

EL CAMINO COLLEGE
Insurance Benefits Committee Meeting Notes
April 26, 2016

MEMBERS AND ALTERNATES PRESENT:

Beam, Linda	Chairperson
Sutton, Philip	President's Appointee
Cohen, Jeffrey	ECCFT
Jeffrey, Valerie	President's Appointee
Leiby, Mary Ann	ECCFT
Lindberg, Lynn	President's Appointee (Alternate)
Stanojevich, Diana	ECCE
Solorzano, Erika	POA (Alternate)
Elliott, Momi	ECCE

MEMBERS AND ALTERNATES ABSENT:

Trevis, Michael	Presidents Appointee
Brown, Donald	ECCFT
Chambers-Salazar, Polli	ECCFT (Alternate)
Newton, Michael	President's Appointee
Miranda, Gloria	President's Appointee
Gary Robertson	ECCE
Higdon, Jo Ann	Co-Chairperson
Turano, Debbie	ECCE

ALSO ATTENDING:

Karyn Goodsite, Keenan & Associates
Jamie Kaplan, Keenan & Associates

Open Meeting Introductions & Roll Call

Linda Beam called the meeting to order at 1:03 pm. Karyn Goodsite introduced herself and informed the committee that she was helping out since Sharen was unable to attend the meeting.

Review/Approval of February 23, 2016 Meeting Notes

Linda asked the group if anyone had changes on the meeting minutes from the last meeting.

No modifications were noted and meeting notes were accepted as presented.

Premium & Claims Reports (Delta Dental & VSP)

Linda reviewed the Dental and Vision Premium and Claims reports from March 2014 – February 2015 compared to March 2015 – February 2016 and asked if anything was notable.

Karyn advised that the last 12 months Paid Loss Ratio for the Vision plan was a 78.28% compared to the prior year, which was a 74.76% Paid Loss Ratio. This was a good number to be at but a slight increase from last year. This was not a significant change.

Cadillac Tax

Karyn reviewed the Cadillac Tax presentation and informed the committee that Congress has decided to delay the tax. She explained that Keenan developed a Cadillac tax analysis tool which takes the District's current premiums and trends them to see if they will be affected by the tax. Based on the analysis, the District would not be taxed as of now. If the District has a tax liability in the future, then potentially changes would have to be made to the plan.

She explained how the Affordable Care Act has been spread out over a 10 year implementation plan. This is expected to bring in 90 million in revenue and this is to help slow the cost of health care increases. The Act exists because the money is expected to help recoup money not being released for benefits.

The current threshold is \$10,200 for self only and \$27,500 for families. If the medical plan cost is above these amounts then, El Camino CCD would be taxed.

Currently, the District has a 3-tier rate structure but the Cadillac tax is just based on the medical premium, which includes Rx, Chiropractic, Behavioral Health and FSA contributions.

The FSA is the portion that can be challenged, if changes are not made.

The tax is applied to all health plans separately. It is not an averaging of all plans together to avoid the tax. It is calculated on a monthly basis and it not taxable on standalone dental and vision plans.

When calculating affordability, it applies to composite and tiered rates. El Camino CCD is fortunate because the rates are tiered whereas; other Districts may have composite rates.

Karyn also reviewed a sample calculation. She said the thresholds would be adjusted for 2020 and Federal employees and the exchanges are not subject to the Cadillac Tax.

In 2021, there will be an increase to the thresholds based on the Consumer Price Index which is 1%.

The tax liability will be reported in 2021 from 2020 and it is an employer requirement to do the reporting and report it to the IRS.

If the employer calculates the tax inaccurately, they will be subject to a penalty equal to 100% of the tax.

They would report to the carriers and the carriers would pay it. Therefore, the carriers will pass it along to the client with their renewal and it would be affecting everyone. If their plan was self-funded, then the administrator would pay the taxes.

She advised that we have been trying to educate our clients on this subject and do the tax calculator. We can bring this back in the future to see if the CalPERS plans trigger a tax.

We recommend that they educate the bargaining units and we do expect to see a change in this provision. We will continue to bring you information as new regulations are released. A new president could change these regulations. The exchanges need the money so this tax money was supposed to benefit them.

Lynn Lindberg asked about rebalancing employee contributions (page 27 of the presentation). Karyn said some groups are looking into offering 2 tier rates but CalPERS would have to offer it.

Jeff Cohen asked about Retirees and Karyn said they are not subject to the tax.

Karyn also advised the committee that employee's who are over 65 and purchasing in the senior market, would be taxed. Early retirees between the ages of 50-65 would also be subject to the tax.

It was unclear whether or not employees over 65 and still working would be subject to the tax. Keenan would look into this and get back to the committee.

Valerie mentioned how El Camino CCD pays more than the minimum employer portion for all full time active employees whether they are over or under 65.

Retirees who have worked 10 years or more and are Under 65, ECC pays up to \$590 to the retiree (which includes the minimum ER portion).

Retirees over 65, ECC pays ONLY the minimum ER portion.

Karyn mentioned how our Keenan tool goes through every plan design. If El Camino was interested in having their PPO trend to be at 9% and HMO trend at 6%, this could be done and brought back when we have our 2020 tool updated.

New Business

Valerie informed the group that CalPERS may drop the Net Value plan next year because it had a 20% increase this year.

Legislative updates

Linda mentioned there were two legislative updates:

- March 15, 2016- Health Care Information Returns- IRS Forms 1095 FAQs
- April 2016- HCR: New Summary of Benefits and Coverage Template Finalized

She said employees should have received their 1095 forms and the briefing goes into detail about the form.

Philip Sutton asked why he received two forms. Karyn said everyone should have received two forms. One form is from the health plan, which also lists the dependents and the employer also sends a form to the employee only which proves that they offered the employee affordable coverage.

Karyn mentioned the last briefing regarding Summary of Benefits and Coverage (SBC). The standardized SBC that every fully insured health plan currently provides has been revised. The format is not as long. Effective April 1, 2017, the carriers are required to use the updated form.

Lynn Lindberg asked if CalPERS has these forms and Valerie Jeffrey said they are located on the CalPERS website under each carrier.

Linda mentioned the new meeting schedule for the year, which would start in September 2016. She asked the committee if they would like to keep the same schedule and the next meeting would be on September 27, 2016. The group was in agreement with the next scheduled meeting date.

Valerie and Keenan would send out the calendar invites.

Linda also mentioned there was a discussion on intersession at the last meeting and how it would have an effect on Faculty pay.

She said they met with STRS, the federation and the County Office of Ed. Over the last few years, STRS changed their reporting requirements. In winter intersession, Faculty employees do not work in Jan. They currently receive 10 checks and none in June and July. With the reintroduction of intersession it would change things.

Part-Time Faculty and employees that retire in December would be affected because they receive a check in January.

Linda explained how they went through all of the pros and cons and different scenarios and the result is not having to change any deductions.

Linda said she will be sending out a letter, which will explain the details and there will be an insert with new contracts. It will also be posted on the website.

Meeting adjourned

The meeting was adjourned at 2:01 pm. The next meeting will be held on September 27, 2016 at 1:00 pm at El Camino College in the Library, Room 202.