



Medical Benefits Committee

Minutes

Thursday, February 16, 2006

1:00 pm

Room 508

Present: Pegi Ard, Doug Deaver, Olivia Hand, Kate Hartzell, Leah Hlavaty, Sue Holt, Cliff Nichols, Cathleen Reno, Sue Torres

Absent: Debora Bone, Michele Rivard, Topsy Smalley, Stephanie Stainback, Kathie Welch

Guests: Margaret Pierce, Lori Amato

I. Call to Order

Pegi opened the meeting at 1:05 pm.

II. Agenda Modifications

None.

III. Approval of Minutes

The minutes for 1/19/06 were approved (Hartzell/Hlavaty).

IV. SCCSHIG – Medical JPA and Advisory Committee Update

Cabrillo officially asked an extension of the 3/15/06 withdrawal deadline. The request was denied and the college is bound by the 3/15/06 timeline.

The new Blue Shield rates reflect a 37% increase. A 25% increase had been expected. Reasons given for this were:

- High claims experience.
- Enrollment is down: of 1800 PPO participants, 400 chose to change to an HMO. Of the 1400 remaining, 460+ are retirees (high-end users).
- Average family size is 1.8 compared to national trend of 2.4. More 3-tier participants were expected.
- Blue Shield could have requested a rate change if there was a 20% enrollment change, but they had elected not to do that. Cabrillo ended up with more than a 20% change.
- Cabrillo has to have a 50% enrollment in a PPO in order to keep the increase at 37%.

The plan:

- Look at SISC where swings are not as major.
- JPA to get a quote on Blue Shield and Blue Cross PPO and HMO.
- Get quotes from SISC.
- Advisory subcommittee will meet with Keenan (who will have quotes in hand) on 3/14/06 to make a decision by 3/15/06.

V. SISC Update

- SISC committed to Cabrillo to match our minimum HMO rate that the JPA has for next year.
- PPO rate is unknown at this point. The committee will get rates the end of February.
- All quotes will be based on same level of benefits in plans we currently receive.
- SISC calendar goes from October to October, and since Cabrillo goes from July to July, the deductible and co-pay “year” may be 15 months. (Subsequent to the meeting, SISC notified us that their deductibles are on a calendar year which go from January through December, so we’d have two deductibles: one from now until December 31 and then a second deductible in 2007.)
- PPO will provide coverage for greater-than-50%-less-than-100% employees, but follow up on HMO coverage is needed. (67 employees are in this category.)
- Each bargaining unit can choose five plans.

VI. Gallagher Update

- HealthNet will provide same rates as JPA.
- Blue Cross and Blue Shield will not quote to Gallagher.
- Etna, Great West Self Insured will provide rates as a bench mark for comparison.
- Dental and vision quotes will be included.
- Adjunct policy will stay as is for now.

VII. Other Updates

- Pegi wants to make sure there is enough communication with the college.
- Are there any challenges to where we are headed?
- The committee appears comfortable with leaving the JPA, but still waiting for SISC and Blue Cross/Blue Shield rates.
- How to give incentive to people to return to PPO?

Pegi explained how Cabrillo demographics (age/sex), local hospitals, and claims history affect the rates. Re-rating would only happen if demographics change considerably. Retirees up to age 65 are rated the same as current employees. Retirees over age 65 are rated separately. Once you are placed in a “quote box” the member base affects the rates.

SISC would be a one-year commitment.

VIII. Agenda Building

Next steps:

- Get rates
- Make decision where to move

Next meeting date: To be scheduled.

The meeting adjourned at 1:46 pm.