



**IMPERIAL VALLEY COLLEGE  
INSURANCE COMMITTEE**

October 21, 2008

**Members Present:**

*Recorder: Mary Carter*

<input type="checkbox"/> John Lau, VP for Business Services	<input checked="" type="checkbox"/> Chris Mays, CSEA Representative
<input checked="" type="checkbox"/> Travis Gregory, Associate Dean of HR Resources	<input checked="" type="checkbox"/> Marilyn Boyle, CSEA Representative
<input checked="" type="checkbox"/> Carlos Fletes, Director of Fiscal Services	<input checked="" type="checkbox"/> Gail Parish, CSEA Representative
<input type="checkbox"/> Frances Beope, CTA Representative	<input checked="" type="checkbox"/> Zula Hartfield, CMCA Representative
<input checked="" type="checkbox"/> Suzanne Gretz, CTA Representative	<input checked="" type="checkbox"/> Jim Pendley, Certificated Retiree Representative
<input checked="" type="checkbox"/> Lorraine Mazeroll, CTA Representative	<input type="checkbox"/> Shirley Hofer-Bell, Classified Retiree Rep

Consultants: Mary Bell, Payroll/Benefits Coordinator; Bob Quellmalz and Mike Davis, Keenan and Associates

Call to order: The regularly scheduled meeting of the Insurance Committee was called to order at 1:30 p.m. in the Board Room, by Travis Gregory.

**Approval of minutes: M/S/C Boyle/Mazeroll to approve the minutes of the September 8, 2008 meeting.**

**Report by Keenan:**

Mike Davis, Senior Technical Consultant, Keenan and Associates, reviewed the annual utilization report for 2007 with the committee.

- Blue Cross pays 90% of claims within three months, better than most companies.
- There was an 18.45% increase in medical and RX claims (including large claims); when large claims are excluded, the increase was 11.34%, almost equal to the 12% trend that Blue Cross expected. Funding only increased .66%.
- The loss ratio for in-patient claims (including large claims) PMPM (per member per month) was 121%.
- Out-patient claims declined 6.6%.
- Predictable costs actually decreased; however, experience was driven up by in-patient claims.
- There needs to be a gap between the funding amount and the claims amount to cover administrative cost and stop loss insurance. Loss ratios under 80% are good; in 2007 IVC's ratio was 90.25%, which was about 100% of funding when expenses are added.
- There was a 22% increase in paid medical claims (per member per month).
- In-patient surgical claims were unusually high in 2007.
- Maternity was down slightly for 2007.
- Out-patient claims were down in 7 of 9 categories; only up in emergency room and mammograms.
- Emergency room visits are a high cost item, but there is no urgent care facility in the Valley. ER usage was up 58% in 2007, and 122% since 2003. Another ER issue is that some ER doctors are not PPO, although the hospital may be a PPO facility.
- Surgery was up 40%.
- Scripps was the #1 hospital in paid claims; it was #6 last year; UCSD was #2 both years. Blue Cross discounts with Scripps are not as deep as other facilities.
- There are four claims that exceeded \$50,000 in 2007, amounting to \$620,000. There were three large claims in 2006 totaling \$325,000. It used to be believed that 20% of people generated 80% of claims, it is now thought that as little as 1% of users generate 90% of claims.
- Overall PPO usage was 93.04%, which is the best rate that IVC has had in the past five years.
- Network savings is falling due to in-patient claims at higher cost facilities.
- Pharmacy claims were \$233.69 per member per month, an 11.65% increase over 2006. This is 10% to 15% higher than most Keenan groups. This rate is due more to RX cost than to increased utilization. As shown on page 55 of the report, the number of RX's filled is leveling off.

- IVC's generic utilization is lower than most other Keenan groups. IVC is close to 50% generic usage, but other Keenan groups are between 55% and 61%. There is a possibility for up to 70% generic usage.
- A 5% to 10% increase in generic utilization would help with RX costs for the group. Drugs accounts for on-third of the total claims cost.
- The average cost per RX was up 12.17% over last year, which is in line with the increasing cost of prescription drugs. The average cost of a prescription was \$94.36.
- The member cost per RX is declining because of the unchanged co-pay amounts and rising drug costs. IVC members pay 7.22% of a drug's cost, while other groups pay up to 25%.