

Health Benefits Options

Data in this
presentation is
best available
and subject to
verification.

Bill Scroggins, President/CEO
May 29, 2018

The Issue and Timing

- District contribution to health benefit premiums does not cover families. 420 employees pay out of pocket premiums totaling \$3,080,472 each year.
- This is both an equity issue and a quality issue. Mt. SAC is losing qualified candidates and existing employees are leaving because of the high out-of-pocket cost for family medical care.
- Mt. SAC exceeded growth expectations in 2017-18 by approximately \$6 million which will be booked as one-time in 2017-18 and will be ongoing in 2018-19. COLA is 2.71% or \$4.6 million. These funds provide a rare opportunity for the District to invest in the health care of its employees—and address both the equity and quality issues.
- CalPERS by units on 6/27 Board, notice to end CalPERS on 8/8 Board

Why SISC?

- Consistently lower plan cost. 2018 Kaiser Family CalPERS \$20,052; Kaiser Family SISC \$17,928; Kaiser Composite SISC \$14,196

- Consistently lower cost escalation

Kaiser	2012	2013	2014	2015	2016	2017	2018
CalPERS	7.3%	7.9%	7.8%	-3.8%	4.3%	5.5%	12.0%
SISC	5.5%	9.6%	0.8%	2.8%	3.9%	4.0%	6.1%

- SISC distributes cost over a large pool: 442 districts; 385,591 members
- Familiarity with Management Leadership:
 - Bill Scroggins at Sequoias CCD and Yosemite CCD¹
 - Abe Ali at Kern CCD

¹At the time, comparisons included LCW, ASCIP, Monterey & 2 insurance brokers

K-12 and Community College Districts

Big Pine Lone Pine Unified Arvin Bakersfield City Beardsley Blake Buttonwillow Delano HS Delano Elem El Tejon Fruitvale General Shafter Greenfield Kcsos Kern HS Kernville Linns Valley- Poso Flat Lost Hills Lincoln Unified Linden Unified	McFarland Mojave Muroc Norris Panama-Bv Richland Rio Bravo-Greeley Rosedale Semitropic Sierra Sands South Fork Southern Kern Standard Tehachapi Vineland Wasco HS Wasco Elem Pasadena Manteca Unified San Joaquin Coe Stockton	Tracy Unified Atascadero Unified Lucia Mar Unified Paso Robles Unified San Luis Coastal Unified San Luis Obispo Sos Templeton Unified Cuyama Unified Hope School Lompoc Unified Orcutt School Santa Maria-Bonita Burton Lindsay Unified Porterville Tulare Coe Mammoth Unified Mono Coe Trona Jt Unified Lakeside	Allan Hancock College Antelope Valley CCD Butte-Glenn County CCD Cabrillo CCD College of the Desert College of the Sequoias Gavilan CCD Kern CCD Lassen CCD Marin CCD Merced CCD Palomar CCD Pasadena Area CCD San Luis Obispo County CCD Santa Barbara City College Santa Clarita CCD Santa Rosa Junior College Shasta-Tehama-Trinity CCD Sierra Joint CCD South Orange County CCD West Hills CCD West Kern CCD Yosemite CCD
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Option 1

- Contingent on transfer to SISC.
- Annual District contribution: \$14,196 health (Kaiser Composite)
- Annual \$120 for life insurance paid by District
- Dental & vision optional¹: SISC Delta Dental \$1176 & VSP Vision \$360
- District contribution increases annually by percentage change in SISC Kaiser Composite plan.
- District contribution applied to any of up to six SISC plans chosen unit by unit (each unit must be all composite or all tiered).
- If District contribution exceeds plan, excess applied to vision/dental.
- No opt-out or cash-back payments. District opt-out phase out is negotiable unit by unit using one-time funds.
- District cost estimated at \$6 M, combination of growth and COLA.

¹May be District Paid if funds permit.

Option 2 & Option 3

■ Your bargaining unit stays in CalPERS

- Same benefit package with opt-out and cash back¹
- Existing 2017-18 District health premium contribution for 2018-19
- 2.71% COLA on all compensation and benefit contribution
- Future move to SISC possible/District contribution to SISC plans to be negotiable.

■ Your bargaining unit moves to SISC as a 3rd party provider only

- Equal or better benefit package with opt-out and cash back¹
- Existing 2017-18 District health premium contribution for 2018-19
- District pays for “true up” fund
- 2.71% COLA on all compensation and benefit contribution
- Future District contribution to be negotiable

¹Requires proof of alternative coverage. Subject to IRS regulations—legal opinion pending.

SISC Illustrations

- 1) Kaiser Composite: \$14,196 Health = No balance.
Employee pays \$1176 Dental, \$360 Vision
- 2) Anthem Tier Single Payer: \$6,960 Health = \$7236
balance. District pays \$2500 Dental PPO, \$360 Vision
- 3) Anthem PPO 80/20: \$15,960 Health. Employee pays
\$1764 Health, \$1176 Dental, \$360 Vision

Retirees

- Retiree benefits are defined in bargaining agreements. For example:

CSEA 262: 09.03.3 Hired on or After March 1, 2006

The District shall continue to pay one hundred percent (100%) of the single-party rate for hospital and medical benefits for unit members who are eligible for benefits and have served the District the equivalent of ten (10) years or more of full-time one hundred percent (100%) credited service.

- Bargaining unit contract language provides a binding promise under federal labor law.

Retirees

The District provides retirees a letter confirming the commitment of the District with respect to their lifetime medical. Below is an example of the one-party notice. (Two-party coverage is provided to employees hired before dates specified in each labor agreement.)

Medical Insurance	
Current Benefits End Date	Coverage for Retiree
XX/XX/2018	Effective XX/XX/2018, you will receive retiree lifetime medical; 100% of the one-party rate paid by the District.
At age 65	Enroll in Medicare Part A and B. The District will continue 100% CalPERS supplemental medical coverage; however, Part B must be paid by the retiree. Medicare will be primary and CalPERS will be secondary.

Q & A