Medical Benefits Committee
Minutes
Wednesday, May 26, 2010
3:30 pm
Room VAPA 1014

Present: Debora Bone, Doug Deaver, Diane Goody, Sue Holt, Victoria Lewis, Loree McCawley, Cliff Nichols, Cathleen Reno, Topsy Smalley, Stephanie Stainback, Sue Torres, Kathie Welch

Guest(s): Pency Lee, Alliant

Absent: Marion Brodkey, Olivia Hand, Leah Hlavaty

I. Call to Order
Victoria opened the meeting at 3:40 pm.

II. Minutes
The committee approved the minutes of May 6, 2010 (Goody/Welch).

III. Town Hall Meeting
Victoria asked for feedback from the town hall meeting. Deb stated that the faculty has already made a concession and that it is hard to ask the faculty to make changes again so soon. She suggested the same plans are kept for one additional year. Victoria replied that everything we don’t do in 2010-11 will add to what needs to be done in 2011-12. Steph noted that staff don’t want to change plans, are happy to pay out of pocket, and the array of plans suit their needs. Healthier people go to low cost HMO. These are great plans.

Pency noted that other Districts can’t absorb the 14% increase so the high plan becomes less rich. Next year’s increases are anticipated to be in the low double digits. Even if the economy gets better, it’s a two year process at minimum. If the decision to cut this year is postponed, then next year’s cut will be more significant. Healthcare reform will not help the cause; it will not reduce out of pocket expenses. Someone has to pay for all the people that we want to cover, but at what cost?

Victoria asked what the next steps are. Wellness programs are a strategy but wouldn’t produce a return for a few years; what other types of things can we look at. Employee education of true costs is one area, such as the cost of hospitalization, office visits, and
brand vs. generic prescriptions. A couple of days in the hospital can cost $30,000.
Wellness is important. For example, management could support yoga classes, contests
for taking 10,000 steps daily, etc., so that individuals rewarded for participating and
everyone has access. Pency was asked if the carriers or SISC are willing to put resources
behind developing wellness programs to help the pool reduce costs. Pency noted that
there were incentives at the recent health fair at Cabrillo. It is anticipated these programs
will continue to expand.

Victoria asked what other information is needed to prepare for next year. The committee
requested more employee education on plan design, definitions of terms (i.e., copays,
deductibles), the stipend tiering system (employee only, employee +one, family), the
timeline, and all available SISC HMO and PPO plans. While this committee understands
a bit more about plan design, the constituents need more education to understand what it
all means. Pency distributed the plan design details. She noted that the annual out of
pocket expenses are capped.

It was noted that the lifetime max should not impact Cabrillo’s rates with SISC.
Dependent age is predicated on how many adult children are not covered. Health care
reform will cost everyone more to fund those not covered before. The prevention option
is not new. PPO plans are self-insured but the HMO plans are not; getting coverage to
those not on it may impact the HMO more. The reform will impact the carriers, tax
structure and the cost of doing business. The PPO is not isolated. Topsy recently wrote
to the president of Blue Shield to get support for lobbying.

Steph asked for incremental costs or decrements of the components of the plan to
understand the value of the changes could be made. SISC rates the whole plan as is, so
the office visit is .5% and deductible is .7%; when the whole plan change is packaged it is
valued at 2% or 5%. Pency can give standard decrements for copays or deductibles but
SISC does its own underwriting and is proprietary about some underwriting features.
Steph asked for info from Victoria about the tiering system; specifically the dollar figures
so that people understand the amounts per employee, employee plus one, and family.
There was discussion about plan specifics, such as prescription alternatives to drop the
increase from 15% to 5% and that hospitalization is capped at $1500 annually. If three
people in one family are hospitalized in one year, it would cost $1500 each.

Deb asked about the decision and open enrollment timeline for next year to be able to tell
faculty what to expect during the summer. If there are no changes, open enrollment
would be in August. If there are changes, 400 people would have to reenroll in a medical
plan. Victoria will confer with the board on June 14th. SISC may cut out a portion of
plan options so the offerings could be different.

Steph stated that it would be helpful to see the full array of options that SISC offers.
There are 5 HMO plans, a few more PPO, but the plans haven’t been released. There is a
need for more plans that are less rich. Sue asked what would be the minimum out of
pocket be to increase a plan; is that more palatable than changing plans each year? In
order to not renegotiate a flat dollar amount each year, a more predictable and equitable
model would be an incremental approach to address the increase in costs, such as a District-employee percentage cost share where, for example, the college is willing to absorb X% and pass on X%, or a 90-10 split, for example. Doug noted that this year’s $700,000 issue becomes $1.5 million issue next year. Another option is to use a health savings account along with education to shift costs and the sense of entitlement; it may produce smarter consumers.

It was suggested to start a deliberate education process with monthly emails about current costs, identify different options, let the bargaining units discuss the viability of options, what costs the employee in the long run. A calendar could be set up for when faculty return; identify concepts (copay, deductible, coinsurance), identify models of plan designs and how to pay for plans, focusing on out of pocket expenses.

SISC used reserves to mitigate increases for two years; everyone is holding their breath hoping things will level out and stabilize. The pool is shrinking because of layoffs. Steph suggested getting to a conceptual agreement on a model before we get rate increases then focus on the plans.

Because the timing issue comes up each year, Victoria asked if there is any flexibility of changing when the plan year begins. Renewals are on October 1; plan changes can be made any time, but only once a year. Sue Holt asked if it could be made easier on the District without changing the funding, such as using a dollar rate rather than a stipend. Any cost containment measures are better for the District and more predictable for employees as well.

Victoria will present the decision to continue with plans that most closely echo what we have now to the Board and review alternatives. The committee will meet at the end of June and a subcommittee will develop an employee health care costs education plan for next year.

Next meeting: Thursday, June 24th; 1:30; subcommittee will meet at 2:30 in room 804A.

Subcommittee: Deb, Steph, Kathie, Sue.

The meeting was adjourned at 4:45 pm.