

## Benefits Committee Meeting Notes 03.27.17

In Attendance: Ana Simental, Anthony Ruiz, Chiara Galloway, Jonathan Johnson, Leean Dessaussois, Mary Ann Delleney, Mike Shepherd, Rhonda Crawford, Rob Thomas, Steve Hanson, and Julie Magowan

### ➤ **Summary from March 13, 2017 Meeting**

At our meeting two weeks ago, Kaiser had not provided us with their best and final renewal rates. At that time, they proposed a 15.7% increase, unless we accept a separate tier for specialty drug copays. These are drugs that are very expensive and are taken by a relatively few number of members. We do not know the exact number of members this would affect, but in the 12-month reporting period, there were 56 prescriptions dispensed. If we do decide to accept, their proposed rate increase would be 13.84%. The change in copay would increase from \$30 to \$100 for a 30-day supply under the HMO option and from \$30 to 20% up to \$150 for a 30 day supply under the High Deductible plan.

### ➤ **Kaiser Renewal Update**

- Our broker, EPIC, has negotiated with Kaiser to get a further reduction in the renewal rates, with the following contingencies:
  - No addition to the number of plans we can offer from other carriers
  - Based on the renewal rates we have already received from the other carriers
  - The reduction is only applicable if we accept the specialty drug tier with both of the Kaiser plans
  - No adverse change in contribution through the renewal cycle (7/1/17-6/30/18)
  - Reduction applies to Active employees only; no further reduction for retirees
  - The new negotiated rates:
    - 8.75% increase for the HMO plan
    - 5.85% for the High Deductible plan (below the \$550 cap)
- Committee Discussion
  - Is there any reduction for Early Retirees? No, they will remain at 15.68% increase for the HMO plan and 15.88% increase for the High Deductible plan. If we accept the specialty drug tier, those rates would be reduced to 14.43% and 11.42%, respectively. The difference in rate reductions between the Actives and the Early Retirees began last year. Kaiser is offering the larger reduction to the majority of members. The other carriers offer plans for Early Retirees, so there are options if Kaiser members are not happy with the rate increase.
  - What happens if the bargaining groups are split in their decision on accepting these terms or not? What if one or two groups want to accept the lower rates and the specialty drug tier, but the other group doesn't want to? The rates that are being presented are for the district as a whole. If there is a split, we will have to go back to Kaiser and see if that would affect their rates. CSEA is indicating that they would rather take the higher rates and not accept the specialty drug tier. The other two units (FCEA and FCLA) are leaning toward accepting the drug tier and lower rates. Kaiser will have to look at enrollment,

demographics, claims, etc. for each unit before re-evaluating the rates. We don't have a lot of time before Open Enrollment starts, especially with having to get booklets printed ahead of time. CSEA will discuss with their Executive Board, and would like the brokers to reach out to Kaiser to get a feeling for how they feel about it.

- The difference in monthly premiums:
    - HMO, Single - \$45.80/month less with specialty drug tier
    - HMO, Family - \$105.34/month “ “ “ “
    - HDHP, Single - \$52.02/month “ “ “ “
    - HDHP, Family - \$119.65/month “ “ “ “
  - This committee is not a bargaining group. If Kaiser isn't amenable to breaking down the rates by unit, then as a committee, we will have to vote to make a decision.
    - For Retirees over 65, the Silver and Fit option is available, which allows retirees to choose either a gym membership or a home fitness program at a small increase to the Senior Advantage premium (\$2.50 per month per member).
- The medical FSA (Flexible Spending Account) maximum allowable can be increased to \$2600 from \$2550. This can be used for unreimbursed medical costs. Unlike the HSA, these funds must be used each year – they cannot roll over.
- **Today's Decisions**
- Add Kaiser Silver & Fit Program for Retirees over 65
  - Increase the FSA maximum to \$2600
  - No decision made on accepting Kaiser's rate reduction with the specialty drug tier, or not. If we choose to not accept it, and go with the higher rate, we can look at options presented by the other carriers:
    - Sutter Health Plus
      - Add HMO replacement plan – ML34
      - Add HDHP option
    - Western Health Advantage
      - Alternative HDHP option
- These options will not be on the table if we decide to accept Kaiser's rate reduction.
- **Next Meeting**
- Depending on what we find out from Kaiser and from CSEA, we may have to schedule another meeting.

Open Enrollment is May 1-25, 2017.