



**Insurance Committee
1999-2000 Minutes**

March 9, 2000
February 24, 2000
November 11, 1999

**IMPERIAL VALLEY COLLEGE
INSURANCE COMMITTEE**

March 9, 2000

PRESENT:	Carlos Fletes, Chair Raul Aragon Carol Hann Janell Hodgkin Tom Lopez Jan Magno Gail Parish Rosie Pechtl Dr. Jon Tyler	ABSENT:	Mary Bell (consultant) Sue Strain (consultant)
		VISITORS:	Cynthia Stribling, Keenan Lisa Parenti, Keenan Julie Revoir, Keenan

The meeting of the Insurance Committee was called to order by Carlos Fletes at 11:00 a.m. on Thursday, March 9, 2000 in the Transfer Center meeting room.

Carlos Fletes introduced Cynthia Stribling of Keenan & Associates, which will become the broker of record for the District effective April 1, 2000.

Presentation by Keenan & Associates

Cynthia Stribling introduced her associates Lisa Parenti and Julie Revoir, and presented information to the committee on the recommendations for the various pieces of the District's health and welfare package and the cost of the claims run out with AH&L.

With the Keenan & Associates proposal, the fixed cost for medical claims administration will be reduced by 23.4% and the College will be able to maintain the \$70,000 stop loss. Keenan is able to obtain stop loss more cheaply because it pools its clients and purchases stop loss for the entire pool. Annual savings for medical insurance, based on 333 covered employees, will be about \$123,000. Keenan & Associates is also proposing funding for expected claims at about 6% less than AH&L.

Broker compensation will be on a per head basis with Keenan--\$9.00 per head for medical and \$1.00 per head on dental. AH&L based broker compensation on number of claims.

According to Keenan, there is no justification for aggregate stop loss on dental claims. The recommended carrier will be Delta Dental. Delta is the largest and most commonly used plan for educational institutions in California. Approximately 90%+ of dentists are associated with Delta. The cost of claims administration will be 40% less, and funding will be 24% less. The overall savings will be 58.7%. Keenan is recommending eliminating the \$50 lifetime dental deductible because it does not create any savings for the District and it is an administrative hassle. Keenan pools its clients for dental coverage, and is able to obtain the lowest rate in the State of California from Delta Dental.

Keenan is recommending that the College continue with VSP for vision coverage. There will be a .24 per head savings because Keenan pools its clients, and is able to obtain a discount from VSP because of the size of the pool.

The cost of income protection will be reduced from .45% to .37% of payroll. The recommended carrier is U.S. Life; benefits will be the same as with Provident. Voluntary coverage purchased by faculty would remain with Provident because those are considered individual policies.

Ms. Stribling informed the committee that Keenan was able to generate significant savings for the District by shopping each piece of the benefit package to different carriers. AH&L was given the opportunity to bid on the claims administration component, but was unable or unwilling to handle only one component of the plan.

Blue Cross of California is the recommended carrier for claims administration.

Prudent Buyer is recommended as the PPO network, it is nationwide and a bigger system than CappCare (AH&L was not going to remain with CappCare either).

Advance RX will be the prescription carrier, and will provide the same benefits. Keenan will look into merging the drug and medical cards into one card.

The recommended carrier for life insurance is Fortis.

Insurance cards may not be ready by April 1. Enrollment information may have to be input manually, either by going through current enrollment forms or having employees fill out new forms.

Run Out

Ms. Stribling explained that there is a cost to changing carriers due to the lag in processing claims. AH&L will charge approximately \$24,000 for paying claims during run out. Due to the contract, the College is also paying for stop loss during run out. At some point Keenan can take over the rest of outstanding claims, usually after two to three months when claims volume decreases substantially. The Alternative would be to take over the processing of all outstanding claims, but Ms. Stribling recommended waiting two to three months, and then looking at the run out. There is also a dental run out cost of \$2,269.80 per month.

Carlos Fletes thanked Keenan & Associates for the information and informed the committee that the Business Office and Human Resources staff would be meeting with Keenan & Associates to work out the details of the transition. A memo will be sent out to all staff advising them of the changes, and asking for patience during the change over.

