

Santa Monica College
Collegewide Benefits
Minutes of the Meeting
July 27, 2006

Present

Pat Brown, Co-Chair
Sandi Burnett, Co-Chair
Lenore Banders
Al DeSalles
Jeanette Goolsby
Marvin Martinez
Mitra Moassessi
Anna Rojas

Co-chair Pat Brown called the meeting to order at 1:05 p.m.

Approval of July 20, 2006 Minutes (as amended)

Motion was made by Mitra Moassessi and seconded by Jeanette Goolsby to approve the minutes of July 20, 2006 to show Jeanette Goolsby as classified member of Health Benefits Audit Selection Committee.

Unanimously approved.

Reports and Discussions

Blue Cross Update - Blue Cross agreed to duplicate the Medicare Supplement Plan that CALPERS offers while keeping the prescription plan as originally quoted. Because of this change the rates will increase substantially for actives and early retirees. The Blue Cross PPO rates would increase for all retirees and would substantially increase for two party and family retirees using the supplement plan. The revised plan, with an improved benefit for Medicare supplemental retirees and higher cost for actives and early retirees would reduce the district's savings to \$386,221.80.

Health Benefits Audit bids deadline was extended to 9:00am Friday, July 28, 2006 by Keith Webster. We may have four (4) possible bids for Health Benefits Audit Selection Committee to review on Monday, July 31, 2006.

Highlights of Telephone Conference with Consultant Anne Clifford regarding the July 27, 2006 Blue Cross quote:

- Anne Clifford explained why the rates for the actives and early retirees increased substantially. It was explained that the underwriters have a figure (\$8.5 million) for the package presented and rates had to be adjusted to accommodate the improved retiree package.
- Discussion on whether Kaiser would bid to a second broker, other than Driver Alliant. Anne explained that the proposed rates would be the same.

- Would Blue Cross' package have a "pre-existing medical condition clause" in their plan? No.
- Dependents' eligibility would follow our current CALPERS plan. Anne explained that the employer group sets up the eligibility for their plan.
- Blue Cross' proposal would offer retirees an unlimited "lifetime maximum" while actives and early retirees "lifetime maximum" was \$5,000,000.
- Blue Cross' plan does have "binding arbitration" and they are sticklers about it.
- Blue Cross' non-brand formulary is a little different than the current Medco plan under PERS.
- Committee asked about enrolling retirees in Medicare parts D as ½ the costs on the retirees' side are prescription drugs. Anne said unless the district pays for it, the employees would have to.
- Mitra asked whether Blue Cross would give us a rate guarantee for next year. Blue Cross would not give us a rate guarantee for next year, but they would "cap" the increase at the "trend rate".
- Fees included in the plan are: 3% commission for Fickewirth; \$9.00 per month per enrollee for third party administrator.
- Committee had concerns regarding the possible 2nd year rate increases by Blue Cross.

Mitra Moassessi voiced concern that we having nothing on paper regarding rates for Kaiser.

Recommendation to the District

Committee considered the Blue Cross proposal but cannot recommend adoption of it due to the financial burden expected for retirees. Based on current contract, the obligation for increased rates would be the responsibility of the retirees.

Committee recommends that district consider one consultant firm handle all actives and retirees groups. Coordination of billing and reconciliation, ongoing audit and construction of database would be increased by having two different brokers, if the District were to leave CalPERS.

The committee recommended the audit process of dependent eligibility as a cost saving strategy.

The committee recommended a third party administrator to create and maintain data bases, assist with account reconciliation, and expand the benefits website.

