

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

Present

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

Guest

Anne Clifford, Fickewirth & Associates  
Teri Gaulke, Fickewirth & Associates  
Peggy Shannon, CSEA Labor Relations Representative  
Keith Webster, Purchasing Director

Assistants

Letty Kilian, Staff Assistant  
Mimi Vaval, Resource Staff Assistant

Co-Chair Patricia Brown called the meeting to order at 2:35 p.m.  
The Committee moved the agenda to New Business Item - Consultant  
Anne Clifford.

Approval of May 25, 2005 Minutes

Deferred to next meeting.

Approval of June 1, 2005 Minutes

Deferred to next meeting.

Reports and Discussion

**Medical Plan-Comparative Analysis** - Consultant Anne Clifford commented on the report of the review and comparison of the plan benefits provided through CalPERS, LARISA and LACCD. LARISA has multiple options but the only "insured" PPO plan is PacifiCare. The report used the KAISER option closest to CalPERS Kaiser. Major points were:

Annual Deductible

- The deductible under the LACCD Blue Shield plan is less than with the PERSCare and LARISA plans.
- Under the LACCD plan the deductible is \$200/per member and \$600/per family; under the LARISA PPO plan through PacifiCare it is similar to PERSCare plan of \$500/per member and \$1,000/per family
- LACCD, currently with Blue Cross, has opted to move to Blue Shield
- The contract with Blue Shield is only for one year

Administrative Aspects

- Administrative ramifications of making a change from CalPERS are not known

- Currently, LACCD has three employees who handle some of the administrative aspects; their administrative costs are approximately \$250,000 per year **plus outsource costs**
- LACCD out-sources its 800-customer service hotline, the employee data base, billing, and insurance benefits eligibility
- As of July 1<sup>st</sup>, LACCD's new SAP Human Resources department is considering taking back the administration of eligibility and billing it currently out-sources
- Currently, LACCD has a sub-committee that is responsible for the development of their health publications and forms. These are out-sourced for printing.

LACCD/SMC Health Benefits Pool

- LACCD will go forward in their discussions of a joint pool by establishing a Joint Powers Authority with SMC once they are informed that we are interested

Lifetime Maximum

- Under PERSCare, the lifetime maximum is unlimited (no maximum)
- Under LACCD Blue Shield PPO, the lifetime maximum is \$6 million dollars
- LARISA PacifiCare PPO's has an unlimited lifetime maximum

Network Providers

- Blue Cross and Blue Shield have extensive, comparable providers throughout the United States
- PacifiCare provider list is substantially limited when compared with Blue Cross and Blue Shield
- Blue Shield providers are listed on their website mylifepath.com

Member Peter Geltner asked if any one has ever gone over the \$2 million lifetime maximum, and whether it was possible to have a rider to go over the \$6 million lifetime maximum. Anne Clifford said that no one has gone over the current \$2 million Lifetime Maximum.

Annual Out of Pocket Maximum

- The PERSCare plan has an out-of-pocket maximum of \$2000/per member; and \$4,000/per family out-of-pocket maximum
- LARISA's annual out-of-pocket maximum is the same as PERSCare
- Under LACCD there is no out-of-pocket maximum because there is no co-insurance with the LACCD preferred provider services
- For services from a non-preferred provider under the LACCD plan, the annual out-of-pocket maximum is \$1,000/per member and \$3,000/per family

Prescription Drugs

- The PERSCare PPO has a prescription plan that includes generic drugs (\$5), preferred brand name on their formulary list (\$15); and brand name drugs not on the plan's formulary list (\$30)
- PERSCare has a mail-order system offering a 90-day supply (\$10/\$25/\$45); PERSCare has established a penalty for members

- choosing the retail pharmacy to purchase maintenance prescription drugs
- LARISA and LACCD also have a similar co-payment as PERSCare but neither plan has implemented a penalty for non mail-order prescription drug purchases
  - KAISER prescribes only formulary medication but the doctors are encouraged to prescribe generic medication

### Retirees

The Medical Plan Benefit and Cost Comparison Analysis did not include retirees. Anne Clifford plans to address retirees and their benefits at the next meeting. The Committee expressed its concern that whatever plan is chosen, the retirees have the access to the same benefits that active employees currently have. Anne Clifford will prepare a breakdown for retirees based on employee, and employee and dependents.

- With LACCD retirees have the same plan as their active members even if enrolled in Medicare
- With SMC retirees receive an annual contribution; the premium is not entirely paid
- LACCD requires retirees over 65 to file for Medicare A and B plans (PERS also requires a Medicare enrollment for retirees 65 and older)
- Under SMC's contracts, the District pays a contribution and the retiree pays the difference
- As of August 1<sup>st</sup>, the District will pay retirees over 65 \$401.54. For those under 65 years of age, the District reimburses premiums 100 percent

Member Mitra Moassessi asked what it would take to get the same rates with Blue Shield without joining LACCD. Anne Clifford said that Blue Shield HMO will not provide us with a quote unless they know that we are not renewing with CalPERS. However, the fact that we do not have claim experience is also a problem.

The Committee felt that no further research on LARISA health benefits was necessary. Anne Clifford was of the opinion that LARISA is not a sophisticated operation.

Co-chair Sandi Burnett asked what guarantee LACCD had from Blue Shield that their rates or benefits would be stable the second contract year. Clifford said that LACCD may receive a "dividend" from Blue Shield if their claims are less than premium costs; but no rate guarantees for the second year were negotiated.

The 2005 CalPERS rates were compared with the 2006 Blue Shield LACCD rates, with a substantial estimated reduction of costs noted. The LACCD rates include a 0.5% commission built into the amount.

Finally, Consultant Anne Clifford distributed a copy of CalPERS article addressing the issues to consider if leaving the CalPERS system.

There was brief discussion regarding changing the date and time of future Committee meetings.

Agenda for Next Meeting

- Discuss Schedule for Next Forum
- Review of past meeting minutes
- Construct time line for Committee recommendations

Adjournment: 4:00 p.m.

The next meeting of the Collegewide Benefits Committee will be held on Thursday, June 16, 2005 at 1:00 p.m. in the Drescher Hall 300-E (LOFT). Please note change in time and date.