



Burnham

well beyond benefits™

Ventura County Community
College District

**AFT Health Benefits Committee
Meeting: RECAP 2018-19**

October 3, 2019



RECAP

Joint Committee Meeting

9/6/2018



School Pools 101

- a. Tenure & Size
- b. Available Networks
- c. Break-in & Break-out Rules
- d. Rate Tiering Options
- e. Entrance & Exit Rules
- f. Eligibility Rules - Active & Retirees
- g. Number of Plan Options
- h. Renewal Calculation & History



School Pools 101 – Tenure/Size

Pool Name	Year Established	# of Entities in Pool	Types of Entities
CalPERS	1962	1200 (154)*	Public Agencies, K-12, Community College Districts, Universities
SISC	1978	431	K-12 School Districts, Community College Districts
CVT	1984	236	K-12 School Districts, Community College Districts
ASCIP	1980	61	K-12 School Districts, Community College Districts
CSEBA	1986	49	K-12 School Districts, Community College Districts
VEBA	1990	65	Public Agencies, K-12 School Districts, Community College Districts
		<u>TOTAL 996</u>	

State of California

K-12 Districts = 1,026

Community Colleges = 114

TOTAL = 1,140 of which 821 in CalPERS, SISC, CVT

*154 of 1200 CalPERS Health contracts are schools



School Pools 101 – Eligibility Rules

	CalPERS	SISC	CVT	CSEBA	VEBA
Retirees & Medicare	Required to enroll in Medicare Parts A & B, unless ineligible for free Part A.	Required to enroll in Medicare Parts A & B, otherwise pay a penalty for non-enrollment.	Required to enroll in Medicare Parts A & B. Failure to obtain both Medicare Parts A and B will result in the disqualification from eligibility to participate in CVT health plans.	Required to enroll in Medicare Parts A & B.	Required to enroll in Medicare Parts A & B.

RECAP

Joint Committee Meeting

10/4/2018



Retiree Benefit Options

1. School Pool Eligibility Rules
 - Retirees
2. How Claims are Covered
 - Medicare/Anthem
3. Enrollment Breakdown
 - Total Population
 - Medicare Eligible
4. Medicare Premium
 - Parts A & B Calculation
5. Anthem Retiree Plan
 - Options
 - Total Cost with Medicare Premium
 - Impact to Actives & <65

RECAP - Joint Committee Meeting 10/4/2018



Retiree Benefit Options – **BASED ON INACCURATE DATA**

		With Part A&B	With Part A	With No Medicare
Faculty	414	275	119	20
Retirees	257	161	80	16
Dependents	157	114	39	4

		With Part A&B	With Part A	With No Medicare
ASCC/MGMT	448	357	87	4
Retirees	288	227	58	3
Dependents	160	130	29	1

CURRENT ANTHEM TOTAL PREMIUM	\$11,535,951.24	
Anthem Retiree Plan Premium	\$5,523,572.16	
	w/ Penalties	SAVINGS
w/TOTAL MEDICARE PREMIUM (Low)	\$6,341,465.76	(\$5,194,485.48)
w/TOTAL MEDICARE PREMIUM (Mid)	\$7,025,159.16	(\$4,510,792.08)
w/TOTAL MEDICARE PREMIUM (High)	\$7,845,693.36	(\$3,690,257.88)



Retiree Benefit Options – BASED ON INACCURATE DATA

How would the **Active** and **Under Age 65 Retiree** rates be impacted?

