



College-Wide Benefits Committee

Minutes of the Meeting April 7, 2015

I. Call to Order

The meeting was called to order at 3:08 pm.

II. Committee Members

<u>CSEA</u>	<u>Faculty Association</u>	<u>Management</u>
Barton, Willis	Fran Chandler, Co-Chair	Marcy Wade, Co-Chair
Lauer, LeRoy	Sinclair, Linda	Lee-Lewis, Sherri
Rojas, Anna	Zehr, David	Vasquez, Al

Guests: Charlie Yen (on behalf of Management Association)
Peter Morse (on behalf of Faculty Association)
Alliant Employee Benefits: Kim Hauk and Michael Menerey

Absent: LeRoy Lauer

Resource Staff: Laurie Heyman, Recording Staff Assistant
Lugina Rogers, HR Analyst-Leaves& Benefits
Heather Memarian, HR Employee Benefits Technician

III. Review and Approval of Minutes from Prior Meeting

Minutes of September 16, 2014.

Motion to Approve: David Zehr

Seconded: Al Vasquez

Vote: Aye: 7

No: 0

Abstain: 0

IV. Old Business

1. None.

V. New Business

1. Alliant presentation: presented details about the background, process and results of outreach efforts for alternate health care options for part time faculty and project managers.

Motion #1: In light of the fact that all the following companies - Aetna, Anthem, Blue Shield, Cigna, Health Net, United Health Care - declined to quote due to low participation rate of the benefit eligible population, the College-wide

Benefits Committee concludes that there are currently no alternative medical plan options for the Part-time Faculty and Project Managers.

Moved: Linda Sinclair
Seconded: Willis Barton
Vote: Aye: 8
No: 0
Abstain: 0

Motion #2: Benefits Committee recommends the Faculty Association and Office of Human Resources collaborate on a survey of benefit eligible Part-time Faculty and Project Managers to determine why they decline to participate in the District health plan options.

Moved: Al Vasquez
Seconded: David Zehr
Vote: Aye: 8
No: 0
Abstain: 0

VI. Agenda and Dates for Next Meeting

Tuesday, April 28th 1:30 pm to 3:00pm HSS 301 Confirmed
Tuesday, May 26th 1:30 pm to 3:00pm BUS 111 Confirmed

