



**Insurance Committee
2006-07 Minutes**

May 3, 2007
April 2, 2007
February 26, 2007

December 4, 2006
October 30, 2006



**IMPERIAL VALLEY COLLEGE
INSURANCE COMMITTEE
May 3, 2007**

Members Present:

✓ Richard Fragale, Chair, 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
_ *Bertha Ortega, CSEA Representative*
✓ Gail Parish, CSEA Representative
✓ Jim Pendley, Certificated Retiree Rep.
✓ Shirley Hofer-Bell, Classified Retiree Rep

Others present: Mary Bell, Payroll/Benefits Coordinator; Julie Revoir, Keenan and Associates; Bobby Brock and Eric Freeman, Northwestern Mutual Life

Call to order: The meeting was called to order at 2:10 p.m. by Carlos Fletes, Director of Fiscal services.

Approval of minutes April 2, 2007 meeting: No action taken due to lack of a quorum at the start of the meeting.

Presentation by Northwestern Mutual Life: Eric Freeman and Bobby Brock from Northwestern Mutual Life made a presentation on long term care insurance:

- the employee get to choose the provider: independent care providers, HMO (local or national) or family member
- plan can be customized
- open to all employees
- portable
- group setting, only three IVC enrollees needed
- educational seminars and individual meetings available

Report by Keenan: Julie Revoir, Account Manager, Keenan and Associates reported on the following:

- Blue Cross final renewal for 2007-08 is an overall 6.5% increase
- Medical utilization through February 2007: February claims were at 151.17%
- 125 Plan enrollment: enrollment for the 125 plan will be May 16-17. The debit card will no longer be offered free of charge to employees.
- Medicare D: If the College decides to participate in the Medicare D program, the only difference is that the retiree receives a second card for prescription benefits with a different group number. The District would receive a savings on the cost of the plan from the U.S. government (through Blue Cross).

Dental and vision plans: *M/S/C Parish/Mays to recommend that the District increase funding of the vision and dental plan to the amount recommended by Keenan and Associates (4.64% for dental and 8.7% for vision).*

Ambulance benefits: ***M/S/C Pendley/Mays to recommend that the District approve the increase to the ambulance benefit (80% of charges, no annual maximum).*** It was noted that the air ambulance benefit is for the United States only.

Employee Assistance Program: ***M/S/C Gregory/Mays to recommend that the District fund the Employee Assistance Program in the amount of \$10,632 per year.*** The plan provides five visits per year for employees for counseling on issues such as bereavement, substance abuse and general mental health.

GASB 45: Mr. Fragale reported that the College has received four responses to its request for proposals for GASB 45 services, and is in the process of comparing the responses received from Keenan and Associates, PARS, SISC and CCLC. The College could join a JPA, it could continue to pay retiree benefits on a pay-as-you-go basis and have the unfunded liability on the College's books, or it could place its funds in a restricted account that could still be accessed by the Board. Mr. Fragale's strong recommendation was for the College to join a JPA (joint powers authority) in order to protect retiree benefits. The College needs to implement a plan by 2008. If the College joins a JPA and places the funds in an irrevocable trust, funds can only be used for retiree benefits. It was Mr. Fragale's suggestion that each firm be asked to make a presentation. It was the committee's recommendation that this issue be referred to the Planning and Budget Committee.

Meeting adjourned at 3:45 p.m.



IMPERIAL VALLEY COLLEGE
INSURANCE COMMITTEE
April 2, 2007

Members Present

✓ Richard Fragale, Chair, 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**
_ **Chris Mays, CSEA Representative**
_ **Bertha Ortega, CSEA Representative**

✓ Gail Parish, CSEA Representative
_ **Zula Hartfield, CMCA Representative**
✓ Jim Pendley, Certificated Retiree Rep.
✓ Shirley Hofer-Bell, Classified Retiree Rep.
Others: Julie Revoir, Giovanni Pacheco, Keenan and Associates; Mary Bell, Payroll/Benefits Coordinator
Recorder: Mary Carter

Call to Order: The meeting was called to order by Chairperson Richard Fragale at 2:00 p.m. on Monday, April 2, 2007 in the Transfer Center.