**IMPERIAL VALLEY COLLEGE
INSURANCE COMMITTEE**

**February 24, 2000
(Reconvened on February 28, 2000)**

PRESENT:	Carlos Fletes, Chair Richard Hann (alternate) Mary Bell (consultant) Janell Hodgkin Jan Magno Gail Parish Rosie Pechtl	ABSENT:	Raul Aragon Carol Hann Tom Lopez Sue Strain (consultant) Dr. Jon Tyler
		VISITORS:	Pete Cobo Susan Church Tom Walsh Scott Bonham, AH&L Lana Fitzgerald, AH&L

The meeting of the Insurance Committee was called to order by Carlos Fletes at 3:30 p.m. on Thursday, February 24, 2000 in the Transfer Center meeting room.

Renewal

Pete Cobo addressed the committee regarding the status of the Insurance Fund and its performance over the past seven years. He noted that there have been no changes in premium since the plan began, the benefits have remained the same even though medical inflation is running 12% per year. Last year was a bad claim year and that is reflected in the renewal proposal. No alternatives were suggested in the past because his instructions were not to change the plan.

Scott Bonham reviewed the AH&L renewal proposal, offered some suggestions for cost savings, and provided background on the renewal calculations. He noted that drug costs have increased 25% per head. Drug costs are going up faster than medical costs (approximately 29% trend vs. 11-12% for medical inflation). The College did not have any big increases in its dental claims.

One Health Plan

Scott Bonham informed the committee that switching from CappCare to One Health P.O. will give the College a 5% discount at renewal. The providers are very similar, the network is owned by AH&L and fully integrated into its claims system. One Health has a website with the most up-to-date provider information.

Stop Loss

Scott Bonham informed the committee that the purchase of stop loss insurance is pooled, the increased cost of stop loss is a reflection of the market (fewer carriers, pool experience, cost of leveraging) rather than the College's experience. He recommended increasing stop loss to \$100,000 per year. AH&L was asked if they shop for outside stop loss underwriting, the

answer was no; AH&L is the stop loss underwriter. When asked if they would shop for and outside underwriting, the answer was also no.

Other Cost Containment Options

Other cost savings measures were discussed, these included: changing from a PCS MAC B to MAC A contract (generic drugs dispensed if available), increase cost of mail order pharmacy from \$1.00 to \$5.00, increase drug co-pay from \$6/\$4 to \$10/\$5, change deductible to \$250, apply deductible to P.O. and non-PPO, put \$1,000 cap on chiropractic care, change to a Point-of-service plan with “gatekeeper” physicians. Scott Bonham and Pete Cobo emphasized that options can be customized to the College’s needs, and there is a lot of flexibility.

Medicare

The committee asked for a written statement from AH&L regarding the Medicare being considered the primary insurance for retirees over age 65.

Meeting adjourned at 5:45 p.m.

The Insurance Committee reconvened on Monday, February 28, 2000 at 3:30 p.m. in the Board Room with the following members present: Carlos Fletes, Raul Aragon, Mary Bell, Carol Hann, Janell Hodgkin, Gail Parish, Rosie Pechtl, and Dr. Jon Tyler. Sue Strain and Tom Lopez were absent.

M/S/C Magno/Tyler to retain Keenan & Associates as broker of record for the District, effective April 1, 2000.

The committee recommended retaining AH&L on a month-to-month basis until the College can switch to another insurance carrier, and to increase the stop loss from \$70,000 to \$100,000 as a cost savings measure.

**IMPERIAL VALLEY COLLEGE
INSURANCE COMMITTEE**

**November 11, 1999
(Reconvened on November 15, 1999)**

PRESENT:	Carlos Fletes, Chair		Dr. Jon Tyler
	Raul Aragon	ABSENT:	Carol Hann
	Olga Artechchi (alternate)		Tom Lopez
	Mary Bell (consultant)		Sue Strain (consultant)
	Janell Hodgkin		
	Jan Magno	VISITORS:	Dr. Gilbert Dominguez
	Gail Parish		
	Rosie Pechtl		

PRESENTERS:

Keenan & Associates: Steve Gedestad, Cynthia Stribling, Lisa Parenti, and Eloy Oakley
Wilcox Life & Health Insurance Agency: Gene Wilcox
Peter H. Cobo Insurance Agency: Pete Cobo and Susan Church

The meeting of the Insurance Committee was called to order by Carlos Fletes at 1:00 p.m. on Thursday, November 11, 1999 in the Board Room.

