

# EL CAMINO COLLEGE - COMPTON CENTER

## COMPTON DISTRICT HEALTH BENEFITS COMMITTEE

### MEETING MINUTES

June 15, 2016

#### 1. Welcome

Rachelle Sasser opened the Compton Community College District Health & Benefits meeting at 12:15 p.m. Committee members were welcomed to the meeting and informed that HR business requirements prevented Ms. Sasser from attending the meeting in its entirety; however, she encouraged the group to continue with the meeting. Rachelle Sasser welcomed the committee and introduced Ms. Shannon McKaughan who would be providing CalPERS program information and answer any questions for the group.

#### 2. CalPERS Benefit Offering Overview

- Present at today's meeting was Shannon McKaughan, representing the CalPERS health benefit overview. Presented to the committee by Rachelle Sasser, Shannon McKaughan acknowledged and thanked the committee for having her out today to provide a presentation for CalPERS offerings. She stated that she was at the meeting to provide general information and was serving as the first point of contact for the committee members. She commented that as the committee moves forward for a more structured presentation she would come back out and do a more of a customized presentation. Shannon McKaughan informed that she does not have any information on the District's current benefits, and that the closest information she could find online was information from 2014. She commented that she was certain that the District rates have increased since that time and once she is provided with more specific information for the District she would make a more specified presentation.
- Shannon McKaughan advised that she is a California state employee, not an insurance broker, and that she does not work on commission. She clarified that she does not get paid more if the District signs on with CalPERS. Shannon McKaughan commented that she is not here at today's meeting with the objective of swaying the group to select the PERS program, but that she believes in their program and she believes that it would be a good value for the District; concluding that, nonetheless, her attendance at today's meeting is to provide information and not to promote a hard-sell.
- Shannon McKaughan provided an overview of general information on CalPERS rates and plans. She informed that the Compton District participates in the PERS retirement system and outlined the laws that govern CalPERS.
  - ✓ PERS is governed by legislation that no one else is governed by: The Public Employees Law Book, and their health programs are governed by PEMCA, The Public Employees Medical and Hospital Care Act.
  - ✓ These governing laws really speak in terms of eligibility for public employees, noting that CalPERS does not contract with private industries; they only contract with public employers.
  - ✓ CalPERS is designed to cover all state employees, which Shannon McKaughan informed makes up about 60 percent of the 1.4 million state employees who are currently covered by CalPERS.
  - ✓ Public agencies can elect to contract with PERS; join their health plan and join their risk pool, and that members benefit from the plans and stability of offered through CalPERS.
    - ✚ Rashid Yahye inquired of the size of the PERS membership.
    - ✚ Shannon McKaughan reiterated that CalPERS has 1.4 million members, noting again that about 60% of that number represents state employee membership, with the remaining 40% representing public agencies. She informed that these numbers includes active employees, dependents and retirees that are in the CalPERS program.
  - ✓ CalPERS is governed by legislation that is different from any other health insurance. We do require health benefits for our retirees, some employees don't do that; a lot of times for schools I see that maybe they will give a large contribution to their employees till they are 65, then they say after you turn 65 you have Medicare and we are not going to cover you anymore. Ms. Shannon McKaughan stated that she would like to see what the District's current agreement comprises and how it matches up with CalPERS, and that would be a conversation we can have going forward.
    - ✚ Robert Joiner requested a greater elaboration for those members who are over 65 with medical coverage.
    - ✚ Shannon McKaughan responded by stating that CalPERS offers supplemental plans, explaining that retirees on the PERS plan have lifetime access to the CalPERS plans. She noted that whether or not the retiree wants to gain access to this portion of the plan is up to the retiree, and that CalPERS is a non-profit agency who only charges for those enrolled in the plan; that it is up to the retiree to take the plan or not.
    - ✚ Conversely, she offered, sometimes with a small risk pool (noting that the District would be considered a larger pool since it represents approximately 200 members), that in some agencies the determinations are based on 1) who your employees are, 2) what your illnesses are; 3) what their ages are when determining the cost of providing medical service plans, CalPERS does not determine rates based upon demographics of your agency, which can be good for an agency.