	Anthem	
	Current	Option
Combined monthly premium	\$1,413,549	\$1,543,566
Combined annual premium	\$16,962,584	\$18,522,795
Annual relationship to current \$		\$1,560,211
Relationship to current %		9.2%

Total medical enrollment 756

Anthem PPO ASCC

Deductible (individual / family)		
Out of pocket max (individual / family)		
Office visit copay (PCP / specialist)		
Inpatient hospitalization		
Prescription drugs		
Active Admin & Mgmt	47	
Active Classified	289	
Retirees Under Age 65	60	
Monthly premium	396	
Annual relationship to current \$		
Relationship to current %		

Anthem PPO ASCC

Deductible (individual / family)	\$200 / \$600
Out of pocket max (individual / family)	\$1,700 / \$5,100
Office visit copay (PCP / specialist)	\$20
Inpatient hospitalization	No Charge
Prescription drugs	\$100 Ded, \$10 / \$30 / \$50
Active Admin & Mgmt	\$1,743.44
Active Classified	\$1,743.44
Retirees Under Age 65	\$1,743.44
Monthly premium	\$690,402
Annual relationship to current \$	\$670,982
Relationship to current %	8.1%

Anthem PPO Faculty

Deductible (individual / family)		
Out of pocket max (individual / family)		
Office visit copay (PCP / specialist)		
Inpatient hospitalization		
Prescription drugs		
Active Faculty	341	
Retirees Under Age 65	19	
Monthly premium	360	
Annual relationship to current \$		
Relationship to current %		

Anthem PPO Faculty

Deductible (individual / family)	\$200 / \$600
Out of pocket max (individual / family)	\$1,500 / \$4,500
Office visit copay (PCP / specialist)	80%
Inpatient hospitalization	No Charge
Prescription drugs	\$50 Ded, \$10 / \$30
Active Faculty	\$2,008.74
Retirees Under Age 65	\$2,008.74
Monthly premium	\$723,146
Annual relationship to current \$	\$889,229
Relationship to current %	10.2%

RECAP

Joint Committee Meeting

12/6/2018

RECAP - Joint Committee Meeting 12/6/2018



Data Clean-up

ID No./SSN	LASTNAME	FIRSTNAME	MIDINIT	BIRTHDATE	MEMBCODE	AGE	GROUPNMBR	DUPLICATE	Medicare	Move to
					20	95	1822ZC		AB	
					20	71	1822ZC			1822ZF
					40	71	1822ZC		AB	
					10	84	1822ZC		AB	
					20	76	1822ZC			1822ZF
					40	82	1822ZC		AB	
					10	73	1822ZC		AB	
					40	83	1822ZC		AB	
					10	86	1822ZC		AB	
					20	79	1822ZC		AB	
					10	81	1822ZC		AB	
					40	77	1822ZC		AB	
					41	70	1822ZC		A	
					10	75	1822ZC		A	1822ZE
					20	69	1822ZC		AB	
					30	70	1822ZC		AB	
					20	71	1822ZC			1822ZF
					20	74	1822ZC			1822ZF
					10	82	1822ZC		AB	
					30	74	1822ZC		A	
20	80	1822ZC		A	1822ZE					
30	75	1822ZC		AB						

RESULTS

AFT - 105 Corrections

ASCC - 58 Corrections



Data Clean-up

FACULTY	# ENROLLED
Anthem Blue Cross PPO	
Active Employees	341
Retirees Under Age 65	19
Retirees Over Age 65	
<i>With Medicare A&B</i>	161
<i>With Medicare A Only</i>	80
<i>With No Medicare</i>	16 / 53
TOTAL Retirees Over Age 65	257 / <u>294</u>

ASCC	# ENROLLED
Anthem Blue Cross PPO	
Active Admin & Mgmt	47
Active Classified	289
Retirees Under Age 65	60
Retirees Over Age 65	
<i>With Medicare A&B</i>	227
<i>With Medicare A Only</i>	58
<i>With No Medicare</i>	3 / 14
TOTAL Retirees Over Age 65	288 / <u>299</u>

RECAP

Joint Committee Meeting

1/7/2019



Retiree Analysis - BASED ON ACCURATE DATA

Cost Illustrations

- a) **Scenario I** - Move Tier II Retirees to Medicare Plan
- b) **Scenario II** - Move all Retirees currently enrolled in Medicare Parts A & B to Medicare Plan
- c) **Scenario III** - Move all over age 65 Retirees to Medicare Plan, enrolling those without Medicare Part B into Part B



