Medical Benefits Subcommittee
Minutes
Monday, July 12, 2010
2:30 pm
Room 804A

Present: Debora Bone, Doug Deaver, Diane Goody (for Sue Torres), Leah Hlavaty (for Stephanie Stainback), Victoria Lewis, Loree McCawley, Kathie Welch.

Victoria opened the meeting at 2:35pm.

The committee reviewed the last benefits committee meeting minutes and subcommittee minutes.

Pency announced that the increase for dental rates is 1.3% instead of the anticipated 10%.

Pency reviewed the few options that will impact cost: plan design and contribution strategies. Victoria stated that the focus of today’s discussion is to determine what the baseline plan Cabrillo offers is. Pency reviewed the current plans available to Cabrillo through SISC noting the cost of the high deductible PPO plan is similar to the cost of the low cost HMO. Pency also described what the trend is in corporate America explaining that her employer, for example, offers a high deductible plan with optional employee paid dental, vision and long term disability plans.

It was noted that in order to maintain the richness of the plans offered at Cabrillo, alternative methods of funding with higher levels of employee contributions will be required. One of the goals is to establish a core or baseline medical plan to address employee needs and to recognize the plan costs will continue to increase. Victoria noted the need to limit the District’s contribution. The committee agreed to come up with a plan during the summer to roll out for a fall employee benefits education campaign.

Pency reviewed options for cost sharing options, such as a percentage or flat dollar rate. Victoria noted that entire benefits package, life insurance and income protection, will be reviewed.

The committee considered the importance of how to frame the question: are employees willing to pay a $30 office visit copay or have $X deducted from each paycheck. It was suggested that a survey may be helpful to determine the employee needs. It was generally agreed that in order not to erode the plans further, an increase in employee contributions is required.

CalPERS: The committee reviewed the possibility of using CalPERS as a third party administrator. CalPERS requires funding the retiree liability the same as active employees as a
requirement of participation. This increases the funded GASB liability. There is no bargaining with CalPERS. It was determined that there is no cost incentive to move to CalPERS for plan design or for cost savings so this option will not be pursued further.

A VEBA plan would not reduce retirement costs. VEBA plans are an option for funding retiree benefits.

SISC does not work with a bank that provides Health Savings Accounts (HSAs). Blue Shield works with Chase and Wells Fargo. People who join HSAs are generally in a stage of pre-retirement and who can fund the deductible this way. It was also presented that an employee cannot have a flexible spending plan nor dual medical coverage. Patelco, a local credit union, offers HSA plans, but it does not appear feasible for Cabrillo to offer an employer sponsored HSA plan at this time due to administrative fees.

**Action items**

1. Pency to revise the HMO plan changes to consider; email to the benefits committee.
2. Life insurance voluntary participation (paid by employee)
3. Research cost sharing models or formulas
4. Leah to research HSAs.

The meeting was adjourned at 4:05 pm.

The following meetings will take place in 804A:

- **July 26th** 2:00-4:00  
  Goal: Develop baseline, criteria for cost sharing models, life insurance

- **Aug 11th** 2:00-4:00  
  Education plan
  Goal: Develop timeline, criteria for cost sharing models

- **Aug 19th** 1:00-2:00  
  Review all recommendations and status of goals before

- **Aug 19th** 2:00-4:00  
  Benefits committee meeting