- ✦ Kayla Ellis commented that this is very good because as a committee we have been consistently told that costing is based hopelessly upon actuaries of demographics which raises the costs substantially for District employees as a whole, yet we don't all have the same health climate. Some of us, Ms. Ellis elaborated, have long-term medical and/or medicine regimens that others of us don't have; yet we are in this one pool, paying this one price for the eventualities of when an employee may or may not need a particular medical service type. Ms. Ellis stated that this is an issue the committee seeks to address. This, she concluded, is what the committee members find to be an imbalance as it relates to medical benefit costing; especially for those employees who are not at the age demographics that is being used to substantiate the significant difference in higher benefit costs features for the employee as a whole unit. By that, she explained, the committee has been told that the bulk of individuals with the District are within the age demographics that both dictate and justify by actuaries the higher premiums. Those individuals who miss that demographic aging variable must also pay the higher premiums even though their medical circumstances are not applicable to the cost be charged.
- ✦ Shannon McKaughan responded by stating that with CalPERS the District would be joining a risk pool of 1.4 million members; noting that even if only 10 members out of the 200 have a chronic illnesses and need really substantial care, it will not affect the rate, so the rate will stay the same.
- Shannon McKaughan informed that today she brought examples of CalPERS rates for public agencies for committee review. She explained that for public agencies CalPERS determines rates based upon region. Shannon McKaughan provide two different rate sheets for the group to review: She explained the following:
  - ✓ There are five area regions in California, the District is in the Los Angeles area region, which has the lowest rates right now. The Los Angeles region includes Los Angeles, San Bernardino, and Ventura counties.
  - ✓ Shannon McKaughan also included the Southern California region rates which includes the surrounding counties and is provided in case the District employee commutes into work from a different rate coverage area desires to use a different region for costing.
    - ✦ Rashid Yahye inquired if the PERS plan depends upon where a person lives or where one works.
    - ✦ Shannon McKaughan responded by stating that for active employees one can use work or home zip code, but noted that retirees must use their home zip code. If someone retires from the District, for example, and then gets a part time job at perhaps the local elementary school, they would be able to use that zip code.
    - ✦ Rashid Yahye inquired further for clarification, if someone is an active member, the zip used is the school zip code usage.
    - ✦ Shannon McKaughan clarified that you can use your home zip code or the employing school zip code.
    - ✦ Rashid Yahye clarified, so you would look at the rate and see which one benefits you, home or school, and then you choose.
    - ✦ Shannon McKaughan responded yes.
- Shannon McKaughan provided handouts for 2016 rates for Southern California. She informed that for the plan availability, the rates are based upon what region you live in, and noted that CalPERS offers eight (8) HMOs. Shannon McKaughan commented that the 2017 final proposed premiums are being approved by the CalPERS board today, and that If there are any changes to the 2017 proposed premium she will advise the group of the changes.
  - ✓ Shannon McKaughan commented that the handout represents all of the areas of coverage and provides a better outlook of what other people are paying.
  - ✓ She focused the committee to notice the difference in pricing between the northern and the Los Angeles regions. Shannon McKaughan commented that the reason that there is such a difference in that CalPERS operates on regional rates as it is their practice to rate based upon what the medical care service compositions are and what the true cost of these services are within the regions. She explained that we all know that participants pay way less for medical coverage here than they do in the northern regions, and informed that this difference is because there are more providers, more hospitals, and more competition. Historically, she continued, CalPERS rates have remained pretty low.
    - ✦ Mike Khalilzadeh inquired of what the usual/typical percentage increases might be expected to be on an annual, or every 18 month basis.
    - ✦ Shannon McKaughan responded by stating that the rate increases will differ, and pointed the group towards the proposed chart, where she noted that the available information represents costing for 2016 and 2017. She directed the group's attention to the delineation of the percentage change on the chart. Next she directed the group to the Los Angeles region PPO chart, and explained that there are different percentages for each.
      - ❖ Shannon McKaughan informed that typically the PPO goes up about 4-5 percent, and that overall the HMOs are around 5-7 percent.
      - ❖ Directing the group to the CalPERS rate sheet, she informed the group that some of their HMO plans went up 18%, and their HealthNet went down 11 percent, and commented that it is really about averaging those percentages when we look at the 7 percent and when we average them altogether.
    - ✦ Shannon McKaughan commented that when you are looking at the CalPERS rates and the increases for them, that's where the health benefits plans offered come in, noting that it is really great advantage. She explained that the most positive attributes occur in how CalPERS structure of their plans and that all of their HMOs have to meet the same standards. She explained that CalPERS offers eight (8) HMO products and all are standardized; what this means is that you have the same benefits with every single HMO plan. She noted that CalPERS requires this standard. Important to the plan offerings is that lower rates can be obtained through

