



**IMPERIAL VALLEY COLLEGE
INSURANCE COMMITTEE
Unadopted Minutes
Monday, October 29, 2007
1:00 p.m., IVC Transfer Center**

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
- _ Gloria Carmona, CTA Representative
- √ Lorraine Mazeroll, CTA Representative

Recorder: Mary Carter

- _ Chris Mays, CSEA Representative
- _ vacant, CSEA Representative
- _ Gail Parish, CSEA Representative
- √ Zula Hartfield, CMCA Representative
- √ Jim Pendley, Certificated Retiree Rep.
- √ Shirley Hofer-Bell, Classified Retiree Rep

Consultants: Julie Revoir and Mike Davis, Keenan and Associates; Mary Bell, Payroll/Benefits Coordinator

Approval of minutes: M/S/C Fletes/Hartfield to approve the minutes of the October 8, 2007 meeting as presented.

1. **2006 Utilization Analysis:** Mike Davis, underwriter for Keenan reported on the 2006 utilization of medical and prescription drug plans.
 - Enrollment is still growing, with an average monthly enrollment of 421. There are more singles and two party enrollments.
 - Total paid medical claims: 2006 - \$1,816,506, 2005 - \$1,680,090, 2004 - \$1,941,429, 2003 - \$1,461,116 and 2002 - \$1,286,579.
 - IVC is considered a medium small to medium sized group by Blue Cross, and thus is more susceptible to fluctuations in claims. Claims have more impact on renewal because of the group size. Bigger groups are able to go self-funded due to their ability to absorb fluctuations in claims.
 - Utilization of network providers is at 91.7% of paid claims, which is the highest level in 5 years.
 - In 2006, of \$1.00 in billed claims, 44.25 cents is network savings, 27.03 cents is the paid amount, 21.50 cents is secondary savings (other coverage, etc), 2.85 cents is deductible, co-pay or co-insurance, and 4.37 cents are ineligible claims.
 - After removing claims in excess of the \$75,000 (2006 stop loss level), medical claims PEPM (per employee, per month) were \$336.95, in 2005 - \$339.91, 2004 - \$380.75, 2003 - \$389.09 and 2002 - \$288.40.
 - The average claims amount paid in 2006 was \$143.34, in 2005 \$133.80 and \$165.17 in 2004.
 - Inpatient admissions per 1,000 members: 2006 — 53, 2005 — 60 and 2004 — 74.
 - Days of inpatient care: 2006 — 227 days, 2005 — 209 days and 2004 — 334 days.
 - Average length of stay: 2006 — 4.13 days, 2005 — 3.43 days and 2004 — 4.64 days.
 - Top in-patient facilities in 2006: UCSD, Scripps Green, ECRMC and PMH, in 2005 ECRMC was #1, then PMH, Scripps Mercy and Scripps Green.
 - Number of in-patient admissions to ECRMC in 2006 - 14, in 2005 — 19.
 - Emergency room care is very expensive, approximately five times the cost of a doctor's visit. ER is the fastest rising cost, and IVC's utilization is going up. Outpatient claimants

in 2006 – 613, in 2005 -- 576. Other outpatient costs are also rising, for example therapeutic radiation is very expensive.

- Outpatient claims PMPM (per member, per month): 2006 – \$43.92, 2005 – \$39.86
- Durable medical equipment costing rising 15% to 20% a year. Other plans are instituting caps.
- Prescription drug: IVCs use of generics is up from 43.69% in 2005 to 45.37% in 2006; however, other Keenan groups average 51% generic usage.
- All other Insurance companies except Blue Cross use a drug formulary.
- Average cost per RX of a brand name drugs is \$136.73 versus \$20.77 for generic.
- Average cost per RX is \$84.12
- Average monthly claims per employee: 2006 -- \$209.30, 2005 -- \$185.49
- RX usage has increased 3.5% overall.

Renewal The first renewal information will be available in late January, Keenan would like to meet at the end of February. Mike Davis estimates that the first renewal may be in the 25% range due to increase cost of stop loss and large claims months. February 2007 was the worst claim month so far. If the renewal were done right now, IVC would be looking at a 30% renewal. If the next four months of claims are good, the renewal may be in the 25% range. The 2007-08 renewal was below trend, but the last eight months of claims have not been good. There are at least three large claims (over \$100,000).

Renewal involves more than just claims, it also involves cost of administration and cost of stop loss insurance. The cost of stop loss insurance is increasing at the rate of 15% a year.

2. Next meeting: **Monday, December 3, 2007, 1:00 p.m.** **Items for discussion:**
 - a. Benefits Survey
 - b. Wellness
 - c. Other