VII. Adjournment

Meeting adjourned at 4:13 pm

April 7, 2015

Santa Monica College
Benefits Committee Meeting

Alliant
Michael Menerey, Kim Hauk



Agenda

Section I: 2015 Kaiser Medical Plan

Section II: Medical Marketing

- Requests
- Carrier responses

Section VI: Next Steps

Exhibits: Disclosures



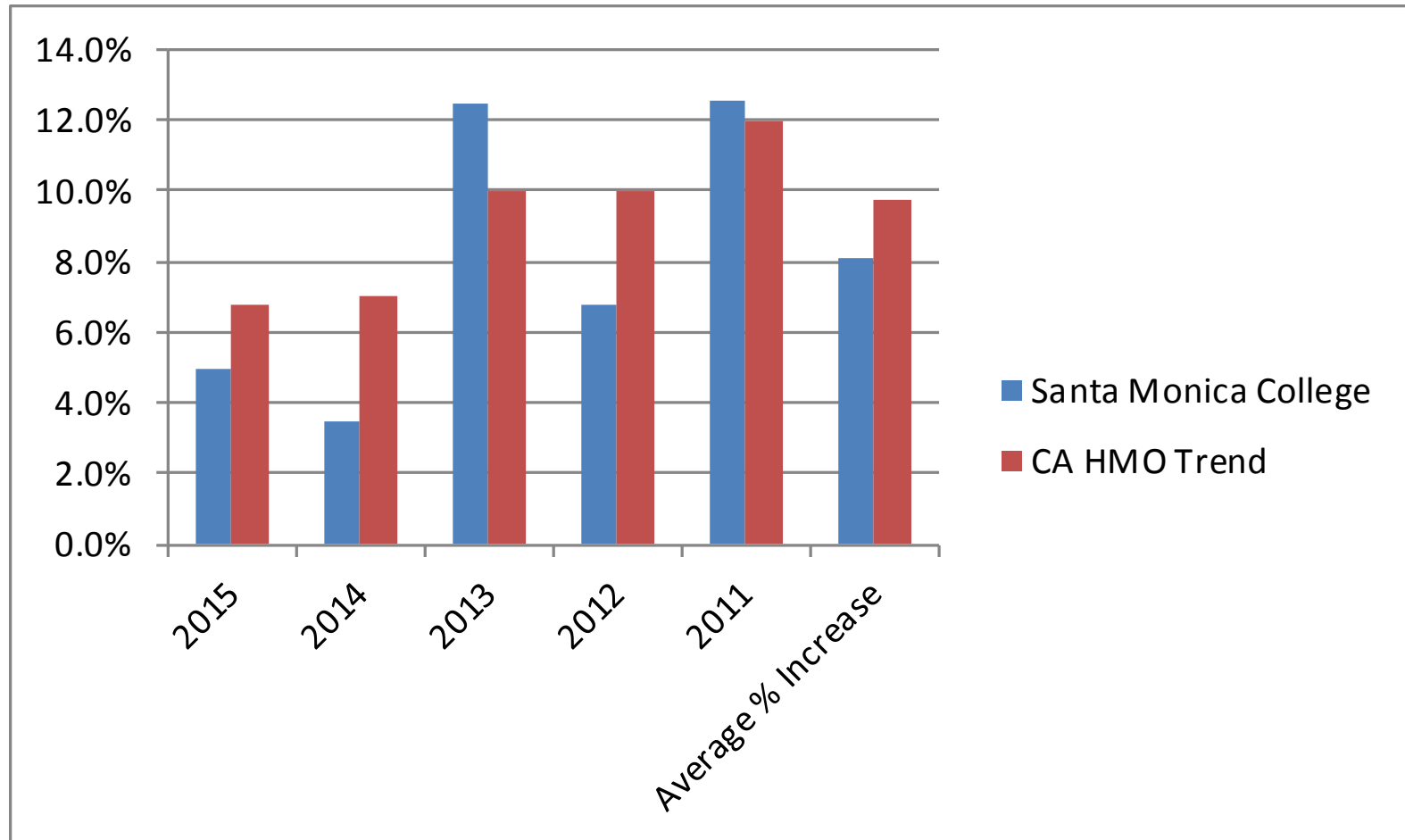
2015 Kaiser Medical Plan

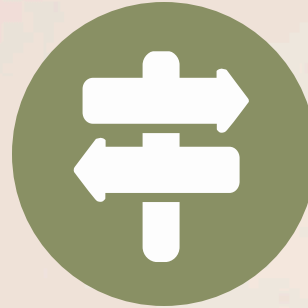


2015 Kaiser Medical Plan

Medical Plan Benefits		Kaiser HMO Current / Renewal
Calendar Year Deductible Individual / Family		NONE
Annual Out-of-Pocket Maximum Individual / Family		\$1,500 / \$3,000
Physician Office Visit		\$10
Specialist Copay		\$10
Preventative Care		No Charge
Lab and X-Ray CT, MRI, PET scans Other lab and x-ray tests		No Charge No Charge
Hospitalization Inpatient Outpatient		No Charge \$10 Per Procedure
Emergency Room		\$50 (waived if admitted)
Urgent Care Services		\$10
Durable Medical Equipment		20%
Chiropractic Care Acupuncture Care		\$10 / Visit \$10 / Visit (30 per Calendar Year Combined Chiro/Acu)
PRESCRIPTION DRUGS		Generic / Brand
Retail - 30 day supply		\$10 / \$10
Mail Order - up to 100 day supply		\$10 / \$10
MONTHLY RATES	Lives	Current
EE Only	376	\$578.02
EE + 1	13	\$1,156.05
EE + Family	4	\$1,635.80
	393	
MONTHLY PREMIUM		\$238,907
ANNUAL PREMIUM		\$2,866,888

Kaiser Renewal History





Medical Marketing



Medical Marketing

- On behalf of Santa Monica College, Alliant was asked to secure additional medical plan options for the Adjunct Faculty. Specifically we were asked to secure quotes for the following products that would be offered alongside the current Kaiser plan:
 - One non-Kaiser HMO with similar benefits
 - One PPO similar to the PERS Choice Plan Design

Principles of Insurance

- To an individual or an employer, risk may be unpredictable and loss can be significant
- Insurance is based on two principles:
 - Risk Transfer: the equitable transfer of the risk of a loss, from one entity to another in exchange for payment (premium).
 - Pooling: Insurance involves pooling funds from *many* to pay for the losses that *some* may incur.
- The insured entities are therefore protected from risk for a fee, with the fee being dependent upon the frequency and severity of the event occurring.