another CalPERS HMO plan offering that has the same qualifying standards and services. In addition to the cost advantage, many of the same doctors operate with the other plans being offered.

- Shannon McKaughan drew the committee's focused to the CalPERS PPO proposed rates for 2017. She informed that CalPERS always announce their new rates at their June board meeting, delineating that the first colorful paper provided represents the 2016 rates that go until December 31, 2016, and then the 2017 rates are for all of next year. Shannon McKaughan informed that this is another advantage to the CalPERS program because they always let you know six (6) months before rates are in effect what the rates are going to be; which she concluded can be helpful if you need to negotiate in advance.
- Shannon McKaughan advised that CalPERS also has out-of-state plans, and that the CalPERS PPO plans are available both nationwide and world-wide.
- Shannon McKaughan provided an focused overview from page 16 where there was a side-by-side comparison indicating EPO and HMO basic plans. She informed the group that EPOs are specialized plans and are not applicable here. The EPO plans, she elaborated, are assigned to very rural locations such as Monterey County up north, where there are very limited medical services, which is what makes EPOs a specialized plan.
- Ms. Shannon McKaughan continued by informing that we want to focus on the HMO plans and reminded the group that these plans are available by zip code, and that Compton Community College District has all of the CalPERS plans that are available with the exception of SHARP, informing that SHARP is only available in San Diego. Shannon McKaughan also noted that we don't want to look at the BlueShield Net Value Plan, informing that this plan will be going away in 2017 and will be their major change for 2017.
  - ✓ Shannon McKaughan informed that the BlueShield NetValue and Access Plus plans will be merging together. She explained that BlueShield NetValue use to have two different plan types and informed that several of their plans offered two different products; with BlueShield, the products were Access Plus and NetValue. Access Plus was designed to be the larger network with more doctors, more providers, and was more costly. NetValue was the smaller network with less doctors, and it was less costly. The rationale, she explained, was that CalPERS had more people going into the NetValue and also more doctors contracting with the NetValue. NetValue caught up with the Access Plus plan type, and what BlueShield is doing now is evening it out; so instead of having two products they will be offering the one product and making it cost effective for the members.
  - ✓ Directing the group to Anthem Blue Cross, she exampled that Anthem Blue Cross offers the Select and the Traditional plan. She explained that the Select product has the smaller number of doctors, and the Traditional is the larger network of doctors.
  - ✓ The CCPOA, this offering is for the police officer association, so that is for state employees (e.g., police officer associations, etc.)
  - ✓ HealthNet and ?SoludiMoss? she explained is a plan that is available only in Southern California and what they do is they work with family members and providers over the border, so if your members has eligible family members that live over the border they wouldn't just get emergency care, but can access primary health care services. Also, if the member is traveling or if they have a second home over the border, they can obtain health care services in Mexico, they would be able to see a primary care physician and get their physicals, their check-ups and immunizations.
    - ✚ Rashid Yahye inquired for clarification that if someone who works with the District and they has dependents who live over the border the District employee can pay for care and their dependents will be covered.
    - ✚ Ms. Shannon McKaughan informed that the dependents if they are their natural born children. She noted that it is just HealthNet that provides this service plan and the plan is unique to CalPERS; they have had the plan for four (4) years and it is the cheapest plan offered by CalPERS in this area. So there are people who have never been to Mexico, but they have the doctor that they want in that plan so that is the plan they take.
    - ✚ Rashid Yahye inquired as to whether or not the plan services any other outside of the United States locations. He noted that Compton District use to offer HealthNet, but commented that we lost the plan.
    - ✚ Shannon McKaughan advised that this product is only for California and northern Mexico, and offered in this particular instance CalPERS can search for a provider for the employee in northern Mexico. She added that all of the CalPERS HMOs urgent care and emergency care services world-wide covered, as well as their PPOs, with the exception PERS Select.
  - ✓ All of the PERS HMO selections are the same, so none of them have a deductible.
  - ✓ They all have a maximum co-pay per year of \$1,500.00 per individual and \$3,000 per family.
  - ✓ They all have no hospital deductible, so hospitalization is cover at 100%. That means that your inpatient stay, physician services, labs, x-rays, MRIs, and CTs, all of that is covered 100%, with no-deductible or co-insurance with their HMOs.
    - ✚ Kayla Ellis commented that the maximum co-pays, for those of us who have had that conversation before, the annual co-pays can be assigned to the 125 Plan for anyone wishing to manage the co-payment process, if you have a co-pay, you can assign it into the 125 plan and balance off so when you go to the doctor your co-pay is already pulled out of your money before taxes. So there is a way to make this operative.
    - ✚ Ms. Shannon McKaughan agreed and stated that this is a great thing for employees to have an arrangement where that money is set aside.
    - ✚ Yahye inquired for more information about the \$15.00 co-pay.

