



**Medical Benefits Committee**

Minutes

Thursday, April 6, 2006

8:30 am

Room 804A

Present: Pegi Ard, Debora Bone, Doug Deaver, Olivia Hand, Leah Hlavaty, Cliff Nichols  
Michele Rivard, Topsy Smalley, Stephanie Stainback, Sue Torres, Kathie Welch

Absent: Kate Hartzell, Sue Holt, Cathleen Reno

I. Call to Order

Pegi opened the meeting at 8:30 am.

II. Minutes

The committee approved the minutes unanimously (Nichols/Torres).

III. Bernie Tillotson, Driver Alliant

Bernie explained that the current Health Net plan Cabrillo has is no longer offered because it is an older contract that was grandfathered in. He reviewed the closest plan options from Health Net, highlighting the differences. A detailed handout was distributed to the committee.

If someone switches from an HMO to the PPO, PPO plans have a lifetime maximum benefit, but there is no lifetime maximum when moving from a PPO to an HMO because HMO's do not have lifetime maximums.

With regard to the transition from a fiscal to a calendar year for meeting the out-of-pocket maximum, Health Net will turn their head and roll over to a calendar year.

Enrollment: Health Net has no problem with Driver using a census to reenroll, but SISC wants to be sure individuals understand that SISC processes their claim in self-insured PPO plans, how claims are paid, the appeals process, etc. Something like a HIPPA consent form would need to be filled out for both HMO and PPO plan enrollees.

IV. Conference Call with SISC

John Stenerson reviewed with the committee PPO plans through SISC that are closest to what Cabrillo has now. The committee will review the details of these plans in the handout before the next meeting.

Deductibles for PPO plans: In the first year, the deductible timeframe will be from July-December, then it starts over for a calendar year January 1st. There is a 4<sup>th</sup> quarter carry over. Any services rendered in October, November and December that are applied to the

deductible will carry over to the new calendar year. The deductible for pharmacy works out to be a little different, as is the mail order option.

It is important that people understand that a deductible must be met before coverage kicks in, and it does not apply to routine office visits or pharmacy. Deductibles apply to major medical expenses; copayments apply to office visits. The advantage is for people who go to the doctor 3-4 times year, they will have routine \$10 office visit copayments.

The difference in cost between the HMO and PPO is \$200 a month; it's a \$100 right now. That is a 29% increase. What can we consider to reduce the rate increase?

Currently, the high deductible plan is not HSA compliant. It would be necessary to make some changes to meet minimum thresholds to be HSA compliant. Copayments would have to be subject to deductible. These plans are popular because they are consumer driven. A higher deductible, like \$1200 must be met before the plan pays.

Pency will follow up on the Kaiser plan for retirees. Bernie will confirm rates if there is more than 15% migration.

Dental: Driver will need to see the JPA contract to verify the liability to Cabrillo if they pull out of the pool. There may be a reserve liability with the JPA. A \$2500 cap would increase rates by 10%. This is a 15-month rate guarantee. Rates change in October.

Next meeting: April 20, 2006 at 9:00 am. The agenda will be to finalize the HMO and PPO plans. Driver will have more information about pharmacy benefits and will review the Delta contract with the SCCSHIG JPA re: run out liability.

The meeting was adjourned at 10:05 am.