Approval of Minutes: **M/S/C Parish/Fletes to approve the minutes of the February 26, 2007 meeting as presented. (Abstain: Hofer-Bell)**

Report by Keenan:

Julie Revoir, Account Manager for Keenan and Associates reported that Blue Cross has agreed to decrease the renewal by 1.5% to 6.5%, and she presented the revised renewal as of 4/2/07. The recommended increase for Delta Dental is now 4.64% because January claims were up significantly. The recommended increase for vision is now 8.7%. The overall increase is 6.29%, which is approximately \$33,922 less than the first renewal calculation.

The committee reviewed the potential savings or cost increases to the plan of the following options:

1. Enroll in Medicare Part D, save \$69,313 (*Certificated retirees over age 65 would have a second Blue Cross ID card for prescriptions, no effect on their benefits; the College would receive a credit that Blue Cross would pass on from the U.S. Government*)
2. Classified \$10 office visit copay, 85% co-insurance, \$1,907 increase
3. Classified \$10 office visit copay, 90% co-insurance, \$5,721 increase
4. Classified \$15 office visit copay, 90% co-insurance for Classified, save \$13,730
5. Faculty \$10 office visit copay, 90% co-insurance, \$20,077 increase
6. RX: \$5 generic/\$15 brand copays, 30 day retail supply, save \$26,316
7. RX: \$5/\$15/2 copays for mail RX, save \$34,707
8. RX: \$10/\$20/1 copay for mail RX, save \$74,372
9. RX: \$10/\$20/2 copays for mail RX, save \$85,813
10. RX: \$5/\$10/\$25 formulary/1 copay mail, save \$20,977 (*A formulary is a list of drugs listed as "preferred" by a panel of experts who consider cost, safety, efficacy, redundancy and other factors. Non-formulary drugs can be used, but at the higher co-pay.*)
11. RX: \$5/\$10/\$25 formulary/2 copays mail, save \$28,604
12. RX: \$5/\$20/\$35 formulary/1 copay mail, save \$95,348
13. RX: \$5/\$20/\$35 formulary/2 copays mail, save \$107,553
14. \$50 copay for ER visits, save \$9,535, copay waived if person admitted to the hospital
15. \$200 individual/\$600 family deductible, first dollar after office visit, save \$47,293
16. \$300/\$900 deductible, first dollar after office visit, save \$101,450
17. Air/ground ambulance at 80%, no annual maximum (currently \$2,500 max.), \$4,577 increase

18. Mental health, \$15 copay, 50 visits per year, \$35,470 increase
19. Mental health, \$20 copay, 50 visits per year, \$33,181 increase
20. Carve out mental health/substance abuse benefits from Blue Cross plan, \$51,869 credit. *(The current mental health benefit (outpatient) is \$25 per visit, limit of 50 visit/year. Severe mental illness is covered under the medical plan).*

Information on mental health, substance abuse and employee assistance plans from Blue Cross and PacifiCare was presented to the committee:

Blue Cross

\$15 copay, 50 visits with EAP \$97,071
 \$20 copay, 50 visits, with EAP, \$95,682

PacificCare

\$15 copay \$122,288 with EAP
 \$20 copay \$118,898 with EAP
 \$15 copay (no out of network), \$117,306 w/EAP
 \$20 copay (no out of network), \$114,122 w/EAP

EAP only \$10,632 (5 visits per incident)

EAP only \$11,864 (5 visits per incident)
 EAP only \$10,426 (3 visits per incident)

Orthodontia (currently \$500 maximum)

\$1,000 maximum benefit, \$8,894 increase
 \$1,500 maximum, \$17,749 increase

The committee asked for more information on Medicare D.

Julie Revoir stated that the open enrollment is coming up soon for the 125 Plan.

GASB: Mr. Fragale reported that the College requested proposal for GASB compliance programs, and three bids were received from Keenan, PARS, and the Community College League of California. The College needs to make a decision on how to fund this liability, currently estimated at \$39 million. He will bring this item to the Insurance Committee as well as the Planning and Budget Committee.

Next Meeting: Thursday, May 3, 2007, 2:00 p.m.

Meeting adjourned at 3:45 p.m.



