Medical Benefits Subcommittee
Minutes
Monday, July 26, 2010
2:00 pm
Room 804A

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

Victoria opened the meeting at 2:05 pm. The committee reviewed and corrected the subcommittee minutes for July 12, 2010.

The committee reviewed the illustrative alternatives based on 2010 rates and headcounts that Pency sent after the July 12th subcommittee meeting.

The committee discussed how individuals can prepare and plan for health care costs; for example, if someone switches from the high to the low plan, instead of paying the additional monthly premium, that amount could be saved toward hospitalization if needed. To prepare for personal emergencies one either needs to save money or buy a richer medical plan. Emergency room visits could be avoided through education. It was noted that SCMF has urgent care but PMG does not. Now there is a PMG clinic on the west side open Monday-Friday with Saturdays hours.

Suggestions/Ideas
• Outline the cost sharing options and out of pocket costs for each plan.
• Get input of what are acceptable plan options.
• Educate in concepts, not numbers.
• Evaluate the difference between cost sharing alone or adjusting plan design and cost sharing.
• If changes are made to existing low plan, consider making the existing low plan the high.
• Budget and Benefits Town Hall forum dates will be determined for the fall semester up front. It was suggested that the committee’s education plan might fit in that global effort.
• Do all employees participate in cost sharing of premium increases or do we allocate costs for dependents (tiering) which we don’t currently require. One idea for tiers: Employee only fully covered; two party, covered at 90%, family covered at 85%.
• Share the cost increases: e.g., District picks up X%, employees pick up Y%.
• Challenge of education plan—make it simple but informative. Focus on the big picture. The last education plan had too much info. Paul provided a brief summary that broke it down to dollar amounts when Cabrillo switched from HealthNet to Blue Shield.
Medical plan increases are projected to be in double digits for the foreseeable future. In order to resolve the problem, District goal is to contain benefit costs. A cost sharing formula will be considered for future cost increases. In 2010-11, the District absorbed over $700,000 increased cost which is equivalent to a 1.86-2.06% increase in compensation (depending on the bargaining unit). Cabrillo already has a structural deficit; the budget will be balanced one way or another. Per Debora Bone, the goal of the bargaining units is not necessarily to keep the costs of the medical plans flat. This will have to be negotiated at the bargaining table. The committee agreed this is a negotiable item.

The committee reviewed the presentation from Alliant dated July 12, 2010, page 7.

2010-11 Cost to the District: $7,205,000
2010-11 Cost to employee: $664,800 for those purchasing a plan above the low cost HMO.
2011-12 10% increase estimate: $720,000.

It was suggested to combine page 21 of the May 6, 2010 presentation from Alliant with a new document comparing the current plan, plan design option 2 and cost sharing models, 10% or flat dollar amount or reduced plan design. It is desirable to create a flexible model so it does not need to be reviewed each year. Currently, employees would need to make a 15.19% contribution, whereas with Plan Alternative 2 a 5.14% contribution would keep the cost flat.

Life Insurance
The committee considered life insurance as a voluntary, employee-paid benefit. Sue reviewed the current options through Hartford Life.

- Purchased in $10,000 increments
- Minimum benefit: $10,000
- Maximum benefit: 5 times basic annual earnings or $500,000

If employees purchased life insurance with our carriers as an out of pocket cost, the rates are higher than with a District paid plan. It was noted that there has been no utilization of the plan since 2006.

Action items
1. Develop calculations for cost sharing alternatives. (Victoria)
2. Survey whether there is interest in purchasing own life insurance. (Fall; invite Craig)
3. Summarize and explain comprehensive benefit package cost to employees and District.
4. Analyze cost of reducing life insurance coverage with Hartford for $10k/$25k/$50k plan. (Sue)
5. Identify STRS and PERS death benefit. (Sue)

Future Agenda:
Retiree benefits: Current CCFT contract covers retirees to age 70 and includes spouses until retiree reaches age 65; CCEU contract covers retirees to age 65 and includes spousal benefit. It was suggested that whatever plan an employee was on for the last three years is the option and to cap the number of years one could collect this benefit. Retirees have the option of participating in a PPO plan fully paid by the District.

The meeting was adjourned at 3:47 pm. The following meetings will take place in 804A:
<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Topic</th>
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<tbody>
<tr>
<td>Aug 11th</td>
<td>2:00-4:00</td>
<td>Education plan</td>
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<td>Goal: Develop timeline, criteria for cost sharing models</td>
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<tr>
<td>Aug 19th</td>
<td>1:00-2:00</td>
<td>Review all recommendations and status of goals before</td>
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<tr>
<td>Aug 19th</td>
<td>2:00-4:00</td>
<td>Benefits committee meeting</td>
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