

Peralta Community College District
Board of Trustees Work Session

May 24, 2011



Employee & Retiree Benefits Costs Past, Present & Future

■ **AGENDA**

Opening Comments

Trudy Largent Esq, Vice Chancellor of Human Resources

■ Current Expenditures

Jennifer Benford Seibert, PCCD District Benefits Coordinator

1. Status of Renewals

Peter S. Wantuch, PSW Benefit Resources - Consultant & Broker for PCCD

2. PCCD Benefits Office Services

Jennifer Benford Seibert

3. Long-Range Planning

Trudy Largent & Jennifer Benford Seibert

■ **HANDOUTS**

Exhibit A:

California Community College District Benefits Survey (20 CCD's), January 2011

Exhibit B:

Bay 10 Community College District Benefits Survey, May 2011

Exhibit C:

Open Enrollment Announcement, Fall 2010

Exhibit D:

Health Care Reform Timelines – CoreSource, May 9, 2011

Exhibit E:

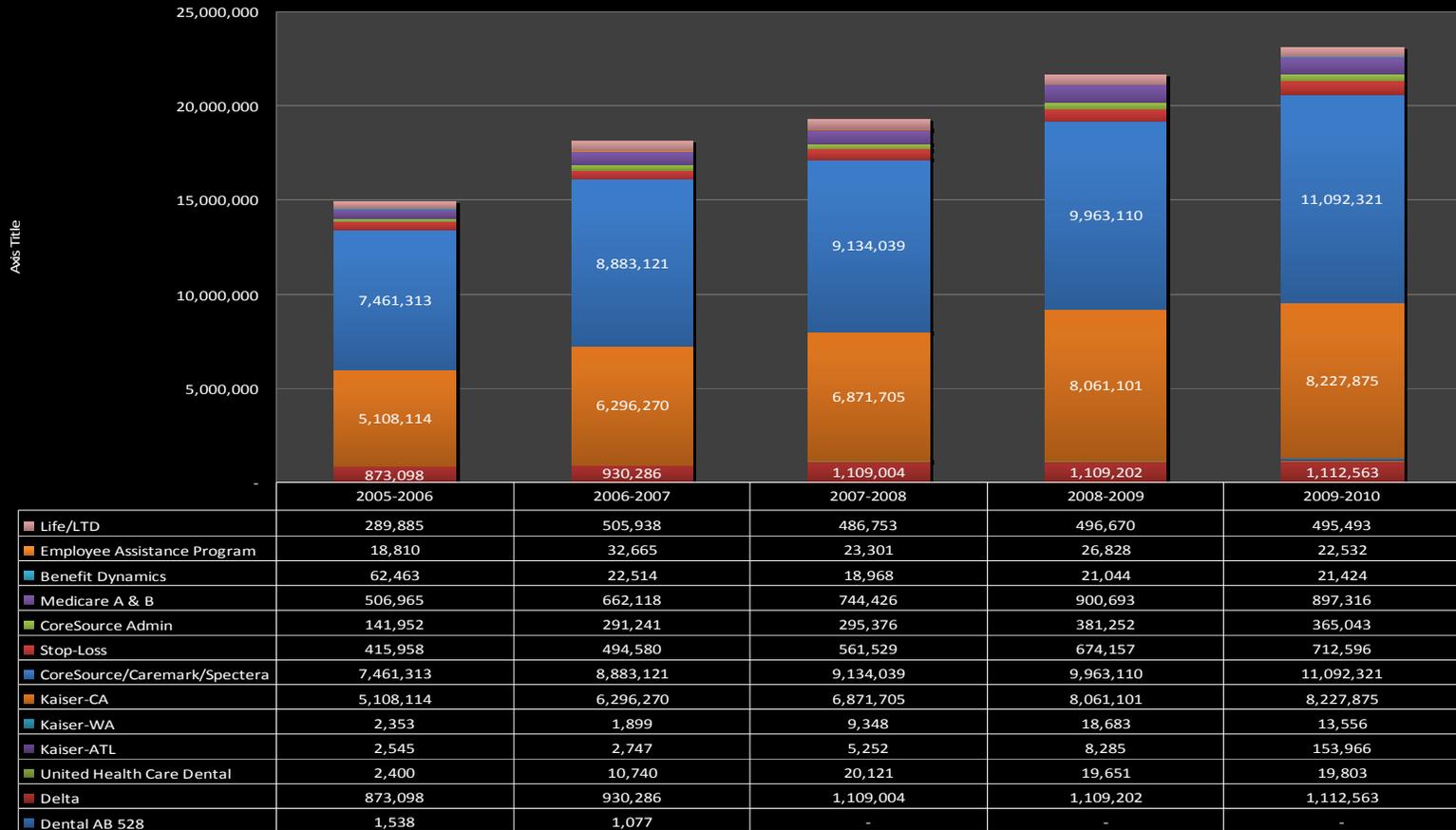
Health Care Reform Timelines – Kaiser, May 9, 2011