IMPERIAL VALLEY COLLEGE
INSURANCE COMMITTEE

Unadopted Minutes
February 26, 2007

Present: Richard Fragale, Interim Vice President for Business Services
Travis Gregory, Associate Dean of Human Resources
Frances Beope, CTA Representative
Lorraine Mazeroll, CTA Representative
Gloria Carmona, CTA Representative
Carlos Fletes, Director of Fiscal Services
Chris Mays, CSEA Representative
Gail Parish, CSEA Representative
Jim Pendley, Certificated Retiree

Absent: Shirley Hofer-Bell, Classified Retiree Representative; Bertha Ortega, CSEA Representative; Zula Hartfield, CMCA Representative

Others: Julie Revoir, Mike Davis, Marie Ruiz, and Giovanni Pacheco, Keenan and Associates; Mary Bell, Payroll/Benefits Coordinator

Recorder: Mary Carter

The regular meeting of the Insurance Committee was called to order by chair Richard Fragale at 2:00 p.m. on Monday, February 26, 2007 in the Transfer Center.

Introduction of New Member: Travis Gregory was introduced as the new Associate Dean of Human Resources.

Approval of Minutes: M/S/C Fletes/Pendley to approve the minutes of the December 4, 2006 meeting as presented.

Report by Keenan:

Julie Revoir, Account Manager for Keenan and Associates and Mike Davis, Underwriter, presented the first calculation of the 2007-08 renewal of the College's medical, prescription, dental, and vision plans. It was felt that the renewal will probably increase slightly when claims for January 2007 are included.

Dental:

Current funding: \$75.82
Recommended: \$78.38
Increase: 3.38%

Vision:

Current funding: \$15.74
Recommended: \$16.58
Increase: 5.34%

Medical: The College's loss ratio for medical claims has been excellent; however, the prescription experience is higher, resulting in an overall 8.16% increase.

Blue Cross has increased the stop loss to \$100,000 for 2007-08, and the premium decreased from \$67.52 (for \$75,000 stop loss) to \$62.93.

The committee discussed why the faculty plan was cheaper than the classified plan, it may be that Blue Cross considers the \$15 co-pay more of a savings to the plan than the 15% co-insurance.

Medicare Part D: The College would receive a rebate of at least \$54,000 if it enrolled in Medicare Part D. Retirees over age 65 would receive a separate prescription card, but otherwise there would be no change.

Life Insurance: Julie Revoir reported that Met Life has given the College a pass (no rate increase).

The committee asked Keenan to bring back information on the cost or saving of:

- increasing the orthodontic benefit
- three tier RX plan
- \$5/15 prescription co-pays
- \$10 office co-pay for Classified medical plan
- Two co-pays for 90 day mail order prescription supply

125 Plan: Carlos Fletes reported that AFLAC has requested to be considered as an administrator for the 125 Plan for 2007-08. It was the consensus of the committee that all benefit plans be coordinated by Keenan and Associates, the District's broker of record. ***M/S/C Parish/Mays to recommend that the College remain with American Fidelity for 125 Plan administration and voluntary products for the 2007-08 plan year. The Committee further recommended that college sponsored activities by other vendors not be permitted.***

Meeting adjourned at 4:00 p.m.



IMPERIAL VALLEY COLLEGE INSURANCE COMMITTEE

December 4, 2006

Present: Richard Fragale, Interim Vice President for Business Services/
Interim Associate Dean of Human Resources
Frances Beope, CTA Representative
Lorraine Mazeroll, CTA Representative
Gloria Carmona, CTA Representative
Carlos Fletes, Director of Fiscal Services
Zula Hartfield, CMCA Representative
Betty Kakiuchi, CSEA alternate
Chris Mays, CSEA Representative
Shirley Hofer-Bell, Classified Retiree Representative
Jim Pendley, Certificated Retiree

Absent: Gail Parish, CSEA Representative, Bertha Ortega, CSEA Representative

Others: Julie Revoir, Mike Davis, and Marie Ruiz, Keenan and Associates
Mary Bell, Payroll/Benefits Coordinator
Bob Trethewey

Recorder: Mary Carter

The regular meeting of the Insurance Committee was called to order at 1:30 p.m. on Monday, December 4, 2006 in the Board Room.

