



# Burnham

well beyond benefits™

Ventura County Community  
College District

**AFT/Management Insurance  
Committee Meeting**

*September 6, 2018*



## AFT/Management Insurance Committee Meeting

1. Review of Committee By-laws
2. Review of Current Benefits, Rates and Enrollment
3. Items to Explore - Discussion of Priorities for this year
  - a) Retiree Medicare Supplement & Advantage Plans for Tier 1 & Tier 2 Employees
  - b) Admin Services Plan for employee groups with low utilization (Angela)
  - c) Multiple Employer Provided Plans - Limited Network, Buy-Downs, Catastrophic Plans
  - d) Double Coverage within the District (Discussion Item)
  - e) Pros/Cons for providing Opt-Out incentives
  - f) Tiered Rates: 3-Tier & 4-Tier
  - g) Dental & Vision Self-Funding
  - h) Dependent Audit
4. Timeline for Renewals
  - a) Marketing the Benefits

# Review of Current Benefits & Enrollment



## Anthem Blue Cross PPO - Faculty

**Deductible** (individual / family)  
**Out of pocket maximum** (individual / family)  
**Office visit copay** (PCP / specialist)  
**Inpatient hospitalization**  
**Prescription drugs**

Anthem Blue Cross Current / Renewal	
Deductible (individual / family)	\$200 / \$600
Out of pocket maximum (individual / family)	\$1,500 / \$4,500
Office visit copay (PCP / specialist)	80%
Inpatient hospitalization	No charge
Prescription drugs	\$10 / \$30 / N/A

**Monthly Premium = \$2,008.74**

Employee Classification	
<b>Anthem Blue Cross PPO</b>	
Active Employees	
Retirees Under Age 65	
Retirees Over Age 65	
With Medicare A	
With Medicare A&B	
With Medicare and Dep No Medicare	
Without Medicare	
<b>Total Enrolled</b>	

# Enrolled	
<b>Faculty</b>	
Active Employees	341
Retirees Under Age 65	19
Retirees Over Age 65	
With Medicare A	55
With Medicare A&B	108
With Medicare and Dep No Medicare	43
Without Medicare	87
<b>Total Enrolled</b>	<b>653</b>

## Kaiser HMO - Faculty

**Deductible**  
(individual / family)  
**Out of pocket maximum**  
(individual / family)  
**Office visit copay**  
(PCP / specialist)  
**Inpatient hospitalization**  
**Prescription drugs**

	Kaiser Current / Renewal		
	Full Time	Part Time – Low	Part Time – High
Deductible (individual / family)	None	\$500 / \$1,000	None
Out of pocket maximum (individual / family)	\$1,500 / \$3,000	\$3,000 / \$6,000	\$1,500 / \$3,000
Office visit copay (PCP / specialist)	\$15	\$20	\$20
Inpatient hospitalization	No charge	80%	\$250/admit
Prescription drugs	\$5 / \$10 / \$10	\$10 / \$30 / \$30	\$10 / \$30 / \$30

**Monthly Premium = \$1,353.76**

Single = \$619.44      Single = \$710.44  
 EE+SP = \$1,362.78      EE+SP = \$1,562.96  
 EE+CH = \$1,238.90      EE+CH = \$1,420.88  
 EE+FAM = \$1,858.34      EE+FAM = \$2,131.32

Employee Classification	
<b>Kaiser HMO - Faculty</b>	
Active Employees	
Retirees Under Age 65	
Retirees Over Age 65	
With Medicare A	
With Medicare A&B	
With Medicare and Dep No Medicare	
Without Medicare	
<b>Total Enrolled</b>	

	# Enrolled		
	Full Time	Part Time - Low	Part Time - High
Active Employees	86	11	57
Retirees Under Age 65			
Retirees Over Age 65			
With Medicare A			
With Medicare A&B	XX	XX	XX
With Medicare and Dep No Medicare			
Without Medicare			
<b>Total Enrolled</b>			

## Anthem Medicare Advantage & Supplement

Medicare Advantage Plans, sometimes called "Part C" or "MA Plans," are offered by private insurance carriers approved by Medicare. **Retirees get Medicare Part A (Hospital Insurance) and Medicare Part B (Medical Insurance) coverage from the Medicare Advantage Plan and not Original Medicare.**

Medicare Supplement Plans, sometimes called "Part F", are offered by private insurance carriers approved by Medicare. **Retirees get Medicare Part A (Hospital Insurance) and Medicare Part B (Medical Insurance) coverage from Original Medicare.** Most claims are covered at 80% by Original Medicare and the Supplement pays remaining 20%.



