo.

5 The second piece of this is to formalize what
6 has generally been the practice in the past, which is
7 after the Board adopts a benefits plan, Management
8 obviously administers the plan. And on occasion, there
9 can be modifications in the details, such as copays,
10 deductibles, covered services, to switching providers.

11 Typically, Management has administered those
12 details. We've been advised that just to make sure
13 there's no doubt about it, that the Board delegate to
14 Management authority to administer employee benefit
15 plans and make amendments as necessary, with notice to
16 the Board of any amendments so that if the Board wanted
17 to take the amendments up, they could. Termination of
18 the plan could only be done by the Board.

19 So the resolution for the Board's
20 consideration would cover adoption of the health
21 reimbursement plan that I mentioned, explicit
22 delegation to Management to administer the plan along

1 the lines I described, as well as a general delegation
2 to administer other employee benefit plans so that that
3 delegation is clear.

4 CHAIRMAN MINOW: Very good. So does anyone
5 have questions? Comments?

6 MS. BROWNE: This is Sharon. I have a
7 question, Ron. On the Health Reimbursement Arrangement
8 Plan, is there an existing plan in place and this is
9 just amending that existing plan? Or is this a
10 brand-new plan?

11 MR. FLAGG: There is an existing provision of
12 the employee handbook that provides this benefit. And
13 LSC has been paying the benefit for roughly a decade,
14 and the Board approved the handbook back in 2007 with
15 this aspect of this benefit covered.

16 So there's been a Board-approved benefit, but
17 there has not been a formal plan. In order for us to
18 continue this benefit, we were advised by outside
19 counsel to adopt a formal plan that would comply with
20 the details of the healthcare act.

21 So again, all we're doing is we're creating a
22 new plan, but the new plan does not create any new

1 benefits beyond those that existed under the existing
2 Board-approved policy that was in the handbook. And
3 the plan basically, in substance, carries forward both
4 the benefits to our affected employees and the costs to
5 the Corporation that were previously in existence.

6 MS. BROWNE: Thank you. So it does raise a
7 question. When I looked at the title page of the
8 Health Reimbursement Arrangement Plan, it has, "As
9 adopted effective January 1, 2014." Should that have
10 been 2015?

11 MS. ROK: No. This is Atitaya. In order for
12 us to bring this plan into compliance with the
13 Affordable Care Act, it must be implemented by the end
14 of the calendar year. And all of our health benefits
15 plans are on a calendar year basis, so the effective
16 date is January 1, 2014. That is correctly stated.

17 CHAIRMAN MINOW: Any further questions?

18 (No response.)

19 CHAIRMAN MINOW: The practical effect of this
20 change on anyone's life is what?

21 MR. FLAGG: I think the only practical effect
22 is under the current arrangements under the employee

1 handbook, the affected employees have to provide proof
2 of their preexisting plan on an annual basis. Under
3 the healthcare act, the Affordable Care Act, that
4 reporting has to be done monthly. So there's a little
5 more paperwork on behalf of the affected employees, but
6 the benefits remain the same and the costs to the
7 Corporation remain the same.

8 CHAIRMAN MINOW: Right. Terrific. So do you
9 want us to recommend to the full Board this adoption,
10 this change?

11 MR. FLAGG: Yes. Adoption of the resolution
12 which was part of the packet.

13 CHAIRMAN MINOW: Right. So can I have, I
14 think, a motion for that?

15 MR. LEVI: Wasn't there a resolution that you
16 prepared?

17 CHAIRMAN MINOW: Yes, there is.

18 MR. FLAGG: Yes. There's a resolution that
19 was part of the package that was sent to the Board.

20 CHAIRMAN MINOW: So we don't need a motion.
21 We just need to vote yes or no on the resolution. Is
22 that right?

1 MR. LEVI: I think you need to vote to
2 recommend the resolution to the Board. That's right.
3 So I'm just asking, do I need a motion, or can I just
4 ask how many people would like to recommend the
5 resolution? I think I could just ask, how many people
6 would like to recommend the resolution? Yes?

7 MR. LEVI: Yes.

8 MS. BROWNE: This is Sharon. Yes.

9 CHAIRMAN MINOW: Anyone else? Is there anyone
10 opposed? Have we lost people?

11 (No response.)

12 CHAIRMAN MINOW: I'm going to assume that we
13 can recommend the resolution.

14 MR. FLAGG: Okay. And then the last remainder
15 of the agenda is just public comment for the Committee.

16 CHAIRMAN MINOW: All right. Anyone have any
17 further business?

18 (No response.)

19 CHAIRMAN MINOW: Is there public comment?

20 (No response.)

21 CHAIRMAN MINOW: May I have a motion to
22 adjourn the Committee meeting?

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M O T I O N

MS. BROWNE: This is Sharon. I'll move.

CHAIRMAN MINOW: Thank you.

MS. REISKIN: Second.

CHAIRMAN MINOW: Wonderful. I think that we
can adjourn.

(Whereupon, at 3:54 p.m., the Committee was
adjourned.)

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