Classified Retiree Representative: Shirley Hofer-Bell was introduced as the new Classified Retiree Representative.

Approval of Minutes: M/S/C Pendley/Beope to approve the minutes of the October 30, 2006 meeting.

Report by Keenan: Loss ratio reports were distributed for the medical, dental and vision plans. The upcoming renewal will be based on claims through March 2007. Mike Davis, Senior Underwriter for Keenan and Associates made a presentation on 2005 claims; 2005 claims declined from 2004, the number of claims over \$50,000 declined, more employees are using generic drugs and there were fewer RX claims per employee. PPO utilization increased across all categories. Enrollment showed a 7.09% increase. Inpatient admissions declined, except for maternity, and the average length of inpatient stay was 3.43 days, which is unusually low. ECRMC was the #1 hospital used. Outpatient claims also declined. However, emergency room claims increased.

Medicare Supplement: Bob Trethewey made a presentation to the committee on the Medicare supplement plan that could be used for Certificated retirees. Classified retirees over age 65 are placed on the same supplement plan. There is less out-of-pocket expense to the retiree due to coverage by Medicare and supplement; however, the retiree does have to pay for Medicare Part B out of their Medicare check. The supplement plans are individual plans; therefore, the College's liability under GASB 45 would be reduced. No physical would be required because the supplements are "guaranteed issue". Frances Beope stated that the concern of retired faculty is that their coverage remains equal to that of active employees.

Meeting adjourned at 3:45 p.m.



IMPERIAL VALLEY COLLEGE
INSURANCE COMMITTEE
October 30, 2006

Present: Richard Fragale, Interim Dean of Business Services/
Interim Associate Dean of Human Resources
Frances Beope, CTA Representative
Lorraine Mazeroll, CTA Representative
Gloria Carmona, CTA Representative
Carlos Fletes, Director of Fiscal Services
Zula Hartfield, CMCA Representative
Chris Mays, CSEA Representative
Gail Parish, CSEA Representative
Bertha Ortega, CSEA Representative
Jim Pendley, Certificated Retiree

Absent: Classified Retiree Representative

Others: Julie Revoir, Account Manager, Keenan and Associates
Mary Bell, Payroll/Benefits Coordinator

Recorder: Mary Carter

Mr. Fragale called the meeting to order at 2:00 p.m. on Monday, October 30, 2006 in the Board Room.

GASB 45 Presentation

The Committee viewed a PowerPoint presentation prepared by Keenan and Associates regarding GASB 45. Mr. Fragale stated that while it is not mandatory for the College to fund its retiree liability through a trust, continuing to pay-as-you-go is not recommended because the unfunded liability must be shown on the books, which could affect the College's credit rating and its ability to sell bonds. The College's liability is now \$41 million, which is more than the unrestricted general fund budget. In addition, the College would have to add 5% a year to the annual "pay-as-you-go" amount, which will compound. This is in lieu of the interest that would be earned if money was being paid into a trust. Mr. Fragale stated that the College will be sending out a RFP (request for proposals), in order to make a decision on GASB before the accreditation visit.

Gail Parish expressed concern that retiree benefits could be bargained away in the future, as fewer members are eligible for lifetime benefits.

The committee discussed the possibility of a supplement to Medicare for Certificated retirees, similar to what Classified retirees have.

Mr. Fragale initiated a discussion of an insurance cap. If benefits were capped at \$10,000, additional funds could be available for salaries, and if take home pay was increased, the employee's retirement benefits would increase. Committee members stated that a cap on

insurance would be short sighted, that healthy people would opt out of the plan, and employees without benefits would be more apt to negotiate benefits away.

Julie Revoir reported that the medical loss ratio report was running at 96% through August, which is good for the renewal. Dental is still high, and vision is on target. The underwriter will be making a report on December 4 on the 2005 utilization. In February, the initial “not-to-exceed” renewal should be available. It was agreed to hold a meeting on February 26, 2007 at 2:00 p.m.

Julie Revoir stated that the annual *Notice of Credible Coverage for Medicare* must be sent out to employees and retirees in November.

Next meeting: Monday, December 4, 2006