Current Gross Expenditures, Jennifer Benford Seibert, PCCD Benefits Office

Plan	Active	Retired	COBRA	2010-2011 YTD July 1, 2010- February 28, 2011 (8 months)				
Medical								
Kaiser-CA (includes 211244 part time faculty expenses)	2,342,000	4,194,383	10,000					
Kaiser-Washington	0	14,000						
Kaiser-ATL	0	10,000						
CoreSource Claims (includes \$200,000 in adjunct expenses)	2,531,000	3,406,000	55,695					
Caremark Prescriptions & United Health Care Vision	593,000	593,000						
Stop Loss Reinsurance	122,000	122,000						
CoreSource Admin	60,000	60,000						
Dental								
Delta (includes \$100,000 part time faculty expenses)	617,000	0	51,602					
United Health Care Dental	12,211	0	1,000					
Other								
Life Insurance	89,000	17,000						
Employee Assistance Program	7,000	0						
Medicare Premium Reimbursement Program	0	463,000						
Benefits Dynamics	7,000	1,000						
Consultant Fees	80,000	80,000						
	6,460,211	8,960,383	118,297	15,538,891	Average Monthly Expenses = 1942361			
				1,942,361	March			
				1,942,361	April			
				1,942,361	May			
				1,942,631	June			
				23,308,605	Estimated Spending Expense 2010-2011			
				23,006,704	2009-2010 Spending			

PCCD Benefits 2005 - 2010

Gross Expenses 7/1/2005-6/30/2010



Status of Renewals- PSW Benefits Resources

PLAN	2011-2012 INCREASE	COMMENTS
KAISER		
Active	Pending	
Retirees	2-3%	
CORESOURCE		
Claim	Pending	
Administration Fee	0%	
Anthem Access Fee	0%	
Stop Loss (ING Reliastar)	Pending	
United Health Care Vision	0%	
PENSION DYNAMICS		
COBRA Administration Fee	0%	
Flex Transportation	0%	
Pre-Tax Commuting	0%	
Medicare Per Check Fee	\$0.44	Mailing Cost
Per Check Change	\$1.00	Increase from .75 per line item
DELTA	6.60%	
UNITED HEALTHCARE	2.50%	
ING/RELIASTAR		
Life Insurance	0%	3-Year Rate Guarantee
LTD Insurance	0%	3-Year Rate Guarantee
Employee Assistance Program (Wellpoint)	0%	
Medicare Reimbursement to Retirees	Income Sensitive	

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What are the drivers affecting our rates? - PSW Benefits Resources

- Fixed costs
- Utilization
- Reserves for our self-funded plan
- Group demographics
- Coordination with other benefits (i.e. Medicare)

CoreSource as our third-party administrator- PSW Benefits Resources

CORESOURCE
A Trustmark Company

Today, CoreSource administers benefits for more than 700 self-funded employers across the United States. In 2009, we processed approximately \$3 billion in claims for some 1.1 million plan members. From nine claims and customer service offices across the country, CoreSource delivers customized benefit solutions to self-funded groups seeking comprehensive, cost-effective care.

