

Santa Monica College
Collegewide Benefits
Minutes of the Meeting
June 8, 2006

Present

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

Excused Absence

Al DeSalles
Peter Geltner

Assistants

Letty Kilian, Staff Assistant
Mimi Vaval, Resource Staff Assistant

Co-chair Pat Brown called the meeting to order at 9:35 a.m.

Approval of June 1, 2006 Minutes (as amended)

Motion was made by Mitra Moassessi and seconded by Jeanette Goolsby to approve the minutes of June 1, 2006 to include the correct spelling of Teri Gaulke's name.

Unanimously approved.

Reports and Discussions

Highlights of Telephone Conference with Consultant Anne Clifford

- Our consultants recommend discontinuing pursuit of a quote from Health Net; they are requesting information that should have been requested previously; therefore, the Committee will not consider Health Net as a possible provider
- Aetna has an attractive proposal with comparable benefits to CalPERS if enrollees stay within the Aetna network, including no lifetime maximum
- Aetna's HMO, compared with PERS Blue Shield, has a higher cost; and the HMO for retirees with Blue Shield will be higher
- Network providers for Aetna will not be the same
- Aetna had a high coverage and low coverage estimates; and for both, the lifetime maximum was unlimited
- The consultants will summarize the Aetna proposal and contact the Committee

2007 CalPERS Changes - The Co-chairs forwarded to the Committee an e-mail with the CalPERS Healthcare Projections for 2007 summarized. The second page of the 54-page document was provided to the Committee - Potential 2007 CalPERS Changes.

A third "Select" PPO Option - 50% of Prudent buyer PPO Network

- Blue Shield HMO Changes - Office Visit Co-payment: \$10 to \$15
- ER Visit: \$50 to \$75
- (Urgent Care remains at \$25)
- Hospital Inpatient Co-payment: \$250
- Ambulatory Surgery Center Co-payment: \$25

HMO Changes

- Office Visit Co-payment: \$10 to \$15
- ER Visit: \$50 to \$75
- (Urgent Care remains at \$25)
- Hospital Inpatient Co-payment: \$250 (Huge increase from \$0 to \$250)
- Ambulatory Surgery Center Co-payment: \$25

PPO Changes

- Care and Choice:
 - ER Deductible: \$50 to \$75
 - Require Preauthorization for Imaging Services
 - Create Urgent Care PPO Network with \$20 in-network co-payment
- Choice:
 - \$250 inpatient deductible per admission (previously \$0)
 - Increase Lifetime Maximum from \$2 to \$5 million

Approaching the \$2 million lifetime maximum - There appears to be no formal notification by the health insurance carriers when a member is approaching or has reached the \$2 million lifetime maximum. Apparently PERS has five members that have exceeded the \$2 million lifetime maximum since 2001. PERS is currently tracking eight members who are *approaching* the \$2 million lifetime maximum. The increase of the lifetime maximum to \$5 million by Choice is very attractive.

Third Party Administration - Consultant Clifford provided the names of possible TPA providers. They are as follows:

1. Benefits Services Center (Fickewirth)
2. BeneTrack
3. Mercer Human Resources Consulting
4. Strategic Resources Company

LACCD is currently using Benefits Services Center and was highly recommended by Susan Aminoff.

Benefits Audit Process - Co-chair Pat Brown contacted Purchasing Director Keith Webster via e-mail and requested that he prepare a proposal for bid for audit services of employee benefits eligibility. As of this meeting date, there has been no response. Another e-mail will be sent to Keith Webster and Associate Vice President of Fiscal Services Reagan Romali. The

Committee would like to have information on the selection process of possible vendors.

The following guidelines for notification of the health benefits audit are as follows:

- ❖ June 8 - Send e-mail to Keith Webster and Reagan Romali requesting Keith to prepare a bid for proposal based on the benefits audit parameters.
- ❖ Invite Keith Webster to attend the June 15th Committee meeting
- ❖ Vendors - Determine the legal requirement for proposal to be out for bid.
- ❖ June 13 - The first "friendly alert" e-mail of the planned September Benefits Audit is mailed
- ❖ July 3 - Formal notification of the health benefits audit is mailed
- ❖ July 20 - Second letter/reminder will include information on the process to set up an appointment with the auditors
- ❖ August - A third notice will be mailed in early August to those who have not made an appointment with the auditors

The health benefits audit item must be prepared in time to placed on the agenda of the July 12th Board of Trustees meeting.

An additional guideline to the benefits audit parameters was added as follows:

- Written assurance from the auditors that the highest level of confidentiality of employee information will be maintained throughout the process.

Benefits Coordinator Mimi Vaval reported that the refund resulting with the financial reconciliation is approximately \$92,000.00 from PERS and \$96,000.00 with Kaiser.

Incentive Alternatives - According to Consultant Anne Clifford, the flexible savings account through Section 125 appears to be the only incentive that provides a tax break to the employee. She will check to find out if the employer contribution is not taxed; who shoulders the tax liability.

Anne Clifford also said that Section 125 IRS rules state that unused funds must go back to the general assets.

Agenda for Next Meeting

- Draft of July 3rd Health Benefits Audit Letter
- Proposal for Health Benefits Audit Bid - Keith Webster
- Section 125 - flexible spending account

Adjournment: 10:58 a.m.

The next meeting of the Collegewide Benefits Committee will be held on Thursday, June 15, 2006 from 9:30 - 11:00 a.m. in the Library Conference Room (2nd floor).