

Santa Monica College
Collegewide Benefits
Minutes of the Meeting
December 8, 2005

Present

Pat Brown, Co-Chair
Sandi Burnett, Co-Chair
Al DeSalles
Peter Geltner
Jeanette Goolsby
Mitra Moassessi
Ana Rojas

Absent

Lenore Banders
Reagan Romali
Mimi Vaval, Resource Staff Assistant

Assistants

Letty Kilian, Staff Assistant

Co-chair Patricia Brown called the meeting to order at 9:40 a.m.

November 3, 2005 Minutes

Motion was made by Peter Geltner and seconded by Mitra Moassessi to approve the Minutes of November 3, 2005. **Unanimously approved.**

Reports and Discussion

Fidelity Section 125 - There was an increase in the number of employees who signed up for Section 125 as a result of the November 2nd Health Benefits Forum and the Section 125 presentation. The Committee requested the additional number of days that were added to the Section 125 sign-up days and the total number of employees who registered for Section 125 for a comparison to last year's numbers.

Workload Summary of the Benefits Department - Further investigation is needed to determine the reason the Benefits Office is responsible for inputting automatic deductions for parking passes. Additionally, the reconciliation of Benefit accounts identified in the Summary requires attention.

Health Benefits Forum Notes - The Health Benefits Forum Notes were corrected to read that the Section 125 grace period to apply for medical expense reimbursement is not 18 months but 14 1/2 months and applies only to medical expense reimbursement from Section 125. A memo sent from the Benefits office June 28, 2005, described an IRS ruling which potentially extends the length of time medical expenses may be incurred. Co-chair Brown will seek legal clarification as to whether the District allows such an increased grace period.

Motion was made by Peter Geltner and seconded by
Jeanette Goolsby to add the November 2nd Health
Benefits Forum to the December 8' 2005 minutes.
Unanimously approved.

Health Benefits Forum
Wednesday, November 2
Business 111 (B-111)

- The Section 125 Flex Plan allows District employees to use pre-tax dollars to pay for qualified benefits
- Section 125 also offers life insurance and tax shelter annuities
- Section 125 pre-tax dollars may be used for dependent day care
- The maximum amount for medical/dental or dependent care to put away in the Section 125 Plan is \$5,000
- You have up to 14 1/2 months to file for expenses incurred in a calendar year and receive your “banked” money. The grace period will only apply to medical expense reimbursements.
- CalPERS is the retirement program for classified retirees
- Disability benefits are available for faculty who are under STRS; however, STRS only covers faculty after the first two years of his/her inability to perform assignment due to disability and the faculty member has to have been vested for five years with STRS
- The TSA/403 (b) plan is a retirement plan that allows the employee to defer taxes on salary reduction contribution that you elect to voluntarily contribute
- Adjunct faculty, basically, anyone with a paycheck, can be eligible for the 403 (b) plan
- The contribution limit for the 403(b) is \$14,000 for 2005 and \$15,000 for 2006 and thereafter
- Disbursements/distribution may not be made from the 403 (b) plan until the employee reaches age 59; has a severance from employment due to disability; or, encounters demonstrated financial hardship; or dies
- The contributions are taxed as ordinary income when eligible to take a distribution.
- You may sign up for the 403 (b) plan by logging on www.smc.edu/EmployeeBenefits/ and clicking on the TSA Packet link
- The **403 B Compare List** is a vendor list of different TSA’s which allows you to compare all the different providers; this site may also be accessed by going on www.smc.edu/EmployeeBenefits/
- The District provides a \$50,000 term life insurance to full-time faculty and classified employees working at least 20 hours per week

- The current medical health plans will serve as the RFP. It is important that we have a rider for unlimited lifetime maximum
- PERSCare's lifetime maximum is unlimited
- PERSCare's lifetime maximum is \$2 million
- PERSCare will pay 90% once the \$500 deductible has been met and the member pays 10% for medical benefits with a maximum calendar year co-payment of \$2,000 for an individual or \$4,000 for a family
- PERSCare will pay 80% once the \$500 deductible has been met and the member pays 20% for medical benefits with a maximum calendar year co-payment of \$3,000 for an individual or \$6,000 for a family
- Some adjunct faculty would like to have access to PPO coverage

Cost Saving Ideas

- Concern was expressed that the burden of saving money for the District not be shouldered by PPO members but that it may be shared by those enrolled in HMO plans
- Spouses employed by the College should be given an incentive to opt out and be carried under one or the other spouses medical plan; Encourage employees who have spouses working outside the college to be covered under their plan; faculty have this option available to them but the classified do not
- The "cafeteria" plan was also discussed as a means of savings which would allow employees to spend a dollar amount in selection of benefits
- Dependent eligibility could be monitored more

Alternative Plan Quotes - Co-Chair Brown reported that the Purchasing Department will not be involved in contacting any JPA's and that the Interim Superintendent has indicated that a consultant will shop our existing plan with other plans: Health Net, Pacific Care, Aetna, CIGNA, and Kaiser for both full time and part time employees. The consultant will also shop for the same coverage that the retirees currently have. The current medical health plans will serve as the RFP. It is important that we have a rider for unlimited lifetime maximum.

The RFP proposal will be available by January 15, 2006. On December 5th Anne Clifford submitted a proposal for shopping our medical plans. The benefits summary should take approximately three weeks to prepare and a couple of weeks to write the final report which should be ready by mid-March. The Committee will be on time with the RFP timeline to finish by May 2006. The District will need to decide whether to stay or withdraw from CalPERS by July 2006.

The administrative ramifications and fiscal impact in leaving CalPERS will be significant to the District. The Committee expressed its concern that the RFP does not include the administrative responsibilities currently handled by CalPERS and that the consultant may only shop for medical plans but not for the administration of the medical plans. The Committee discussed having the RFP include the administration of the health plans or have a second RFP for administrative services of the health plans.

The quoted consultant hourly rate is \$225; the accounting manager's hourly rate is \$150; and \$75 to \$100 for the administrative assistant. This is based on a total of 102 to 180 hours of work. The potentially increased consultation cost of the pricing administrative needs will be discussed with Anne Clifford by Co-chair Brown.

The Committee would like to know if the consultant had a preliminary projection of the cost savings to the District if we leave CalPERS.

Retirement Workshop - A Retirement Workshop for classified employees will be held late in February (we will check with Mimi Vaval on a date). The Retirement Workshop for the faculty will be held on Thursday, March 2, 2006.

Spring Benefits Forum - A Spring Benefits Forum will be held on Thursday, April 6, 2006 from 11 a.m. to 1 p.m. Mitra stated that the Faculty Association meetings scheduled for that date may be cancelled to allow faculty to attend.

Collegewide Benefits Committee Summary Report - The Committee's co-chairs will draft a mid-year report of the Committee's work since its last report in June 2005. The report will also include Gregory Brookins' Workload Summary of the Benefits Department.

Agenda for Next Meeting

- Mid-Year Report
- Parking Payroll Deduction by the Health Benefits Office
- Spring Benefits Forum
- HIPPA Rules for Employment Separation and Benefits
- Implementation of Cost-Saving Recommendations
- Increase in Section 125 Enrollment
- RFP Process Update
- Section 125 Grace Period for Medical Expense Reimbursement

Adjournment: 10:45 a.m.

The next meeting of the Collegewide Benefits Committee will be held on Thursday, February 16, 2006 from 9:30 - 11:00 a.m. in the Library Conference Room.