CoreSource, ranked among the nation's largest employee benefit administrators,* offers benefit administration and health management services to self-funded employers, state high-risk pools, public retiree plans and other large clients. The majority of our groups are between 300 and 500 employee lives; and average claim turnaround time is 14 calendar days from the receipt of a claim.

A recent Readers Choice 2010 survey for *Business Insurance* named CoreSource, the Silver Circle winner for Best Third-Party Administrator. Since 2005, *Business Insurance* readers have voted for leading companies that they believe offer the best combination of service, value, quality and innovation in each of 18 categories, including Best Third-Party Administrator - Employee Benefits.

Review of self-funding concepts- PSW Benefits Resources

■ Fixed Administrative Costs

- Claim Administration
- Stop loss – insurance on insurance.
 - We pay the first \$170,000 of a claim and get reimbursed for amounts expensed in excess of \$170,000.
- Network Access Fee (Anthem Blue Cross, etc)

■ Claims

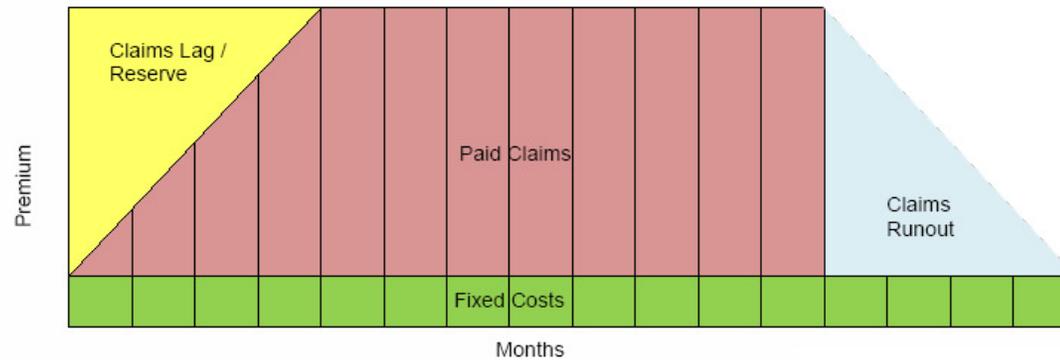
- Actual Paid Claims
 - Medical
 - Prescriptions
 - Reserve for claims incurred but not reported, also known as the run out

Self-funding Concept – PSW Benefits Resources

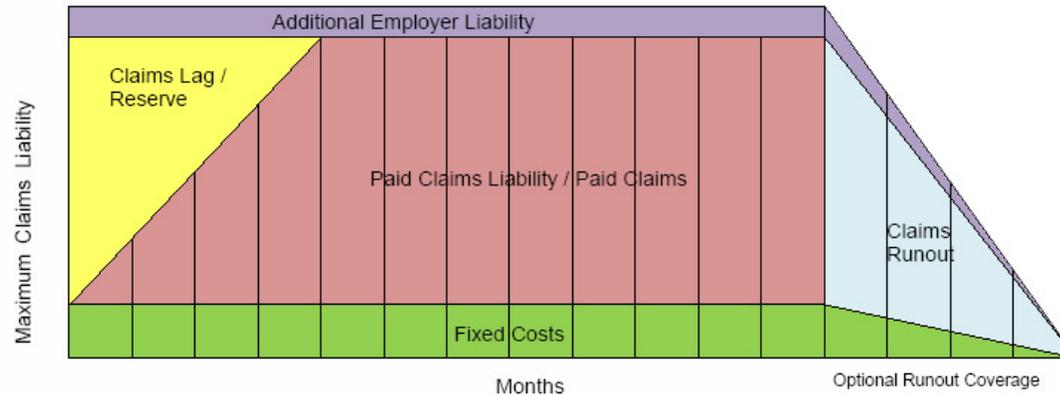
PSW Benefit Resources

Funding Analysis

Conventional Funding / Fully Insured



Self Insured





Considerations of Partnering with California Public Employees Retirement System, CalPERS-PSW Benefits Resources

