



**IMPERIAL VALLEY COLLEGE
INSURANCE COMMITTEE**

March 26, 2010

Members Present:

√John Lau, VP for Business Services
√Travis Gregory, Associate Dean of HR
Resources
√Carlos Fletes, Director of Fiscal Services
√Frances Beope, CTA Representative
√Suzanne Gretz, CTA Representative
√Lorraine Mazeroll, CTA Representative

Recorder: Angie Gallo

√Chris Mays, CSEA Representative
√Marilyn Boyle, CSEA Representative
√Michael Boyle, CSEA Representative
√Martha Sanchez, CMCA Representative
√Jim Pendley, Certificated Retiree
Representative
√Shirley Hofer-Bell, Classified Retiree Rep

Consultants: Julie Revoir and Tom Edwards, Keenan and Associates

Guest(s): Lilia Sandoval, Beatriz Avila, Norma Nunez, Gaylla Finnell

Call to order: The regularly scheduled meeting of the Insurance Committee was called to order at 9:04 a.m. on March 26, 2010 in the Board Room by Travis Gregory. Mr. Gregory stated there was a change to the agenda from the one originally sent out by email. Discussion on bylaws, Advisory committee, etc. will be postponed until the next meeting. The next meeting will be within the next couple of weeks and asked for a sense of availability from the committee, a general good day and time to meet. The committee expressed a general consensus for Friday mornings.

Approval of minutes: No minutes from previous meeting were available.

Mr. Gregory announced to the committee that the District is in the middle of negotiations with both Unions and stated there are important decisions to be made. He announced there are two presentations scheduled today, Keenan and ICSVEBA. Months back there was discussion among the committee regarding the role of the Insurance committee. Questions regarding “crossing the line” were brought up since insurance/benefits is a negotiable item. He asked if there could there be a general recommendation by this group? If there were feelings that it would cross the line, then would back off. Mr. Gregory did state it is critically important that this group be informed and the information relayed to member groups.

The presentations today will be posted on the HR Benefit website.

John Lau reported briefly on an increase amount of \$900,000 in renewal with Anthem Blue Cross at status quo. He sent an email requesting one member representative from each group to form a taskforce dealing with insurance issues. He asked if the committee felt it was capable of doing this, then the taskforce wasn't needed and he had no problem disbanding it. Mr. Lau wants methodology to discuss these issues since time is of the essence.

Keenan Presentation

Tom Edwards, Vice President with Keenan and Associates, and Field Consultant, stated there is a lot to do in little time. Question through presentation:

Q: Are they (Anthem Blue Cross) pushing generic medications? A: Yes

Q: How many have they added? A: Don't know – will place this questions on list for answers.

Pharmacy: Express Scripts – company is the 3rd largest company and is good at implementing generic lists (updating).

Q: Are there hidden costs? Shipping & handling? A: No – this actually is more cost efficient than WellPoint RX (current prescription carrier).

Q: Will there be a PPO network to standardize costs? A: There is already a list of doctors.

Q: If the medication prescribed has no generic available, what price would be paid for the medication? A: The brand name co-pay.

EAP vs. Health/Mental Care

Q: Newly retired people with issues (mental/behavioral/etc.), are they covered under the EAP?

A: Travis will look into the cutoff time after retirement.

With the new law, dependent children are covered up to the age of 26.

\$50.00 increase for individual would really affect classified employees. If the entire unit decided to go for the Faculty Plan, would there be a bigger discount? Does it still make sense to have the difference (15% or co-pay)?

\$100.00 Emergency Room Co-pay

Incentivize people to use a personal doctor rather than the emergency room for non-emergency situations.

Change to maximum out-of-pocket from \$1,000 to \$3,000 deductible.

John Lau commented and asked how creative the presentations were. He stated we have a fixed structure and asked if we were looking to stay within or were we looking outside of that structure? He stated a “cap” in benefits is on the table in negotiations. Mr. Lau asked Tom of Keenan, if placing a cap on the Districts contribution towards benefits, would require a lot of re-work of the current plan. Tom stated we could have a 2-tier PPO, where employees would be able to buy up to the current plan or choose to stay at the “basic” plan (without employee contribution). We could also offer HMO and PPO or some type of tier system. Mr. Gregory stated people who don't want to pay to upgrade would get the plan offered by the District (employee, employee plus one, etc.). Mr. Gregory asked if the committee would like to request that Keenan bring back more information regarding the tier systems because direction needs to be given to Julie (Keenan).

