



BENEFITS COMMITTEE MINUTES

December 6, 2004

A meeting of the Benefits Committee was held on Monday, December 6, 2004, at 3:30 p.m., in SU-18.

A. Call to Order

Dr. Miyamoto called the meeting to order at 3:32 p.m.

B. Roll Call

Members Present: Yvonne Anderson, Dr. Roy Archer, Ruth Barnaba, Dave Forsyth, John Goldsworthy, Sherry Gordon, Dr. Jack Miyamoto, Shirley Morgan, Joe Newmyer, Peggy Richardson, Jean Ruff, and Dr. Omar Scheidt

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

Members Absent: Mike Barber, Jim Bowen, Donna Greene, Nancy Horio, Doug Key, Cheryl McCarron

C. Minutes

Minutes from the November 1, 2004 meeting were approved.

D. Discussion

Jean Ruff asked for an explanation and history of the transfer of funds as discussed last month. Yvonne Greene explained that money was first moved to Delta Dental, and then later on a second transfer was made to fund the future retiree liability. Dr. Miyamoto further clarified that these transfers are not "borrowed" funds to be repaid; rather it is the District's choice where to place the funds. Brian Vivian noted that in 1998 approximately \$1 million was transferred from the Health Fund to the General Fund.

Dr. Scheit asked if there were plans to reduce the under-funded retiree liability. Joe Newmeyer explained that contributions had increased to \$3 million. However, he also stated the need to further increase contributions in order to be in compliance with GASB rules by 2007-2008. Jean Ruff asked about the possibility of the District using some of the \$7.2 million one time funds to help with this problem. Joe Newmeyer indicated that this was on the list of possibilities and had been discussed. Dr. Miyamoto indicated that wouldn't be enough.

Dr. Miyamoto presented data, as requested last month, regarding the number of retirees pre- and post-1986. A discussion followed on the historical timelines when changes were made to the retiree healthcare programs. It was agreed that this information needs to be consolidated into a single document for future reference.

E. Reports

Brian Vivian (JPA) passed out the "Rolling 12's" Report to the committee members. Dr. Scheit asked if retirees were responsible for the high claims costs. Brian said probably not, as Medicare is the primary payer of medical claims, and the PPO is secondary. However, he also stated that the retirees might be among the heavy users of the prescription drug plan. Dr. Scheit asked if it was possible to segregate the claims between the retirees and active employees to determine where the high costs are. He also asked if there was anything that could be done, once this information was available.

Joe Newmeyer then brought up the administrative and stop loss costs. He said he had compared the costs of our District to another district. Palomar College has a first level stop loss of \$75,000. The other district's first level was \$150,000. Palomar's administrative and stop loss costs were about 15% whereas the other district's costs were about 10%. Brian then explained that the JPA self-funds the stop loss from \$75,000 to \$200,000, at which point it goes to a fully funded re-insurer. He also explained that our claims costs above \$75,000 could easily translate to an overall higher expense than the 15%. When asked, Brian also explained that the JPA does not make any profit on these premiums as they are non-profit under the County. However, he said he would look at the higher claims and bring back some information to the next meeting.

Brian then moved on to a report prepared by Express Scripts and outlined different scenarios under which generics could be mandated or the copay structure revamped in order to bring down the premium costs for 2005. He explained that costs can vary depending on when patents run out on brand drugs, affecting the availability of generics. Discussion followed on what choices consumers have and what they can do to help contain prescription drug costs.

Ruth Barnaba asked about the body scan program that had been presented earlier in the year. The program is still available, and an update will be presented at the next meeting. As a new benefit that qualifies under Section 125, it would still be possible for an employee to set aside pre-tax funds to pay for this benefit.

F. **Adjournment**

There being no further business, the meeting was adjourned at 4:36 p.m.

Next Meeting: February 7, 2005