- ✚ Shannon McKaughan responded by stating that it's a \$15.00 co-pay and applies to services that are not of a preventative care measure. She elaborated that of course, with the ACA all preventative services are provided at no cost, and exemplified that if an individual goes to the doctor for a physical and their physician needs them to come back for labs, the next time they go back to perform the lab work the individual would pay their \$15.00 co-pay for the labs. She clarified further that the physical examination is without charge, but the labs will require a co-payment. She reiterated that as long as the appointment is preventive in nature, then the visit is free of charge. Conversely, she added, if an individual goes in because you have a cold, fever, or any kind of illness the \$15.00 co-payment will apply; concluding that this co-payment fee is for urgent care facilities as well, and that this is an extra added feature because if you can't see your regular doctor and you go to urgent care, you only pay the \$15.00 co-payment.
- ✓ The hospital fee for an emergency room visit is a \$50.00 co-payment fee, but if they admit you into the hospital the \$50.00 co-payment fee is waived and you don't pay anything; if you are not admitted, the co-payment is \$50.00. She commented that obviously we are trying to keep things cost-effective while deterring people from using the emergency room unless it is absolutely necessary.
  - ✚ Kayla Ellis commented that the emergency room co-payment fee is controlled by the individual, and unless there is an actual emergency, the cost for clogging up that portion of a facility would be the choice of incurring a \$50.00 fee or not.
  - ✚ Ms. Shannon McKaughan agreed that the 125 plan is a great way to help manage co-payments, and informed that a lot of their plans have a 24-hour nurse line where they can help you get pharmacy and connect you with a physician. They also have WEB MD where you can see your physician from your computer, cell phone or any smart device for a \$15.00 fee. This method would be for speaking with an actual board certified physician who is able to prescribe appropriate medication if necessary, and you can go pick up what has been prescribed in the middle of the night from a pharmacy dispenser such as WalGreens. She informed that you use this feature when you have set up your profile information and the WEB MD feature can be activated when you need to speak with a physician, exemplifying when the urgent care is closed or an appointment date is not made and you require something, say like, at 2:00 am and you don't want to go to the emergency room.
  - ✚ Mike commented that what he is learning is a good thing, citing that he went to the emergency room under United Health Care, and the insurance paid \$11,000.00 for the emergency visit, but his IPO charged him \$650.00 for the use of a physician in the hospital emergency room and said that they determined that the visit was not of an emergency nature. He concluded by stating that the \$50.00 co-payment for emergency room visits that will not include such determinations as being chargeable for an attending physician is a good.
  - ✚ Shannon McKaughan commented that the only charge to be paid would be the \$50.00 co-payment and that this feature helps the insured. She noted that there typically is a lot of hidden costs like that, citing the they want to have pre-approval or pre-authorizations, noting that stuff is a little more transparent with the CalPERS plans because they have the physician services and with everything when you are hospitalized, including mental health and substance abuse hospitalization is covered at 100 percent; so we have a lot less controversy over what is covered and what is not. If they say, this wasn't an emergency, your maximum is going to be a flat 50.00 co-pay
  - ✚ Rashid Yahye inquired of the name of the online site and whether or not the site is associated with CalPERS
  - ✚ Shannon McKaughan responded that the service site it is call Web-MD. It is through our plans, so really CalPERS is a pass-through agency and they work with the health plans to kind of negotiate it. CalPERS really does not make that much money off of the service, their administrative fee is .32 percent, and that is all the money that they make off of this service; so they encourage all of their health plans by saying that all of their benefits need to be standard and they need to have a wellness program, all of them have wellness programs built in for maternity, diabetes, long-term illnesses care, weight loss programs, smoking cessation, that's the standard for us, we say, you can't contract with us unless to comprise the standards required by CalPERS. And that includes having those alternative services such as the nurse line and the Web-MD.
  - ✚ Rashid Yahye inquired for conformation whether or not all of the plans have Web-MD.
  - ✚ Shannon McKaughan responded that she believes all of their plans offer the Web-MD, with the exception of BlueShield, who right now just offers the nurse line.
- ✓ Generic prescriptions have a \$5.00 fee assignment.
- Mike Khalilzadeh inquired of the private organizations such as Keenan and Associates, who provide us information about insurance, questioning why have we not been provided information concerning CalPERS as an alternative approach for purchasing insurance plans, and asked if there a reason that CalPERS does not work with these private organizations? He inquired as to whether or not CalPERS offer a commission to organizations that provide group membership cliental?
  - ✓ Shannon McKaughan responded by stating that CalPERS does not pay brokers or charge brokerage fees. She explained that they do not pay brokers and they do not charge broker fees for their services.
  - ✓ She noted that the only fee charged is the .32 percent per month based on your total premiums per month.
  - ✓ She informed that CalPERS works with Keenan, and noted that their previous BlueShield representative up in Sacramento now works for Keenan and Associates, so this individual contacts her directly and she is working with agencies that would be interested in joining CalPERS because they value their plan. Shannon McKaughan informed that the broker also need to make money; so that's kind of where they stay separate.

