



BENEFITS COMMITTEE *MINUTES*

November 1, 2004

A meeting of the Benefits Committee was held on Monday, November 1, 2004, at 3:30 p.m., in SU-18.

A. Call to Order

Nancy Horio called the meeting to order at 3:32 p.m.

B. Roll Call

Members Present: Yvonne Anderson, Dr. Roy Archer, Mike Barber, Ruth Barnaba, John Goldsworthy, Sherry Gordon, Nancy Horio, Cheryl McCarron, Shirley Morgan, Joe Newmyer, Jean Ruff, and Dr. Omar Scheidt

Ex-Officio Members Present: Brian Vivian, (JPA), Victoria de La Torre (JPA), Lucy Nelson

Members Absent: Jim Bowen, Dave Forsyth, Donna Greene, Doug Key, Dr. Jack Miyamoto, Peggy Richardson

C. Minutes

Minutes from the October 4, 2004 meeting were approved.

D. Reports

Brian Vivian (JPA) passed out the "Rolling 12's" Report to the committee members. The Report also contained data as requested in the last meeting, namely, a rate history for the plan, a 36-month rolling 12/loss ratio, a history on the health fund balance, information on the health fund fixed expenses and detailed information on how the medical plan renewal calculation is performed.

Joe Newmyer asked about the percentage of loss/ratio needed to break even. Brian said that 85% or less is necessary to maintain and build reserves.

Brian Vivian said that after reading the minutes of the last meeting, there were a number of questions on rates, particularly when compared to the Kaiser Permanente plan which will maintain its rates for 2005. He compared the PPO and Kaiser plans, noting that Kaiser has increased rates every year until now. In the aggregate, the PPO has increased its rate 41% between 1997 and 2004, whereas the Kaiser increase is 86% for the same period. He then went through how the renewal calculation is done. Joe Newmyer asked about the composite rate for all employees. Brian explained that Kaiser has two tiers, employees under age 65, and employees/retirees over age 65 who participate in Medicare and have Parts A and B. Victoria explained that the PPO does not require Medicare participants to assign their benefits to the PPO, which would reduce the rate. Kaiser has the Senior Advantage plan with lower rates for those members.

Ruth Barnaba asked about the prescription drug copays and whether they would return to \$1.00. Brian said no and explained that Kaiser moved all their groups to a minimum of \$5.00, so the District had no choice.

Brian Vivian then went through the history of the fund balances. John Goldsworthy asked about the relationship between the increased balances and lower claims. Some discussion followed.

Brian discussed how the rate renewal was calculated and compared it to 2004. He noted that mental health has gone up considerably this year. There was considerable discussion on stop loss levels and trends in medical inflation. Joe Newmyer asked if everyone in the JPA pays \$40.93 for the second level coverage, and Brian explained that there are fewer reinsurers now.

John Goldsworthy asked about fund balance recovery, and how quickly it would come back after a month or two of lower claims experience. Brian stated that claims have been running consistently high, and this is the trend.

Sherry Gordon asked how a single digit increase could be predicted in May versus a 30% increase now. Brian discussed the components of the renewal calculation and how factors had changed during the summer months.

Dr. Archer asked about chemical dependency claims. Brian explained that the plan provides for two treatments per lifetime, and there is no revolving door. Chemical dependency is fully insured and is not factored into the claims.

Much discussion then followed about how the IBNR estimates are factored into the renewal calculation. Brian provided a detailed explanation of how this affects the District's rates.

Sherry Gordon asked if it would be better to take smaller rate increases each year, instead of taking a pass one year and a higher increase the next year. Brian agreed that would be ideal. Joe Newmyer asked if it would be possible to change the rates mid-year to avoid possible over funding of the account. Since the District is self-funded, it is possible to do this, although it has never been done in the past.

Brian then distributed a very detailed analysis of prescription drug costs, trends and recommendations prepared by Express Scripts, and he facilitated a discussion on these costs and potential plan changes to help lower the rate. Some suggestions are a multi-tier program, increased copays, and possibly mandating the use of generic drugs. Jean Ruff asked about the upcoming faculty and classified negotiations and how this would impact those negotiations. Representatives on the Benefits Committee need to communicate this information to their groups.

There was a question and some discussion regarding the District borrowing funds from the Health Benefit Reserve account in the past. Brian Vivian said he did not have the date when the college last transferred any money from the health fund. He did say that in the past money was transferred when discussing funding the college's future retiree liability. All transfers of funds were discussed in previous years during the benefits committee meetings.

Dr. Archer asked how many of the retirees had retired before and after 1986. That information will be provided at the next meeting.

E. Adjournment

There being no further business, the meeting was adjourned at 4:55 p.m.

Next Meeting: December 6, 2004