Approval of Minutes

M/S/C Parish/Pechtl to approve the minutes of the October 6, 1999 meeting.

Presentations by Insurance Brokers

The committee heard presentations from Keenan & Associates, Gene Wilcox and Pete Cobo regarding providing insurance broker services to the College.

Keenan & Associates: Cynthia Stribling and Steve Gedestad informed the committee that Keenan & Associates has 25 years of experience in insurance consulting and brokerage, specializing in schools. They represent 700 schools and community colleges in California. Keenan & Associates provides monthly monitoring and reporting on claims, has a technical department of underwriters and analysts, has a service department to resolve claim and billing problems, provides free training and workshops for college staff and provides information to clients on legislative compliance. The renewal process is usually started six months in advance.

A copy of a "Broker's Report Card" was distributed to the committee. References for Keenan & Associates include Southwestern Community College District, Calexico Unified School District, and Brawley Elementary School District. Calexico Unified has been a client for over 20 years for health benefits and Brawley Elementary has been a client for 15 years. The company is headquartered in Torrance, California, but the San Diego office would handle the IVC account. Representatives from Keenan are in the Imperial Valley at least once a week. Keenan's commission would be paid by the insurance carrier.

Wilcox Life and Health Insurance Agency: Gene Wilcox made a presentation on his insurance agency which is based in Holtville. He has a staff of two. Claims service is the biggest function of his office. He handles a lot of business with Principal Financial Group which is the carrier for the IID, County of Imperial, and City of Brawley, although he is not the agent for those organizations. He does not have any school districts as clients or self-funded groups. He usually provides renewal information 60 days in advance. References include: Keithly Williams Seed, Brooks Anderholt, and Vic's Air Conditioning.

Peter H. Cobo Insurance Agency: Pete Cobo and Susan Church made a presentation on their agency, which is the College's present broker. There is a staff of four, with six retired agents who assist on a part-time basis. As a broker, the Cobo Agency does not represent any particular company, but looks for the best coverage for the client. Mr. Cobo stated that medical costs are increasing rapidly, and even HMO costs are increasing at double digit rates. The College's contribution to the insurance fund must be increased or benefits must be adjusted in order to keep

pace with increasing medical costs. Susan Church made a presentation on the agency's service department. She is a licensed life and disability agent with 15 years of experience. She agreed with the committee that the recent move of the AH&L claims office to Torrance from Duluth, Georgia has caused some problems but the claims adjusters are being reeducated and problems are being addressed.

In response to questions from the committee, Mr. Cobo stated that he would be glad to get quotes from other carriers if so instructed by the committee. Jan Magno asked for advice on what can be pared down to make the plan more cost effective; Mr. Cobo stated that the plan has room for changes, and that he can do an analysis and report back to the committee.

Meeting adjourned at 2:50 p.m. due to time constraints.

The Insurance Committee reconvened on Monday, November 15, 1999 at 2:00 p.m. in the Board Room with the following members present: Carlos Fletes (chair), Jan Magno, Rosie Pechtl, Dr. Jon Tyler, Mary Bell (consultant), Olga Artechhi (alternate), Gail Parish, and Raul Aragon. Carol Hann, Tom Lopez, and Janell Hodgkin were absent.

Recommendation Regarding Insurance Broker

After further discussion on November 15, 1999 and later via telephone consultation with the committee, it was the final recommendation of the committee that Keenan & Associates be given "authorization to obtain quotes." In the event that Keenan & Associates is able to obtain a more favorable insurance package, then Keenan & Associates would be recognized at that time as the broker for the District for medical benefits.