- ✓ Shannon McKaughan informed that CalPERS works with agencies who have a Keenan broker (there are other public agency brokers out there) who need to use CalPERS for medical and these companies use their broker for dental and vision, because Keenan does not offer dental and vision in their plans. She offered that other instruments may include long-term disability and life insurance, noting that these sorts of extras may be accomplished with a broker and they still work with the broker for those features.
- ✓ Kayla Ellis reminded the group that Keenan did say that they had individuals that they did and could work with, and they were also searching outside of our long-time service providers to see if they could come up with better pricing. It is interesting, she noted, that Shannon McKaughan should have the circumstance where a former CalPERS vendor associate now works for Keenan and commented that hopefully the District can look to Keenan being able to access more readily some of the services provided by CalPERS while trying to find other vendors that work with them, noting that she is referring to Keenan's ability to access CalPERS as an alternative to medical service plans. She concluded, acknowledging Mike Khalilzadeh stating that if Keenan in time past did not access CalPERS as an alternative, changes should show the viability of Keenan being able to massage some of the other arenas that they previously told us their hands had been tied in accomplishing when dealing with vendors that work with them.
- ✓ Shannon McKaughan clarified that the Blue Shield representative was a consultant, and was not an actual PERS employee; informing that each of their health plans have to have a licensed broker that works with PERS, and that the individual was a broker that she worked with and was a consultant for CalPERS.
- ✓ Kayla Ellis comment that now that the individual to whom Shannon McKaughan is referring is brokering, it would seem that it is kind of reasonable that if we know this component works, (commenting that most industries are asking, like we are) how can we make these changes amidst a climate of individuals who don't work with certain medical plans, or we don't have access because of one reason or another. She concluded that now the "because factor" variable tends to go away and they are able now to merge themselves into other health care packaging combined arenas. If they are able to merge themselves inside a greater plan; that was Keenan's situation with us, the inability to merge and informing the District committee that they could only work with these groups because of actuaries, as a committee we can look for other venues for the changes the committee wishes to entertain.
- ✓ Shannon McKaughan agreed, stating that they have had agencies where they want to have their brokers do their on-boarding to be involved in that way. She informed that as far as CalPERS is concerned, they do not have conversations with brokers without including the agency just because they want to have clear communication. She continued that all of their information, including what she provided for the group today, is all on line and that CalPERS is really transparent with their health plans. She concluded by stating that all of their information is available publicly.