CONSIDERATIONS:

- Would only apply to active *employees-roughly half of the population*
- Would mean reduction to current/renewal benefits
- Would increase cost over current Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) rates
- Ease of entry into CalPers Partnership
- Ease of exit from CalPers Coordination
- PCCD would still have claims run out expenses if we eliminate current self funding plan for actives
 - Run out cost is about \$2m
 - Expenses would run concurrently with premium costs for a fully insured plan

CalPers Benefits Comparison- PSW Benefits Resources

PERALTA COMMUNITY COLLEGE DISTRICT

BENEFITS COMPARISON

BENEFIT RENEWAL DATE	PERALTA September 1		CALPERS January 1	
	HMO	PPO	HMO	PPO
MEDICAL				
Plan Design PPO Deductible (In-Network/Out-Network)		\$100/\$100		\$500
PPO Coinsurance (In-Network/Out-Network)		100%/80%		80%/60%
PPO Prescription Copay (Generic/Brand)		\$10/\$15 (30 days)		\$5/\$15/\$45 (30 days)
PPO Office Visit Copay		\$10		\$20
PPO Emergency Room Copay		\$35		\$50
HMO Prescription Copay (Generic/Brand)	\$10/\$15 (100 days)		\$5/\$15 (30 days)	
HMO Office Visit Copay	\$10		\$15	
HMO Emergency Room Copay	\$35		\$50	
HMO Hospital Copay	-0-		-0-	

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11



Considerations of Employee Premium Contribution Based Upon Salary Banding- PSW Benefit Resources

■ Also know as

- “Sliding Scale Premium Banding”
- “Progressive Premium Schedule”

■ Considerations

- What salary band criteria would PCCD use?
- Pro & Cons
 - Fair vs. Arbitrary banding
 - Pay raise may create additional benefit expense to employee
 - Administrative complexity of multiple employee premium contribution schedules

HealthCare Reform 2011 & Beyond

- Expected to add about 2% to benefits budget for most employers-too soon to tell by most sources
- See Exhibits A & B
 - Exhibit A:
 - CoreSource Timeline Health Care Reform 2011
 - Exhibit B:
 - Kaiser Timeline Health Care Reform 2011

Cost savings Strategies Implemented or under Consideration - PCCD-Benefits Office

- How do we control our escalating benefits costs –
 - What have we considered, explored or implemented?

Implemented	Savings	When
Dependent Audit	800,000	2010
Medicare D Federal Drug Subsidy Program	800,000	2005-2009
Voluntary Early Retirement/Resignation	2,000,000	2011
American Recovery and Reinvestment Act-COBRA Subsidy	51,000	2010-1011
Anticipated		
Early Retiree Reinsurance Program (ERRP)	600,000	2011
Medicare D Federal Drug Subsidy Program	200,000	2010

1. Increasing cash-in lieu benefit from \$30/mo to \$300 per employee;
 - 122 eligibles did not submit a claim to CoreSource during the period 06/09 – 11/10.
2. Changing Employee Assistance Program vendor to a provider who includes a wider variety of services at current cost.



California Community College Surveys – PSW Benefits Resources

See Exhibit A: Statewide Benefits Survey of 20 California Community College Districts (1/11)
See Exhibit B: Bay 10 Benefits Survey (5/11)

- Community College Districts included in the survey:

1. Peralta
2. El Camino
3. Chabot Las Positas
4. Marin
5. San Mateo
6. San Francisco
7. Ohlone
8. Foothill DeAnza
9. San Jose Evergreen
10. West Valley
11. San Bernardino
12. San Diego
13. Pasadena
14. Los Angeles
15. Fresno
16. Ventura
17. Grossmont
18. Coast
19. Mt. San Antonio
20. Riverside

- Questions

1. What percent of budget is spent on medical and dental benefits
2. Is there an employer cap on benefits
3. What medical plan and dental plan networks do you use
4. What are your plan features
5. What is your premium structure
6. Do you offer lifetime benefits for new hires
7. Do you offer benefits to adjuncts



