



Medical Benefits Forum

Minutes

Thursday, December 8, 2005

3:00 pm

Room 508

Present: Kathy Abma, Lori Amato, Kathy Carter, Sally Dauphin, Doug Deaver, Georgia Edminster, Nancy Fetterman, Betty Gardner, Kate Hartzell, Leah Hlavaty, Helene Jara, Suzanne Kesterson, Susan Lonnblad, Judy McAlpin, Loree McCawley, Gretchen Morris-Coffey, Patty Nelson, Margaret Pierce, Teresa Rayray, Susan Roberts, Dougald and Virginia Scott, Barbara Shingai, Topsy Smalley, Stephanie Stainback, Ellen Stuck, Sue Torres, Cherie Van Horsen, Elissa Wagner, Shelley West, Violette Reeves (31)

Pegi opened the meeting at 3:00 p.m.

Pegi acknowledged the members of the Medical Benefits Task Force, and thanked Stephanie Stainback and Debora Bone for their service on the advisory committee to the JPA.

Pegi gave an overview of the Santa Cruz City Schools Health Insurance Group (SCCSHIG), the current medical JPA in which Cabrillos participates. The SCCSHIG JPA is comprised of 11 Santa Cruz county member school districts. Cabrillos is approximately 20% of the JPA and carries one vote. All 11 districts have one vote. There have been some issues over this in the last couple of years. Claims experience is collated as a unit from all members of the JPA. We do not have access to Cabrillos experience separate from the JPA. The bylaws of the JPA allow for an opportunity to withdraw from the JPA by giving preliminary notice by December 31 of a given year. That notice may be withdrawn or final notice given by March 15th.

Our objective is to provide the best health insurance coverage at the lowest cost. After working with 3 brokers, (Driver, Gallagher, and Keenan), the response is the same: it is too early to get quotes for 2006-07. The JPA sets rates in April/May. Blue Shield probably undercut their quote to get our business this year. We are seeking the best choices for our employees.

In this process, we are exploring other options and are looking at another JPA, Self Insured Schools of California (SISC). SISC presented to our task force and the task force from Santa Cruz City Schools. The response from our task force is very favorable. SISC will present to the SCCSHIG Board in January.

SISC is a non-profit JPA formed out of the Kern County Office of Education, representing 200,000 lives, 315 Districts and 7 Community Colleges. SISC will present to the JPA in January.

Cabrillos' task force will meet on Monday to make a recommendation to administration whether or not to give provisional notice to the JPA. Brian will give the direction of whether to move

forward or not, and we would spend between now and mid-March researching what to do. It's a tough timeline. If we give provisional notice, we will hold forums between now and March 15. We may not get rates until April/May. SISC has a variety of plans to choose from and we could probably model what we now have.

What are the issues that got us to where we are now? What are the cons to joining SISC?

We are considering SISC because when we went to a community college focused worker's comp JPA, we saved money. We don't know if that will happen with medical insurance. It is unclear whether we would do better if we go off on our own or join SISC.

The biggest con is the concern about having less input into decision-making. A seat on the board would be in question. We could form an advisory group. Stephanie's perception is that the opportunity to have influence locally would be zero.

Are the 200,000 in SISC healthy?

Rates are stable because risk is spread over a larger number of people. When we were in a self-insured PPO, we made mid-year adjustments because there were high dollar claims that were spread out over a small group of people. That risk is reduced when risk is spread over 200,000 vs. 3,000.

Joining SISC is only one option; we are exploring others. SISC is the only JPA option that has surfaced. There is no JPA for medical benefits for community colleges because of negotiated agreements, it's too complex, but SISC has moved this forward. We will talk to our counterparts at the community colleges that participate in SISC. It is a serious decision to put in a provisional notice to withdraw from the JPA.

Is the difference in cost of living considered?

The region will be rated by the carriers. Without trying to oversimplify, SISC has a base rate that is adjusted by region. SISC is statewide, from Humboldt to San Diego.

Might Cabrillo also go it alone?

It's possible that we would go fully-insured, but the challenge is the timing of getting quotes.

Would we have much flexibility given how small we are? The goal is to try, to learn and see what we get.

If we can't get a valid quote before March 15, how would we make the decision?

The decision would have to come from the forum discussions, the task force and the Governing Board.

Doug Deaver stated that there is a high probability that we will have a quote from SISC, but won't have the Blue Shield renewal rate. Until we have the Blue Shield rates we are stuck.

Helene Jara commented that she read in the Sentinel that Blue Shield has lots of new options and that Costco also offers a medical insurance plan.

We are looking at other options and these will be considered. SISC offers a flexible benefit plan debit card and generic drugs are free at Costco.

KateHartzell commented that when we hear, the rest of the community will hear as well, and there will be many questions from the people in the smaller schools.

Yes. We are looking at the issue of whether we can provide a better plan for less to our employees.

Stephanie commented that there is an appeals committee and process within SISC if a claim is denied.

Are SISC Board meetings are held in Kern County?

Yes. The task force is committed to going to a board meeting to see how they are run.

Brian stated that the administration wanted to have the dialogue before the break so that if the recommendation to give notice to the JPA is given in December, that our faculty, staff and employees don't read it in the *Sentinel* first. If notice is given, it's not final notice. It's simply an effort to try to get rational numbers. We don't know our own claims experience. Our goal is to be very rational with something that is very emotional. No one is going into this process thinking solely about saving money, but we are attempting to leverage resources as best we can for the faculty, staff and retirees.

There is the perception that with our JPA there was more local control. Once we went fully-insured, we operate within the confines of the law and the carrier. The perception was that we were designing our own benefit plans as a JPA, but the reality is that the licensed insurance companies have plans approved by the state. There is a menu of approved plans, with current carriers or others.

The choices are not only between SISC and the current JPA. All options will be considered.

We are sensitive to the concern for the smaller schools in the JPA, but this is a nationwide dilemma and we won't do something to mindlessly do damage to others. The goal is to get the right people involved and listen. Whatever decision the college makes will not make everyone 100% happy.

Have there been any informal or preliminary conversations about plans and coverage, particularly coverage for those workers between 50-90%?

Brian stated that it's a classic no win situation: if someone has coverage elsewhere, they shouldn't have to pay for coverage here, but some may not have access to any other coverage. There might be more flexibility within SISC for less than full time employees. We will look at that. The larger the employee pool, the better the experience.

The meeting adjourned at 3:40 pm.