



Medical Benefits Forum

Minutes

Thursday, December 8, 2005

10:00 am

Horticulture Center

Present: Carol Arao, Maya Bendotoff, Johanna Bowen, Diane Crawford, Doug Deaver, Sesario Escoto, Sonia Garcia, Janet Fine, Olivia Hand, Daniel Johnson, Brian King, Renée Kilmer, Marge and Ken Marshall, Teri Martin, Joe Marvin, Manuel Osorio, Steve Pluhacek, Terry Przybylinski, Cathleen Reno, Michele Rivard, Sue Torres, Tony Torres, Diane and Jack Turner, Lois Wilson, Maria Zamudio (27)

Pegi opened the meeting at 10:02 am and introduced Renee Kilmer and Brian King.

Pegi gave an overview of the Santa Cruz City Schools Health Insurance Group (SCCSHIG), the current medical JPA in which Cabrillo participates. Membership is comprised of 11 school districts, Cabrillo and the local K-12 districts except for Pajaro Valley Unified School District. Each district gets one vote regardless of size. The JPA maintains claims experience data for the whole JPA, not by individual district. JPA bylaws require that if a district wants to leave the JPA, it must give preliminary notice by the end of December and final notice by March 15th. A district is only allowed to give preliminary notice once: if it gives preliminary notice a second time, it must withdraw.

Cabrillo staff, based on a recommendation from the medical benefits task force, is exploring other options in order to determine if we are providing the best health care options to staff and faculty at the most affordable price. The district has been working with three brokers, Gallagher, Driver Alliant and Keenan, but it is too early to get quotes for fiscal 2006-07. We will not know the JPA renewal rates until April or May.

One of the health options being explored is joining a schools-focused JPA that includes members statewide called Self-Insured Schools of California (SISC). SISC represents 200,000 members in 315 districts, including 7 community colleges (no JPA exists currently comprising solely community colleges). SISC has made a presentation to our medical benefits task force and Santa Cruz City Schools' task force.

SISC could be an option for each member district individually or for the entire JPA. The JPA offers multiple PPO and HMO plans, and provides options very similar to existing Cabrillo plans.

Next steps: Our task force meets Monday, December 12 and will formulate a recommendation to staff regarding whether or not to give preliminary notice to withdraw from the SCCSHIG JPA. Administrators will make a decision before the end of December as required by the JPA.

When Cabrillo moved from a local JPA to a community college JPA for Worker's Comp coverage, it saved a lot of money, but we can't draw similar conclusions for health insurance coverage. Blue Cross/Blue Shield rates would be lower with SISC, but it is not clear what they would be for the HMO plans. SISC has greater leverage to negotiate better rates due to the large membership: 200,000 vs. 3,000 in our JPA.

Questions:

Would Cabrillo have the same input in SISC as we do in the current JPA? If the entire JPA joins, it is possible (but not likely) that it may have a seat on the board. If only Cabrillo joins, probably not. Cabrillo would represent 500 lives in a pool of 200,000.

It appears that the smaller the group, the higher the price. It sounds like JPA is at risk if any of the members depart.

Yes, joining a larger JPA would spread out the risk.

From the SISC presentation it appears rates would be lower by 10%, and the renewal increases have been more stable. The SISC renewal rate history is:

2002-03	14.6%
2003-04	14%
2004-05	11.4%
2005-06	7.4%

The SCCSHIG JPA's renewal rates were in the 20% range during this time.

How did you find SISC?

In the interview process with other brokers, Driver Alliant gave SISC as a reference. SISC is the Kern County Office of Education and is school-oriented. There are no community college JPAs, although Keenan has tried to put one together.

According to the bargaining agreement, the stipend is linked to the lowest cost HMO plan and it would offset the costs of the PPO plans. Did people have to find new doctors when we made the switch last year?

There was very little negative feedback regarding the switch from Blue Cross to Blue Shield.

Brian King stated that there are few decisions that touch everyone's lives like health insurance. Our goal is not to reduce coverage. Some savings may be realized but it's not clear what that might be. From a Cabrillo College perspective, it's tough to look out for your best interests in terms of health insurance if we don't know what alternatives exist. The current arrangement (giving preliminary notice without good quotes) makes research difficult without giving notice to the JPA.

We are trying to go from an irrational decision-making box to having a 90-day window to make a more rational decision and to plan for the future. Our primary responsibility is to meet the needs of Cabrillo, faculty, staff and retirees. Any decision that is made will not be right for everyone. In addition, we are trying to push back the March 15th final notice date.

What about the Blue on Blue dynamic, does it apply if Cabrillo spins off individually?

This refers to the rules that the insurance companies have so that they aren't bidding against themselves. You can't be in the JPA with Blue Shield and then seek a quote from Blue Shield outside of the JPA. Cabrillo may have the option to stay with Blue Shield in SISC.

To whom should staff give input on their experience with Blue Shield?

Sue Torres.

Note to retirees re: Medicare Part D: Keep the letter that shows that you have comparable coverage or you will have a higher rate (19%). The college plan is better than Medicare Part D.