## Alternative Options

- 1) Limited Network Options
  - a) PPO Select Network – Limited network of PPO providers who participate in the Select PPO network.
  - a) Reduced premium
  - b) No disruption in Hospital access
  - c) Provider access varies from Full-Network
  
- 2) Buy Downs
  - a) Increased Copay, Deductible, Out of Pocket Max
  
- 3) Catastrophic Plans
  - a) Commonly called Bronze Plan – 60% AV



## Conditional Opt-Out Payments

An arrangement where the opt-out payments are conditioned on an employee declining coverage under an employer's health plan and providing proof of other coverage. According to ACA regulations, these payments would increase an employee's salary reduction contribution when determining the health plan's affordability, unless the arrangement qualifies as an "eligible opt-out arrangement."

An eligible opt-out arrangement is one where the opt-out payments are available only to employees who decline employer-sponsored coverage and provide reasonable evidence that they and their expected tax dependents have or will have minimum essential coverage other than individual market coverage during the plan year.

# Items to Explore: Tiered Rates



## Tiered Rate Examples

Current Monthly Premium = \$2,008.74

### EXAMPLE

#### 3-Tier Rates

<i>Employee Only</i>	\$768.00
<i>Employee + 1</i>	\$1,494.00
<i>Employee + 2 or more</i>	\$2,292.00

#### 4-Tier Rates

<i>Employee Only</i>	\$768.00
<i>Employee + Spouse</i>	\$1,694.00
<i>Employee + Child(ren)</i>	\$1,507.00
<i>Employee + Family</i>	\$2,454.00

# Items to Explore: Dental & Vision Self-Funding



## Example School District Dental Renewal Analysis October 1, 2017

	DeltaDental Fully-Insured	DeltaDental Self-Funded
		Proposed
Combined monthly premium	\$90,336	\$64,957
Combined annual premium	\$1,084,032	\$779,489
Annual relationship to current \$		(\$304,543)
Relationship to prior/current %		-28.1%
Rate guarantee	1 year	1 year
<b>Total Enrollment</b>	<b>941</b>	
<b>Reserves Held By</b>		District
<b>Total Paid Claims</b>		\$60,828.30
Paid Claims PEPM		\$64.64
<b>Delta Admin Fee (% of claims)</b>		5.86%
Total Admin Fee PEPM	Fully Insured	\$3.79
<b>CSDC Eligibility Admin Fee (PEPM)</b>		\$0.60
<b>Consulting Fee (PEPM)</b>		\$0.00
<b>Total Cost PEPM</b>		\$69.03
<b>Total Billed PEPM</b>	\$96.00	\$69.03





## What is a dependent audit?

### **What is a Dependent Audit?**

A Dependent Audit is a systematic method of verifying the eligibility of dependent participants in a benefits pool to identify ineligible dependents and remove them from the benefits plan.

The average dependent with benefits costs U.S. employers over \$3,000 each, and spousal dependents regularly average \$5,000 or more. Because of the high cost of offering benefits to dependents, employers across America have embraced dependent eligibility audits to ensure they only incur costs for legitimate, eligible dependents.



## Example Dependent Audit Results

### **CalPERS - 2014 Audit Results**

4,851 subscribers voluntarily removed 6,722 dependents. This translated into savings and claims cost avoidance of more than \$41 million to CalPERS and their employers

8,940 ineligible dependents were disenrolled. This translated into savings and claims cost avoidance of more than \$64.7 million to CalPERS and their employers

# Items to Explore: Marketing the Benefits



## Marketing Timeline Example



Centralia Elementary School District

### Marketing Timeline

- I. **CSEBA Initial Notification – March 31, 2017**  
**Final Notification – June 30, 2017**
- II. **Decide on what Carrier/Pool you would like to go to market**
  - Direct Carriers (Anthem Blue Cross, Blue Shield, Cigna, Aetna, Health Net, United Healthcare, Kaiser)
  - School Pools (CVT, SISC, CSEBA, VEBA, CalPERS)
  - Group Insurance 101 training
- III. **Gather CESD Data**
  - Employee/Retiree Census
  - Plan Summaries/Contracts
  - Rates (Current + 3-5 year history)
  - Employee/Employer Contributions
- IV. **Go To Market with our RFP (Request For Proposal)**
  - By March 1<sup>st</sup> 2017 or sooner
- V. **Marketing Process**
  - Carriers/Pool request 4-5 weeks to provide a quote
  - Burnham will need time to scrub the quotes and prepare a marketing report (2 weeks)
- VI. **Present Marketing Report to CESD**
  - No later than April 15, 2017
  - Decide on the top 2 most competitive quotes
  - Interview the top 2 carriers/pools