- ✓ Mike Khalilzadeh commented that in the past, if the group remembered, as a group we were talking to the Keenan representatives and they were saying that due to the fact that most of the District members were within a specific age group and so many age-climate illness, that these were the only plans that the District employee could be offered and this is the price we can give you. He continued by stating that now, what the CalPERS representative is providing for us to review, there is not discrimination based upon ages and illnesses.
- ✓ Kayla Ellis commented that the Keenan scenario was our major contention.
- ✓ Rachelle Sasser commented that we all need to be clear in the fact that CalPERS is a much larger pool, and the size of the pool makes the difference. When we are dealing with brokers like Keenan and ASCIP the pool is significantly less, and so this (CalPERS) plan drives the price down because you have so many participants associated with service.
- ✓ Kayla Ellis commented that what Ms. Sasser was saying about the size and limitations of the Keenan pool was one of the major contentions as committee members we have been discussing for the last couple of years. She stated that it was the committee's desire to raise our possibilities by establishing service with a larger pool. She noted that it was interesting that the CalPERS pool is supported by 1.4 million participant base, so we can go away from the standard actuaries approach that we have been discussing for the last couple of years and deal with a better base, which drives the prices and that is what we were looking at accomplishing; concluding with the comment that we were looking at changing the pricing.
- ✓ Shannon McKaughan responded by informing the group that CalPERS does not require actuarial evaluation or any demographic information to join their plans. She informed that what the committee is viewing for the Los Angeles region is what every public agency within the region that contracts with CalPERS is paying. Shannon McKaughan commented that CalPERS can't customize their rates or plans specifically for the District, concluding that what is provided with CalPERS is what they offer. She explained that an employer cannot come to CalPERS and say they would like to contract for specifically Anthem Blue Cross, HealthNet and United Health Care and PERS care only; CalPERS can't do that, they says that an employee has the choice to enroll in any plan that is available to them in their zip code, in that way they really put the ownership on the employee. Like I said, I've changes health plans three (3) times since she has been in the health plan. Shannon McKaughan explained that the nice thing is, she looks at the health plan rates every single year and noted that a lot of their HMOs have overlapping provider networks. So she started with one HMO and the price went up, so she found a cheaper one and did not have to give up benefits to have a lower premium. She commented that as long as the alternate plan has your doctor, or you are not particular about your doctor, than you have the freedom of choice without giving up benefits, which she concluded is really unique about their plans because they are standard.
- Shannon McKaughan informed that the difference is in their PPO plans has a little bit of variability in them, but they do have standardization as far at the deductible is concerned. All of their PPOs for individuals carry a \$500.00 deductible, and for families the deductible is \$1,000.00. She noted that the co-insurance differs a little bit.