Committee agreed that more information on tiers was needed - high and low plan, as well as self verse 1+ family, etc. Tom also stated another option would be to move to a multi-tier – super composite. The younger/no children at lower no cost; then over time these would migrate from low to high (factors – marital status and children). These plans are open enrollment so employee would be committed to the chosen plan for one year.

Preventive incentives – place on agenda for next meeting. Martha Sanchez will develop ideas for incentives.

ICSVEBA Presentation

Jack Phelps provided an overview of VEBA: governed by consensus not majority; each agency has a union representative, non representative groups represented by management. There are currently ten entities on trust. If there is 6 reps on the Board, with 10 entities on trust, not everyone is guaranteed representation seat on the Board.

Q: Why does VEBA find it necessary to keep increasing the reserves instead of decreasing (money coming in) cost? A: Who would benefit from “cap” on reserves? District/employee. If VEBA reduced the cost then had to come back up, who would it affect? The District/employee

Jack provides workshops for employees (just like today’s presentation) so employees know and understand how this plan hits the employees pocket. VEBA also has a software program that allows them to extract data to find out where people are going to see a doctor (without names of employees or dependents).

Q: Why would VEBA consider IVC – if we are high risk? A: the mission of VEBA is for Imperial Valley schools – if we have a mutual match, then agree and go to Board for approval.

Trust Renewal – October 1st.
Volunteer Life – open enrollment
Long term care – open enrollment

Q: What about long term care for retirees? A: Jack will look into it.

Jack elaborated a little on his answer as to why VEBA would consider IVC stating the Trust has about 3,000 lives – one high claim would not impact the group, plus IVC would bring in more lives.

VEBA requires that schools come in with a three year commitment. After the initial 3 years, there is a 2 year commitment. If a school doesn’t renew after the initial three years, then the school is required to pay back a pro-rata of reserves.

Retirees will need to be addressed because the current VEBA plans are not really set for the number of retirees IVC has.

Travis asked for direction and/or motion to go forward with VEBA. Chris Mays indicated that this is a District issue and has nothing to do with Unions. Michael Boyle stated information on specifics on rate costs would be good if it (VEBA) can serve all groups. IVC is on a June 30th deadline. Concerns were expressed as far as still needing more information on retirees, such as if retirees would keep the same level of benefits.

Discussion among committee:

Carlos stated the renew l of VEBA is October so it would be very expensive coverage for three month period (June 30th end vs. October 1st start). He also stated he felt that for this renewal period it was too late, but would be good for next year. The existing plan has open enrollment in May. He suggested we don’t lose VEBA from our radar for subsequent year but did state he felt it impossible for this renewal period.

Mays indicated a concern with the benefit level change. The Unions need to vote (negotiable item). Mr. Pendley stated the District knew a year ago that there would be a need to “chop” money out of benefits

yet neither the District nor the Insurance Committee looked at the possibility of VEBA. Gaylla stated the need to support philosophy to work together with VEBA since they assured the District they can work with us. She didn't believe that for CTA, waiting was a possibility. Their Union (CTA) doesn't want to lose benefits or have costs rise.. She stated the ability and willingness to make it work. Gaylla also stated the opportunity for IVC to provide retiree information and input to help shape to our needs.

Mr. Pendley expressed he saw 2 problems with VEBA: a heck of a lot of surplus in trust (cash just sitting there), and the 5 year plan – because if we stayed with VEBA less time we would have to pay and we would have no back-up (history) to take elsewhere. He stated we need member Unions to agree to the 5 years. Marilyn stated the positive she saw in VEBA was that the people making the decisions on VEBA Board are the people using VEBA. She stated she has been on VEBA through a previous employer and was completely happy with it. Carlos expressed his concern with the three month lapse in coverage time from June 30th to October 1st and the probability that Keenan won't cover us. Gaylla restated that Jack said VEBA would work with us regarding the lapse in coverage.

Recommendations were made to take information to union memberships and if possible, schedule presentations by both Keenan and VEBA for the unions and any individual interested in attending. Agreement by committee to schedule back-to-back presentations ASAP by Keenan and VEBA for each union and the interest in videotaping the presentation, if possible, for those unable to attend.

Meeting adjourned at 11:54 a.m.