Retiree Analysis - BASED ON ACCURATE DATA

	Current Premium	Scenario I	\$ Change
Actives & Retirees <65	\$16,674,689	\$16,674,689	\$0
Retirees Over 65	\$12,497,314	\$12,170,579	(\$326,735)
Total Annual	\$29,172,003	\$28,845,268	(\$326,735)

Scenario II

	Current Premium	Scenario II	\$ Change
Actives & Retirees <65	\$16,674,689	\$18,208,995	\$1,534,306
Retirees Over 65	\$12,497,314	\$9,513,254	(\$2,984,060)
Total Annual	\$29,172,003	\$27,722,249	(\$1,449,754)

Scenario III

	Current Premium	Scenario III	\$ Change
Actives & Retirees <65	\$16,674,689	\$18,208,995	\$1,534,306
Retirees Over 65	\$12,497,314	\$7,599,979	(\$4,897,335)
Total Annual	\$29,172,003	\$25,808,974	(\$3,363,030)

Additional Medicare Cost	Part B Only
Low	\$890,189
Mid	\$1,779,713
High	\$2,847,276

*A cost not included in the above, is the Medicare premium for those who already have A&B

RECAP

Joint Committee Meeting

2/7/2019



Renewal Update, CalPERS Review, Other Items

- 1. Renewal Update** – Anthem, Kaiser, CSEBO, MES
- 2. Why review CalPERS now?**
- 3. CalPERS Plans & Rates**
- 4. Sample Large Claim Cost**
- 5. HRA Review**
- 6. Duplicate Coverage**
- 7. Opt-Out Incentive**
- 8. Next Steps**



Renewal Update

Carrier	Faculty	ASCC	No Market Renewal Offer
Anthem MEDICAL	15.5% +\$2,392,812	16.2% +\$2,253,475	6.0% Faculty:+\$923,889* ASCC:+\$836,748*
Kaiser MEDICAL	TBD Mid-February	TBD Mid-February	N/A
CSEBO DENTAL	Will be released between 3/27 and 4/30		N/A
MES VISION	Rates remain unchanged until the next renewal		N/A
Anthem BASIC LIFE	TBD End of February		N/A
Anthem VOLUNTARY LIFE	TBD End of February		N/A



CalPERS Review

Why CalPERS now?

1. Burnham discussed VCCCD with CalPERS and they agreed to make an exception for those retirees without Part B, allowing them to come onto the active plan until they are enrolled in Part B. In addition CalPERS will assist those retirees with the Medicare enrollment process. CalPERS will allow them to stay on the Active plan for 1 year before they enforce the Part B requirement.
2. Burnham was not able to calculate the expected premium with CalPERS without having completed the data clean-up which required over 150 adjustments to reflect proper enrollment. Without having taken that step, the CalPERS premium calculation would not have been accurate.
3. There is substantial premium savings with CalPERS.

RECAP - Joint Committee Meeting 2/7/2019



CalPERS Review

Ventura County Community College District
 Bottomline Cost Comparison - CalPERS January 1, 2019
 ASCC, AFT, MGT

		Anthem Direct			CalPERS
		Current - 2018	Initial Renewal - 2019	Negotiated Renewal - 2019	2019
Total medical enrollment	1329				
Combination of <u>Most</u> Expensive CalPERS Plans					
Single	459				Combination of <u>Most</u> Expensive Plans
2-Party	539				
Family	<u>331</u>	\$29,162,869	\$33,809,156	\$30,923,506	
Annual Premium	1329				
Relationship to Current \$			\$4,646,287	\$1,760,637	\$18,512,965
Relationship to Current %			15.9%	6.0%	(\$10,649,904)
Relationship to Renewal \$					-36.52%
Relationship to Renewal %					(\$12,410,541)
					-40.13%
Combination of <u>Least</u> Expensive CalPERS Plans					
Single	459				Combination of <u>Least</u> Expensive Plans
2-Party	539				
Family	<u>331</u>	\$29,162,869	\$33,809,156	\$30,923,506	
Annual Premium	1329				
Relationship to Current \$			\$4,646,287	\$1,760,637	\$8,104,322
Relationship to Current %			15.9%	6.0%	(\$21,058,547)
Relationship to Renewal \$					-72.21%
Relationship to Renewal %					(\$22,819,184)
					-73.79%