- Mike Khalilzadeh inquired of the scenario for joining CalPERS, questioning the time period that is needed from the District in order to provide the insurance to the District.
  - ✓ Shannon McKaughan informed that the CalPERS legislation dictates that if they are provided a sign a resolution to CalPERS and the resolution is approved by the 10<sup>th</sup> of the month, an entity can join any month, so it would be the first of the following month, as long as you get the required information in by the 10<sup>th</sup> of the month.
  - ✓ Mike Khalilzadeh suggested that the District could even accomplish a change by the fall 2016 semester start.
  - ✓ Shannon McKaughan commented that CalPERS recommends at least 90-days, especially for an organization the size of the District. She personally really believes in coming out and doing presentations for the employees (educating them, putting the ownership on them to look up their providers), offering CalPERS employee workshops, and having health plan partners from each of the health plans come out so people can ask one-on-one questions. Ms. Shannon McKaughan informed that all of their enrollments are electronic, indicating that this would be an administrative task of putting in all paper enrollments into their My CalPERS system, and then they provide training for administrators and their HR team (whomever will be handling this portion of the enrollment tasks) of how to enter those enrolments. Shannon McKaughan advised that CalPERS takes on the administrative tasks for retirees and they work with the retirees because they are in the CalPERS retirement system. So any retiree who enrolls in the CalPERS health plan, CalPERS is able to take their share of the premium out of the retiree's retirement check. Shannon McKaughan concluded by stating that all of these steps takes some time to coordinate and that it is their desire for the employee to have their member ID in hand before an individual's prior insurance is cancelled and the new insurance is effective. So 90-days minimum is recommended.
- Rachelle Sasser commented that for the District's retirees, the key thing is as Shannon McKaughan has said that CalPERS deducts the fees out of the retiree's benefits, so it comes out of their CalPERS or it comes out of their CalSTRS. Many of the District's retirees, if they retired with 20 years or more, the District pays that individual's benefits and these benefits are not paid by the employee, Ms. Sasser stated that we are going to have to work out some type of reimbursement because the retirees when they left the benefit are to be paid by the District, and not be paid by them; so the District will have to work out something in that respect. Ms. Sasser added that in respects to all the new hires, they don't even get that benefit of having retirement paid by the District. Ms. Sasser stated that there are going to be some tiers and levels with the classified individuals, many of them, this just happened, but all of the old-hires, they had no limit on their retiree benefits; conversely, the certificated, they do have a limit on their retiree benefits, and the limit is: whatever the benefit was on the contract when you retired which is the benefit limit to which you are entitled. Ms. Sasser informed that this has been implemented for all groups now, but also noted that the people that just came in, they no longer have the benefit of having the District pay for their benefits after retirement. This needs to be worked out, because not only do we have an obligation to the active employees, we have an obligation to the retirees.
  - ✓ Shannon McKaughan commented that the information provided by Rachelle Sasser conflicts with the CalPERS legislation. She informed that the CalPERS legislation mandates that the District would have to offer health benefits and a contribution to everyone who is retired. And what was just explained by Ms. Sasser doesn't comply with their requirements. Ms. Shannon McKaughan did inform, however, that there are special circumstances for schools that may help to mitigate the conditions to which the District offers benefits to its retirees as opposed to those individuals after 2013 who would not be eligible to receive District sponsored benefits after retirement.
  - ✓ Rachelle Sasser, clarified that the District does offer benefits to everyone, but elaborated that what she is saying refers to benefits that are paid for by the District for the retiree.
  - ✓ Shannon McKaughan informed that there are special things that they can put into the contract (noting that this information is a little more complex for the today's meeting but that she is willing to run the numbers and re-present for the committee at a later date. Shannon McKaughan stated that there are special allowance for schools that other public agencies cannot do as far as the retiree contributions. She exemplified that she works for the State of California which offers that if she works for 10 years she receives 50 percent of what the total contribution is, if she works for 20 years she gets 100% contribution and her Medicare Part B paid.
- Shannon McKaughan explained that public agencies can elect to do that same schedule, or they have the option of not having one at all and then they have to stick the CalPERS eligibility criteria. She explained that the CalPERS retiree criteria does not match up with any other plan. She outlined that their criteria is comprised of three (3) components:
  - 1) An employee is required separate from employment and then retire after 120 days. Meaning that the employee must come off the payroll and then retire within 120 days; most people do that because they want their retirement check.
  - 2) You have to get a retirement check, so you can't take a cash payment or pull out a lump sum and then get a retirement check, that won't work; and
  - 3) You have to be eligible for retirement.
  - ✓ At CalPERS you have to be 50 years of age and have at least five years of service under the CalPERS retirement system. CalSTRS is 55 years of age and is a little bit different than CalPERS requirements. Shannon McKaughan informed that she would have to obtain more detail about the perimeters of the CalSTRS retirement requirements.

