



BENEFITS COMMITTEE MINUTES

July 14, 2010

A meeting of the Benefits Committee was held on Wednesday, July 14, 2010, at 3:00 p.m., in MB-6.

A. Call to Order

John Tortarolo called the meeting to order at 3:04 p.m.

B. Roll Call

Members Present: Sheila Atkins, Dr. Ken Burns, Judy Dolan (for Sherry Gordon), John Goldsworthy, Lisa Hornsby, Phyllis Laderman, Cheryl McCarron, Jean Ruff, Dr. Omar Scheidt, Josie Silva, Shayla Sivert, Dr. F. Perry Snyder, John Tortarolo

Ex-Officio Members Present: Lucy Nelson, Maggie Beauchamp (JPA)

Members Absent: Dr. Andrea Bell, Jim Bowen, Jayne Conway, Dr. Bonnie Dowd, Dave Forsyth, Lee Hoffmann

Ex-Officio Members Absent: Tammy Reed

Guests: None

C. Minutes

The June 2, 2010 meeting minutes were approved with one abstention.

D. Old Business

Jean Ruff reiterated a request for a headcount of current retirees, broken out by Group I and Group II. This information was not immediately available, and will be sent out as soon as possible.

E. New Business

1. John Tortarolo presented the results from the task force assigned to interview prospective benefits consulting firms and their recommendation. He described the process and the three firms interviewed (AON, Keenan & Associates, and Hewitt). AON received a good recommendation from Rancho Santiago who has worked with them for many years; however, the task force felt they were the least in touch with the District's needs. Keenan specializes in schools in California, currently working with 14 community college districts on health care. They have more specific knowledge than the other firms, and worked with the Fringe Benefits Consortium between the 1980's and 1998. They are privately owned. Hewitt is considered to be a high-end, well known national consulting firm but has no California community college experience. John described all three price quotes as "soft", anticipating that the selected firm's price will be negotiable. This week the District learned of a merger between AON and Hewitt. The merger, which will take place in November, 2010, produces uncertainty as to who the District would be working with and which firm's philosophy would prevail. The task force therefore indicated a preference for Keenan & Associates.

The PFF and CCE representatives will contact their counterparts at other community colleges, with whom we regularly compare, for references. John will work on obtaining pricing commitments and district references; Phyllis Laderman will take the lead on the funding issue.

2. Maggie Beauchamp distributed a revised PPO/Kaiser plan design containing three options. All three demonstrated a savings in premium based on the 2010 rates. None of the options included retirees as there was still some question about any plan changes that includes retirees. Maggie and John both discussed that even though savings were shown on all three options, this will only slow down future premium increases, not eliminate or reverse them. Maggie also handed out the Rolling 12's, pointing out the increasing ratio of prescription drugs compared to medical claims.

The committee discussed in detail the prescription drug pricing shown on all three options and the difference between the mandated Home Delivery Plan for maintenance prescription drugs compared to the plan design options.

3. John then discussed the results of the legal opinion obtained in response to the objections made by the retiree group (PACRA) to any health care plan changes. This opinion is based on case law and appears to protect the fully-paid status of the plan rather than specific items in the plan design. He will prepare a written summary for distribution to the committee at the next meeting as the legal opinion is a privileged attorney-client communication.

F. Adjournment

There being no further business, the meeting was adjourned at 4:50 p.m.

Next Meeting: Wednesday, August 4, 2010 (MB-6)