Medical Benefits Committee
Minutes
Wednesday, May 25, 2011
9:00 am
Room 804A

Present: Debora Bone, Doug Deaver, Wanda Garner (substitute for Kathie Welch), Diane Goody, Leah Hlavaty, Victoria Lewis, Ann Lucero, Loree McCawley, Graciano Mendoza, Stephanie Stainback, Sue Torres

Absent: Jennifer Lee, Cathleen Reno

Alliant: Christine Kerns, Gary Hysell

Guests: Maya Bendotoff, CCFT

Victoria opened the meeting at 9:08 am. The committee introduced themselves.

I. Agenda modifications: delete retiree benefits.

II. Approval of Minutes, April 13, 2011: The minutes were approved.
   (Bone/Stainback)

III. Alliant Presentation: Alliant staff distributed a presentation to the committee.
   • Cabrillo’s renewal has come in under the current 10-12% trend (pg. 3). Three factors affected the lower than expected renewal rates:
     1. Claim experience—better than anticipated
     2. Use of SISC reserves to buy down the rates for the pool
     3. SISC received $7.9 million from the Federal Early Retirement Program (ERP) to offset costs for the entire pool.
   • SISC did utilize some reserves to buy the rates down, but they are still very well reserved and financially stable.
   • Changes in the deductibles, copays and coinsurance (90% vs. 80%) affect the cost of the plans the most. See pg. 7.
   • The HMO prescription plan will change to Medco (same as the PPO plans). It was determined that Medco can do a better job delivering the service and stabilize rates.
   • There is no copay to fill prescriptions at Costco; no membership requirement.
   • Two alternatives were presented for the high and low HMO plans (Section 3, pages 6-8) and the three PPO plans with corresponding renewal rates (Section 4, pages 9-11). Cabrillo offers employees five plan options whereas most employers offer three options.
• Employer-Employee contribution strategy and renewal rates (pg. 14). Cost increases reflect two options, using the Consumer Price Index (CPI) at 2.7% or a potential dollar amount for employee contributions ($10/$30/$50).
• Each % point increase in the rates is approximately $57,000.
• Alliant noted that there is a line missing on the spreadsheets noting out of pocket maximum; these figures do not refer to deductible. The will revise the presentation to correct typos and missing information.
• CompanionCare (Medicare supplement, a carve out plan):
  CompanionCare will have a $10 per month rate reduction beginning October 1, 2011. Effective January 1, 2011 Rx coverage will change to Medco.
• Retirees aged 65+, who are enrolled in Medicare A & B, can enroll in Kaiser or CompanionCare.
• Current dental rate trend is 5-7%. Cabrillo’s trend is under 2%.

There was discussion about how to change the PPO plans in order to create a bigger variance between the high and medium plans. In the proposed alternatives for the low HMO plan (alternative 2 pg. 8) there is concern over changing from a $ amount for hospitalization to a 20% coinsurance which significantly changes the out of pocket as well as percentage coinsurance for durable medical equipment.

A handout was also distributed capping life insurance at $50,000 per employee. This will be discussed at another meeting.

Action Items:

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<td>1. Correct the powerpoint presentation and excel versions and send to us by end of today</td>
<td>Alliant staff</td>
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<td>2. What would have been the rates without the ERP funds?</td>
<td>Alliant staff</td>
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<td>3. Medco prescription exclusion list</td>
<td>Alliant staff</td>
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<td>4. Employer-Employee Contribution Analysis: change headings to specify info; Add two scenarios to cap employees contribution capped at CPI and $ amount; add calculation for options 2 &amp; 3</td>
<td>Alliant staff</td>
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The committee will meet on June 23, 2011 from 9:00-10:30 am in 804A to discuss retiree benefits.

The meeting was adjourned at 11:05 am.

Respectfully submitted,
Tatiana Bachuretz

http://go.cabrillo.edu/benefits