Duplicate Coverage

	ASCC & MGT	AFT
Employee/Retiree	25	23
Dependents	27	23
<i>TOTAL Current Premium Monthly</i>	\$42,503	\$45,785
<i>TOTAL Current Premium Yearly</i>	\$510,039	\$549,422
<i>Remove Duplicate Coverage</i>	<i>-\$255,019</i>	<i>-\$274,711</i>

Opt Out Incentive

Opt Out Incentive

Equivalent to Annual Out of Pocket Maximum	\$1,700 ASCC or \$1,500 AFT
Single Tier 12-month Premium	\$536 per month
65% of Contribution Deposited in TSA	\$6,500 per year

RECAP

Joint Committee Meeting

2/22/2019



CalPERS & VCCCD Historical Renewals

- 1. CalPERS Presentation – Rod Wilkinson**
- 2. VCCCD Historical Renewal Review**



VCCCD Historical Renewals

VCCCD Historical Anthem Renewal Review

Plan Year Start Date	Loss Ratio at Time of Renewal	Proposed Renewal	Final Renewal	Loss Ratio	ASCC Final Renewal	Rate	Large Claims	Loss Ratio	Faculty Final Renewal	Rate	Large Claims	Large Claim Pooling Point
7/1/2019	92.10%	15.83%	6.00%	100.50%	6.00%	TBD	60	84.90%	6.00%	TBD	54	\$250,000
7/1/2018	91.81%	25.88%	9.13%	103.40%	9.13%	\$1,743.44	50	90.30%	8.89%	\$2,008.74	68	\$250,000
7/1/2017	86.78%	9.26%	3.00%	96.60%	3.50%	\$1,597.61	41	84.60%	2.53%	\$1,844.82	56	\$250,000
7/1/2016	97.55%	28.28%	13.00%	88.50%	13.00%	\$1,543.52	53	88.80%	13.00%	\$1,799.34	63	\$150,000
7/1/2015	76.50%	ASCC: 13.28% Faculty: 1.72%	ASCC: 9.50% Faculty: 0.00%	76.70%	9.50%	\$1,365.95	18	76.69%	0.00%	\$1,592.34	11	\$150,000
7/1/2014	81.73%	ASCC: 1.49% Faculty: 12.46%	ASCC: -1.82% Faculty: 9.50%	73.06%	-1.82%	\$1,247.40	38	90.60%	9.50%	\$1,592.34	43	\$150,000
7/1/2013	87.93%	ASCC: 13.53% Faculty: 4.41%	ASCC: 10.50% Faculty: 1.50%	Do not have	10.50%	\$1,270.52	Do not have	Do not have	1.50%	\$1,458.85	Do not have	Do not have

* The loss ratio reflected above does not include possible large claims credit above the pooling point.

RECAP

Joint Committee Meeting

3/7/2019



Renewal Update, Anthem Rx Issue, CalPERS Review

1. Renewal Update – Anthem, Kaiser, CSEBO, MES
2. Discuss & Finalize the Anthem renewal offer
3. Anthem Rx: Right Drug Right Channel
4. CalPERS Review

