

**The Collegewide Benefits Committee
Report Summary to the Superintendent/President
September 2006**

Submitted by: Sandra Burnett, Co-chair
Patricia W. Brown, Co-chair
Collegewide Benefits committee

The Committee, comprising three bargaining entity representatives, Administration, Faculty Association and CSEA, met 22 times during the 2005-06 academic year. The objective is to maintain the same profile of employee medical benefits but at lower cost. The District goal is to save at least \$1 million dollars.

The major goals of the Committee for the year were:

- To work with the consultant to submit a request for proposal (RFP) to insurance carriers. The proposal essentially was a carbon copy of the District's current plan in CalPERS. In addition, the proposal was inclusive of administrative costs and services required if the district disengaged from CalPERS.
- To conduct an assessment of the workload and flow of the District Benefits Office.
- To investigate the feasibility of conducting a benefits audit of dependent eligibility. This strategy was undertaken to save money on benefits expenses through more accurate reporting of dependent eligibility.
- To provide information and increase employee awareness of pertinent health benefits issues and gather concerns from employees.

RFP Process

The Committee recommended that Consultant Anne Clifford of Fickewirth & Associates be contracted. The Board of Trustees approved the contract. The role of the consultant was to prepare the proposal to send to various insurance carriers. Once the carriers submitted their responses, the consultant would analyze the proposals and present to the Committee data of the various plans compared to CalPERS. The consultant would assist the committee in deciding if the objectives had been met by leaving or staying with CalPERS.

Informing the Campus Constituents

The Committee held four (4) Health Benefits forums open to the campus at large. These were opportunities for the committee to hear ideas and concerns of the college community, as well as provide updates on committee direction and progress. The committee established a website and continued to post its agendas, minutes, and other articles and information of interest relative to health benefits.

The Committee co-chairs met as needed with the former Interim Superintendent/President and later with the new

Superintendent/President. These sessions served as discussion sessions and to provide updates on the direction and progress of the committee.

In May, the Benefits Committee held a Leadership Forum, to which the Superintendent/President and former Superintendent/President, the presidents of the Faculty Association and CSEA were invited. The Fickewirth consultants also attended the meeting, as well as Trustee Aminoff. This was a very informative and healthy discussion about core issues facing the committee as it sought to accomplish the aforementioned goals.

RFP Review Process

The District's RFP was submitted by the consultant to five (5) insurance carriers: AETNA, Blue Cross, CIGNA, HealthNet and PacifiCare.

CIGNA decided not submit a response; PacifiCARE said it would not quote to districts leaving CalPERS. HealthNet repeatedly did not respond to the RFP and, therefore, the consultants ceased to pursue a response. In the end, the Committee thoroughly reviewed the responses submitted by AETNA and Blue Cross.

AETNA had lower premiums over all. However, the AETNA network of physicians only overlapped with 50% of providers offered via CalPERS. AETNA did not offer an HMO plan for retirees, all must enroll in the PPO.

The initial plan offered by Blue Cross, with its comparable provider list, represented substantial savings for active employee premiums and District costs, but there was substantially less coverage for Medicare eligible retiree. The Committee directed Blue Cross to match benefits for retirees with actives and submit a second plan. The second plan presented by Blue Cross (1) increased premium costs to actives, thereby substantially reducing the original plan savings for the District and (2) left retirees with premium costs beyond the reimbursement limit of employee contracts, and produced very high premium costs for retirees with dependents.

The Interim Superintendent/President required that the alternate Kaiser "quote" (outside of CalPERS) be provided by those currently contracted for part-time faculty Kaiser benefits (Driver Alliant). Little specificity was ultimately received by the Committee other than an email statement that Driver Alliant would offer the same Kaiser full-time benefit package at the same rates as CalPERS for 2007.

RFP Results

The Committee had concerns about accepting any proposal that would adversely impact retirees. The second plan proposed by Blue Cross would have reduced the costs for the District but, without an offer to increase reimbursements for retirees by the District, the Committee could not recommend such a burden of cost for retirees. There is a need for future discussions around retiree health benefits and employee contract provisions.

Additionally, the committee was concerned that low rates for 2007 were no guarantee of similar rates for 2008.

The Committee is also concerned about the District's capacity to manage the increased administrative tasks if the District leaves CalPERS, due to staff shortages in the Benefit's Office, as indicated by the work load assessment. The need for on-going reconciliation of accounts is crucial for cost saving, as demonstrated this year with a saving of over \$35,000 per month. Implementation of a Third Party Administration contract is an alternative method for management of such tasks.

The Committee developed a proposal for third party administration services to provide assistance with: an improved benefits website; COBRA services for employees and dependents who separate from the district; and reconciliation of accounts.

The Committee recognizes that the administrative burden of two brokers, two administrators, of an alternate PPO/HMO plan and Kaiser Plan, if the District leaves CalPERS, is excessive. The broker fees and administrative costs of the alternate Kaiser plan was not available to the Committee.

Benefits Audit

A letter signed by the Superintendent/President was sent to all employees in June stating that a Benefits Audit of dependent eligibility for health insurance coverage was to be conducted in the fall. The Board of Trustees approved a contract for implementation of a benefits audit of dependent eligibility at its August 14, 2006 meeting.