

Collegewide Benefits Committee
Leadership Forum
May 4, 2006

Present: Pat Brown, Co-Chair, Sandi Burnett, Co-Chair, Al DeSalles, Peter Geltner, Jeanette Goolsby, Marvin Martinez, Mitra Moassessi, Anna Rojas

Guests: Susan Aminoff, Anne Clifford, Teri Gaulke, Peggy Rhoads, Bernie Rosenloecher, Peggy Shannon, Lantz Simpson

Assistants: Letty Kilian, Mimi Vaval

The Collegewide Benefits Committee is at a juncture in its mission to make a final recommendation to the bargaining units and the District regarding health benefit options while maintaining the quality of care yet containing the cost of the District's health benefits program. The Committee welcomed the opportunity to meet with union bargaining leaders and administration representatives.

1. A report prepared by Co-Chair Patricia Brown summarizing the work of the Committee to date was distributed at the meeting. The Healthcare Plan Decision Timeline dictates that the Committee makes a recommendation to the bargaining units and administration regarding the District's health benefit plans for 2006-07 by May 30, 2006.

Report to District Planning Advisory Committee
April 26, 2006

Objective 19: To complete review of health benefit options (including those for retirees) by the Health Benefits Committee and make a final recommendation on the option(s) which provide the most comprehensive benefits at a reasonable cost. (Human Resources) Health Benefits Committee, Budget Committee

The Collegewide Benefits Committee

The committee has been established since February 9, 2005, via a Memorandum of Understanding by the District, CSEA and the Faculty Association.

Role of the committee: The role of the committee is to contain the costs of the District's health benefits programs while maintaining the quality of the benefits available to employees, retirees and eligible dependents.

The membership: 11 members; 9 voting members, 2 resource staff

Pat Brown, co-chair, Sandi Burnett, co-chair, Lenore Banders, Al Desalles, Peter Geltner, Jeanette Goolsby, Marvin Martinez, Mitra Moassessi, Anna Rojas.

Resource Staff: Letty Killian, Mimi Vaval

Thus far:

- Have conducted a survey of employee satisfaction with current health plans
 - Have held 4 campus wide health benefits forums
 - Have a website at [smc.edu/college benefits](http://smc.edu/college_benefits): updated with survey results, agendas, minutes and relevant articles concerning health and benefits
 - On July 1, 2005, the Committee provided its recommendations thus far to each bargaining unit and the District. Some measures recommended are as follows:
 1. Join with the LACCD and accept their health benefits program
 2. To explore options and incentives related to encouraging employees to move from PERSCARE to PERSCHOICE as a savings.
 3. The Benefits office should hold workshops twice each year to discuss the transition of benefits when an employee goes from active to retiree status.
 4. That the committee should continue its work for 2006-07
 - The District has hired a consultant to assist with identification of health benefits providers other than CalPERS. The focus of the consultant is mainly on medical benefits offered through CalPERS, and possible third-party administrator services if the District leaves CalPERS.
 - A faculty member in the business department was hired to conduct a workload study of the benefits office to determine current workload as well as to determine responsibilities and needs relative to CalPERS performed by this office.
 - Currently, have received a quote from Blue Cross; awaiting quotes from HealthNet and Aetna. Pacificare and CIGNA declined to quote.
- The timeline for the district to make a decision to leave CalPERS is July 1, 2006. The 2007 CalPERS rates are released around mid-June. There must be time prior to June 30 for the unions and the District to discuss with its constituencies the benefits and risks of moving from CalPERS.

On May 4, the unions' leadership and the Superintendent/President are invited to attend the benefits committee for a review and discussion of the committee's progress thus far. The consultant will also attend and present an update on the RFP process to date.

2. To assist in the process, the District hired a consultant to compare alternate plans with the current medical health plan serving as the RFP. Consultant Anne Clifford and Terry Gaulke, of Fickewirth & Associates, shopped the RFP with Aetna, Blue Cross, CIGNA, Health Net, and PacifiCare.

- CIGNA declined to quote any rates since they no longer service the education industry; PacifiCare will not quote to CalPERS clients; Blue Cross submitted a proposal which reflects a 40% increase for retirees and a decrease in the level of benefits, however, they use the same PPO network

that CalPERS uses. Aetna and Health Net will provide quotes in mid-May.

- Consultant Anne Clifford suggested that the Committee members look up personal PPO providers on the Health Net and Aetna websites to gain a comparison with the Districts current PPO. A cursory review by Committee members revealed that Aetna appears to have more doctors on their network frequently used by those with Blue Cross PPO than Health Net.

3. The Committee discussed verification of dependent eligibility through an audit to verify eligibility of employees and their dependents health coverage by the District. Previously, the District was more in favor of a voluntary approach of verification of eligibility instead of a mandatory audit process. The Committee feels that this effort would be a great cost-saving measure with significant savings to the District.

- Board of Trustees member Susan Aminoff spoke to LACCD's implementation of a health benefits audit of LACCD's retirees and the great savings the audit yielded, a savings of \$.5 million dollars (\$500,000.00). In an effort to save money and maintain current records, LACCD audits its retirees every year.
- An audit will help ensure that only those eligible for health benefits coverage, i.e., employees and their dependents (and survivors), and all living retirees are enrolled in the District's medical health plans.
- Co-chair Brown will contact CalPERS and find out if they can administer a health benefits audit. It was suggested that a good time to have an audit would be during the enrollment period of health benefits
- Mimi Vaval reported that American Fidelity does audits for no fee with school districts. They want an opportunity to discuss their products with employees during a review of documents substantiating eligibility.

4. Third Party Administration - If the District leaves CalPERS, services such as billing and account reconciliation; database management and reports; administration of COBRA; are services that will need to be provided. Most reasonably, those services would be done by a third party administrator (TPA). Included in the RFP from Blue Cross is the cost for these services, approximately \$9.00 per person/per month estimated at around \$92,000.00 annually.

Even if the District does not leave CalPERS, the District may want to consider having a TPA since the Brookins' report recommended increased staffing for our benefit operations. Most health benefit-consulting firms have a separate department that handles third party administration and who could also administer the audit of health plans eligibility. The Committee will work on obtaining quotes for TPA's.

5. COBRA - The District bears the legal responsibility of notifying employees separating from the District of their rights to continuation of all forms of health coverage under COBRA. It is a federal law that carries a penalty with it if it finds that the employer did not notify the employee of COBRA.

6. PERSChoice incentives - The perception of financial risk for employees to move from PERSCare to Choice is significant. Typically PERSCare clients are considered a high-risk pool. Incentives to benefit employees and encourage them to make the move from Choice to Care should be further explored. Under PERSCare, the lifetime maximum is unlimited (no maximum).

7. GASB 45- Governmental Accounting Standards Board (GASB) issued new accounting standards that will require community college districts to report their unfunded liability for retiree health benefits in their annual financial statements.

Dr. Tsang suggested that the Committee revisit its prior cost-saving measure recommendations:

- Implementation of a health benefits audit at Santa Monica College
- Third Party Administration (TPA)
- Explore options and incentives to move from PERSCare to PERSChoice.