



Medical Benefits Committee

Minutes

Wednesday, March 15, 2006

9:00 am

Room 511

Present: Pegi Ard, Debora Bone, Doug Deaver, Olivia Hand, Kate Hartzell, Leah Hlavaty, Sue Holt, Cathleen Reno, Michele Rivard, Topsy Smalley, Stephanie Stainback, Sue Torres, Kathie Welch

Absent: Cliff Nichols

I. Call to Order

Pegi opened the meeting at 9:05 pm.

II. Agenda Modifications

None.

III. Approval of Minutes

The minutes for 2/16/06 were approved unanimously.

IV. SCCSHIG JPA Update

Sue reviewed the bids the JPA Advisory Committee received yesterday from Keenan:

- Blue Shield increase is 37.4% for the JPA with Cabrillo; 33.5% without Cabrillo.
- HealthNet increase is 9.8%
- Delta Dental preliminary increase is 6.3%
- The Mental Health Network (MHN) and Chiropractic have no rate increase
- There were 25 claims of \$25,000 across the JPA. That means 25 hospitalizations among 3,000 members in the JPA.

The Advisory Committee meeting was chaotic; there was a lot of confusion about the information presented by Keenan. The quotes were all for take over models; i.e., Blue Shield taking over HealthNet. SISC refused to submit a bid to Keenan and therefore the JPA did not have a bid from SISC.

Debora distributed a summary of the plans and rates increases she compiled from the JPA Advisory meeting. It was determined that the current rate for the Blue Shield Standard PPO was not accurate.

V. SISC and Gallagher Quotes

Doug explained that the quote from SISC for similar plans is 29% over the current rate. SISC is eager to meet with Cabrillo to look at plan designs to reduce that cost increase. The HealthNet rate with Driver as broker would increase 10-12.5%, but if Driver is Cabrillo's exclusive broker, it would be 5% lower. Rates on all fronts are better with SISC. Gallagher quotes were for a HealthNet PPO and HMO option. SISC is better.

It is clear that we are in a death spiral now, with more people shifting to an HMO leaving high users and retirees in the PPO plan. Pegi commented that the Benefits Committee will have to stay active next year to address this issue.

Doug distributed an email from SISC with quotes for 15 months and optional less than fulltime employees.

The question before the committee today is whether or not to rescind the withdrawal notice from the SCCSHIG JPA. Driver could obtain other quotes. Pegi suggested a conference call with Driver present. The committee members should get their questions in writing to Tatiana and she will send them to SISC and Driver prior to the conference call.

Doug made a motion to not rescind the withdrawal notice, Stephanie seconded. The committee approved the motion unanimously.

Questions:

1. Why would the plan year be October 1 – Sept 30 and the deductible year be January 1 to December 31?
2. Can we negotiate for one deductible from July 2006 to December 2007?
3. Section 125 timeline; is it the same as for the deductible? Would there be a double deductible for this plan also?
4. List of all available SICS PPO plans and prices? What plan design options are available (SISC had mentioned they would suggest some)?
5. Can we get a quote from SISC on 3 PPOs: higher end, middle, catastrophic.
6. Is the 5% discount valid from Driver/HealthNet if we choose 2 HMOs of which one is not HealthNet?
7. Would an EPO cost be similar to the HMO?
8. Dental rate quote from Driver

Debora made a motion to continue to use HealthNet as HMO. The committee voted unanimously to keep HealthNet. Debora also suggested getting input from PPO users as to what they want and what they are willing to pay for.

The committee shared negative feedback regarding prescription drug formularies in Blue Shield and HealthNet. HealthNet has had a lot of turnover with their administrative staff this year. It was also suggested that where prescriptions are filled may have some influence. Tom's Pharmacy next to Santa Cruz Medical Clinic is very good.

Next meeting dates:

1. Wednesday, 3/22 at 8:00 am in room 804A
2. Wednesday, 3/29 at 9:00 in room 801
3. Thursday, 4/6 9:00 in room 804A

The meeting adjourned at 10:07 am.