RECAP - Joint Committee Meeting 3/7/2019



Carrier	Faculty	ASCC	No Market/Negotiated Renewal Offer
Anthem MEDICAL	15.5% +\$2,392,812	16.2% +\$2,253,475	6.0% Faculty: +\$923,889* 6.0% ASCC: +\$836,748*
Kaiser: Active/Retiree MEDICAL	5.31% +75,866	5.31% +\$159,081	5.31% +\$234,947
Kaiser: Part-Time	-0.3% -\$1,665	N/A	-0.3% -\$1,665
CSEBO DENTAL	Will be released between 3/27 and 4/30		N/A
MES VISION	Rates remain unchanged until the next renewal		N/A
Anthem Life Insurance Loss Ratio 7/2017 – 6/2018: 250% 7/2018 – 12/2018: 151%			
Anthem BASIC LIFE	Renewal: 13.6% Increase +\$12,206 Annual Increase		Negotiated: 12.2% Increase +\$10,985 Annual Increase
Anthem VOLUNTARY LIFE	Renewal: 13% Increase +\$4,805.97 Annual Increase		Negotiated 0% Increase



Anthem Rx Issue – Right Drug Right Channel **REMOVED**

- **BEFORE Right Drug Right Channel**

- Member receives a specialty injection twice per year
- Currently picks up RX from Pharmacy, then has the Dr. handles the injection

Employee Cost

20% of the Dr. Visit: (\$96.31) **\$19.26**

20% of Dr. Injection Fee: (\$26.34) **\$5.27**

Rx copay: \$30

TOTAL: \$54.53

- **AFTER Right Drug Right Channel**

- Moved from Pharmacy to Medical – Member’s process & cost impacted
- The Dr. is responsible for ordering the RX, storing it at the appropriate temperature and any other handling requirements
- Medical plan deductible applies

Employee Cost

20% of the Dr. Visit: (\$96.31) **\$19.26**

20% of Dr. Injection Fee: (\$26.34) **\$5.27**

Rx copay: 20% of \$1,215 = \$243

TOTAL: \$267.53

An exception has been placed on this member to process as BEFORE Right Drug Right Channel

RECAP - Joint Committee Meeting 3/7/2019



CalPERS Review

Estimated PEMHCA Minimum for Actives & Retirees

Estimated Medical Care Cost Inflation	2.93%
---------------------------------------	-------

Year	# of Years the District is a PEMHCA Participant	<u>ACTIVES</u> Estimated PEMHCA Minimum	<u>RETIRES</u> Estimated PEMHCA Minimum
2019		\$ 138.00	
2020		\$ 142.00	\$ 1.00
2021	1	\$ 146.00	\$ 7.30
2022	2	\$ 150.00	\$ 15.00
2023	3	\$ 154.00	\$ 23.10
2024	4	\$ 159.00	\$ 31.80
2025	5	\$ 164.00	\$ 41.00
2026	6	\$ 169.00	\$ 50.70
2027	7	\$ 174.00	\$ 60.90
2028	8	\$ 179.00	\$ 71.60
2029	9	\$ 184.00	\$ 82.80
2030	10	\$ 189.00	\$ 94.50
2031	11	\$ 195.00	\$ 107.25
2032	12	\$ 201.00	\$ 120.60
2033	13	\$ 207.00	\$ 134.55
2034	14	\$ 213.00	\$ 149.10
2035	15	\$ 219.00	\$ 164.25
2036	16	\$ 225.00	\$ 180.00
2037	17	\$ 232.00	\$ 197.20
2038	18	\$ 239.00	\$ 215.10
2039	19	\$ 246.00	\$ 233.70
2040	20	\$ 253.00	\$ 253.00

	Kaiser Direct Current - 2018	Kaiser CalPERS Renewal - 2019	Kaiser CalPERS 2019
378	\$5,188,607	\$5,442,849	\$4,689,305
			\$10,785
		\$254,242 4.9%	(\$488,517) -9.42%
			(\$742,759) -13.65%