- ✓ Differentiating the requirements for schools, Shannon McKaughan informed that they have a special resolution similar to the vesting schedule, and it can be the date of the effective the date with CalPERS.
  - ✚ What it says is that anyone who retires on or after this date must meet with a designated number of years of service in order to be eligible for a school retirement contribution.
    - ❖ Typically for schools who are not giving a contribution after retirement they put 50 years as the number of years of service that would entitle them to a school contribution. In this manner the school can mitigate that portion and determine a stopping point relative to an effective date with CalPERS.
    - ❖ This is really special feature that applies to schools. The caveat to that is you have to allow all retirees to enroll, so that anyone who is eligible can enroll in the CalPERS program at their own full cost, and the employee would be liable for the premium and not the District.
    - ❖ Anyone who is eligible for the program can enroll at the full cost and they would be liable for the premium. She informed that it would just be for those specific retirees.
    - ❖ Shannon McKaughan stated that she could give a better answer for the total number of employees that would be eligible for that \$1.00 monthly contribution when she gets back to her office runs a PERS list and a STRS list of active retirees in an effort to really look at the numbers and determine what the pool is for those individuals who would be eligible for that \$1.00 per month fee requirement from the District.
      - Shannon McKaughan commented that from her experience, when reaching out to employees that have been retired (estimating a 10 year pre-retirement period) for this \$1.00 contribution the employee typically responds favorably that an institution is contacting them with information informing that they can enroll in a health plan, and they are going to give you \$1.00.
      - If you a retiree has coverage through AARP, a spouse or another coverage, the response is lesser and you really don't get a large return on that.
      - Shannon McKaughan estimated that 10 to 30 percent of individuals contacted who currently are not eligible for a contribution would sign up with CalPERS.
- ✓ Shannon McKaughan commented that she has never seen more than 30 percent of former retirees sign up with them. She also noted that the retiree piece is complexed, so what she would like to accomplish, especially with the real numbers, is to determine what it is really going to mean in terms of dollars and cents because this always sounds scary when not coupled with actual working figures. She stated that she would like to run the list of retirees and see if it is really 40 people so that we can determine if this route would be cost effective. Shannon McKaughan concluded that she would like to put the possible consideration into an actual perspective.
  - ✚ CalPERS works cooperatively with STRS and they runs a list to see who has every retired from the District. Anyone who meets those three criteria CalPERS reaches out to those retirees informing them that the community college has elected to contract with them and they inform the retiree that they are now eligible to enroll. And this, she noted, is where we get into that contribution.
  - ✚ Schools are able to say that what they would do is offer \$1.00 per month because you are a new agency with CalPERS and because your rules did not comply with what CalPERS has now and so what they are going to do is give the school some time to meet with the CalPERS/STRS standards, Shannon McKaughan informed that what they have is called a PEMCA, The Public Employees Medical and Hospital Care Act minimum. She explained that under this particular vehicle, the criteria is \$125.00 per actives, (noting that the District is already you are doing above and beyond that for your actives, and we are not doing that at all for your new retirees.)
  - ✚ What CalPERS would do is they would talk to the new retirees and inform them that the District will pay you \$1.00 per month and then that amount will increase every month for 20 years. Shannon McKaughan offered that she has slides and a presentation that she would like to present where the process is really explained in detail in the future. This is where public agencies end, they have to give a contribution to everyone.
- Shannon McKaughan concluded her presentation and offered to return to provide the group with a more comprehensive presentation at a later date. She stated that would like to have the opportunity to run the numbers as indicated and present what the actual figures would be for the District based upon specific information.

### 3. Meeting Conclusion

- The June 15, 2016 Compton District Health & Benefits committee meeting concluded at 1:05 p.m. The next scheduled meeting will occur on the second week in September, 2016, date and time to be determined.

Minutes Recorded and Transcribed by: Kayla Ellis