Health Insurance 101

Health Insurance 101

Optimal conditions for health insurance to “work” properly (mitigate risk)

- An average mix of good and bad risks
- Incentives (contributions and eligibility policies) in place to maximize participation in the insurance pool of the eligible population
- A stable population of covered individuals

Sub-Optimal conditions for health insurance to “work” properly

- Less low risk individuals to offset high risk individuals
- Low participation of eligible population
- Volatile/changing population of covered individuals

***Adverse Selection:** When good risks leave an insured population (or don't participate) and the remaining insured population is left with a disproportionate number of high risks*

Current Adjunct Faculty Population Enrollment

Adjunct Faculty		
Total Enrolled in Kaiser	393	47.3%
Total Waivers	438	52.7%
Total Population	831	

Kaiser Breakdown	
Single	376
Two Party	13
Family	4

Adjunct Faculty Eligibility

*Eligible once they have taught 2 out of the last 6 Fall & Spring semesters, plus have at least a 5.0 unit/hour assignment for the current Fall or Spring semester

*Adjunct faculty may elect **one** District paid benefit out of the following:

- *Employee only medical coverage
- *Up to family level dental PPO or HMO coverage
- *Up to family level vision coverage

*Additional coverages and dependent medical coverage may be purchased

*Once eligible, only need a 3.0 unit/hour assignment each subsequent Fall & Spring semester

*Benefits for the Fall semester continue through the winter intersession and benefits for the Spring semester continue through the summer intersession

Medical Marketing

- Alliant developed a Medical RFP with quote specifications and requested quotes from the marketplace, including:
 - Aetna, Anthem, Blue Shield, Cigna, Health Net & United Health Care
- Initially, we asked for a dual option (HMO/PPO) to go alongside the current Kaiser option, however, all carriers declined due to the high number of waivers (438, or 53%)

MEDICAL MARKETING LIST

Carrier	AM Best Rating	Product(s)	Response
Aetna	A	HMO/PPO	<i>Declined to quote - Low Participation</i>
Anthem	A	HMO/PPO	<i>Declined to quote - Low Participation</i>
Blue Shield	A	HMO/PPO	<i>Declined to quote - Low Participation</i>
Cigna	A	HMO/PPO	<i>Declined to quote - Low Participation</i>
Health Net	B++	HMO/PPO	<i>Declined to quote - Low Participation</i>
UHC	A	HMO/PPO	<i>Declined to quote - Low Participation</i>

This summary is for informational purpose only. It does not amend, extend, or alter the current policy in any way. In the event information in this summary differs from the Plan Document, the Plan Document will prevail.

- **Why are carriers declining to quote?**
 - Low participation below their underwriting guidelines; most carriers require 75% participation overall
 - They aren't sure who is going to enroll in the plan
 - Will they get more of the unhealthy risk?
 - How many folks will enroll?
 - The current eligibility and contribution structure don't support a stable enrolled population
 - They are, in general, concerned about adverse selection

Medical Marketing

- Alliant went back to the carriers and asked for a full-takeover quote, however, all carriers still declined due to the low participation rate (393, or 47%)
 - The carriers cited that if they were to quote, a significant load would need to be added to the rates, yielding rates from +20-40% above current
 - Carriers would reconsider if there is a change to the current contributions and waiver policy as well as a planned effort to help drive more participation



Next Steps



Next Steps

- Dental Marketing to be presented at next meeting

Los Angeles Office
333 South Hope Street, Suite 3750
Los Angeles, CA 90071

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To learn more about companies doing business in California, visit the California Department of Insurance website at www.insurance.ca.gov.

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Compensation will be paid to the producer, based on the insurance contract the producer sells. Depending on the insurer(s) and insurance contract(s) the purchaser selects, compensation will be paid by the insurer(s) selling the insurance contract or by another third party. Such compensation may vary depending on a number of factors, including the insurance contract(s) and the insurer(s) the purchaser selects. In some cases, other factors such as the volume of business a producer provides to an insurer or the profitability of insurance contracts a producer provides to an insurer also may affect compensation.

The insurance purchaser may obtain information about compensation expected to be received by the producer based in whole or in part on the sale of insurance to the purchaser, and (if applicable) compensation expected to be received based in whole or in part on any alternative quotes presented to the purchaser by the producer, by requesting such information from the producer.