- 13 Q&As Included & Reviewed

RECAP
Board Meeting
3/19/2019



Benefits Committee Update

1. Data Corrections
2. Current Plans & Rates
3. School Pools Review
4. CalPERS Analysis

RECAP

Joint Committee Meeting

4/4/2019



Renewals Finalized

1. Renewals Finalized – Anthem, Kaiser, MES
2. Renewal Pending – CSEBO dental
3. Anthem/Kaiser - Deductible and Out of Pocket Max Counts
4. Anthem:
 1. Renewal Compared to ASCC/Faculty population combined
 2. Renewal Rates with Decrements
5. Health Reimbursement Account Discussion
6. Blended Unblended ANTHEM RATES – Illustrative Only

RECAP – Joint Committee Meeting 4/4/2019



Carrier	Faculty	ASCC	No Market/Negotiated Renewal Offer
Anthem MEDICAL	15.5% +\$2,392,812	16.2% +\$2,253,475	6.0% Faculty:+\$915,768 6.0% ASCC:+\$829,504
Kaiser: Active/Retiree MEDICAL	5.31% +\$75,866	5.31% +\$159,081	5.31% +\$234,947
Kaiser: Part-Time	-0.3% -\$1,665	N/A	-0.3% -\$1,665
CSEBO DENTAL	A rate pass was proposed at the March Board Meeting. It will be voted on and finalized at the April meeting.		
MES VISION	Rates remain unchanged until the next renewal		N/A
Anthem Life Insurance Loss Ratio			
7/2017 – 6/2018: 250% 7/2018 – 12/2018: 151%			
Anthem BASIC LIFE	Renewal: 13.6% Increase +\$12,206 Annual Increase		Negotiated: 12.2% Increase +\$10,985 Annual Increase
Anthem VOLUNTARY LIFE	Renewal: 13% Increase +\$4,805.97 Annual Increase		Negotiated 0% Increase

Anthem – Faculty Plan Decrements



Decrement Item	Rate % +/-	Rate Difference +/-
Increase Deductible from \$200 ind / \$600 fam to \$500 ind / \$1,500 fam	-2.20%	-\$44.19
Increase OOP Max from \$1,500 / \$4,500 to \$2,000 / \$6,000 (3x OON)	-0.83%	-\$16.67
Increase OOP Max from \$1,500 / \$4,500 to \$2,500 / \$7,500 (3x OON)	-1.70%	-\$34.15
Add 10% coinsurance in-network for Inpatient	-0.20%	-\$4.02
Impact due to loss of Grandfather status	+0.80	+\$16.07

Anthem – ASCC Plan Decrements



Decrement Item	Rate % +/-	Rate Difference +/-
Increase Deductible from \$200 ind / \$600 fam to \$500 ind / \$1,500 fam	-1.74%	-\$30.34
Increase OOP Max from \$1,700 / \$5,100 to \$2,200 / \$6,600 (3x OON)	-0.89%	-\$15.52
Increase OOP Max from \$1,700 / \$5,100 to \$2,700 / \$8,100 (3x OON)	-1.55%	-\$27.02
Add 10% coinsurance in-network for Inpatient	-0.10%	-\$1.74

RECAP

Joint Committee Meeting

5/2/2019



Actuarial Value, Medicare Enrollment Review

- 1. Actuarial Value of Plans**
 - a) ASCC
 - b) AFT
- 2. Medicare Part B Enrollments**
 - a) Current Enrollment Counts
 - b) Part B Enrollments - Questions



Actuarial Value

	Actuarial Value
ASCC Plan	91.19%
AFT Plan*	91.31%

Definition of Actuarial Value

The percentage of total average costs for covered benefits that a plan will cover. For example, if a plan has an actuarial value of 80%, on average, the member would be responsible for 20% of the costs of all covered benefits.



Medicare Enrollment Review

Medicare Annual Open Enrollment – January 1st through March 31st

Medicare Effective Date – July 1

Questions:

1. Will CalPERS be lenient if a retiree is unable to attain the required Part B enrollment?
2. Can Social Security assist with enrollments prior to the *potential* move to CalPERS?
3. Overall timeline?

	Part A Only
Retirees	139
Spouses	72
TOTAL	211