Review of PCCD Benefits Office Services- PCCD Benefits Office

- Compliance
- Customer Services
- Communications

Compliance Responsibilities- PCCD Benefits Office

- “*Universal Availability*” Concept
- Collective Bargaining Agreements
 - Local 39
 - SEIU 1021
 - Peralta Federation of Teachers
- ERISA (for Health & Welfare Plans)
 - Employee Retirement Income Security Act (ERISA)
 - Establishes baseline uniformity in the application of benefits
 - Qualifying Events, COBRA
- Tax Deferred Savings Compliance due to tax reform 2009 on benefit plans under IRS Codes 403(b) & 457
- Anticipate, Recommend, and Implement Cost-Effective Plan Design Enhancements or Refinements
- Monitoring of our business partners; Kaiser, CoreSource, Delta, United Health Care Dental & United Health Care Vision, ING/Reliastar, Benefit Dynamics, Great America Benefit Plan Administrators (Tax-Shelters), Anthem Blue Cross
- Monitoring eligibility of employees and dependents; purge records

Significant Accomplishments of the PCCD Benefits Office

1. Dependent Audit resulting in \$800,000 savings
2. Realigning our billing groups to ensure more accurate reporting for our different populations
3. Medicare Subsidy approval for the Medicare Drug program and Early Retiree Reinsurance Programs without extra expense to the District
4. Tax-deferred plan compliance as a result of on-going tax reform legislation
5. Increasing employee awareness and empowerment through
 - Newsletters
 - Website
 - Workshops
 - Home Mailings
6. Leveraging our partners to support the PCCD Foundation
7. Effectively using PSW Benefit Resources for daily claims and calls and other administrative support



Peralta Community College District

PSW Benefit Resources Active Employee and Retiree Benefit Information Center (BIC) Usage and Claims Inquiries

Month / Year	Active Employee BIC Inquiries	Retiree BIC Inquiries	Claims Inquiries
Apr-11	4,730	464	21
Mar-11	3,268	638	30
Feb-11	3,398	529	25
Jan-11	2,038	645	17
Dec-10	2,051	642	20
Nov-10	2,342	863	18
Oct-10	1,915	716	19
Sep-10	1,973	811	16
Total for September 2010 Through April 2011	21,715	5,308	166
Aug-10	2,387	776	6
Jul-10	2,632	720	23
Jun-10	1,331	723	14
May-10	1,677	912	16
Apr-10	2,064	751	18
Mar-10	1,668	708	16
Feb-10	1,574	844	13
Jan-10	2,090	341	15
Dec-09	1,409	296	11
Nov-09	1,311	262	2
Oct-09	1,754	308	11
Sep-09	1,631	233	12
Total for September 2009 Through August 2010	21,528	6,874	157
Aug-09	1,219	173	14
Jul-09	942	212	17
Jun-09	819	173	22
May-09	636	158	13
Apr-09	621	213	13
Mar-09	629	169	27
Feb-09	624	124	7
Jan-09	916	172	7
Dec-08	809	124	4
Nov-08	561	124	21
Oct-08	863	159	8
Sep-08	443	140	8
Total for September 2008 Through August 2009	9,082	1,941	161

5/23/2011

Prepared by PSW Benefit Resources, 5/2/2011
PCCD Trustee Work Session May 2011



Annual Fall Mailing to Employees and Retirees

- Open Enrollment Announcement-Exhibit C
- Annually Reviewed Before Distribution with the Benefits Committee-consortium of union leaders, District representatives and retirees
- Document also used by our peers and business partners

Benefit Matrix, page 8

http://www.peralta.pswbenefits.net/Portals/2/Open-Enrollment/2010-Active-Benefits-Of-Announceme - Windows Internet Explorer

http://www.peralta.pswbenefits.net/Portals/2/Open-Enrollment/2010-Active-Benefits-Of-Announcement-9-9-10.pdf

http://www.peralta.pswbenefits.net/Portals/2/Open-Enrollment/2010-Active-Benefits-Of-Announcement-9-9-10.pdf

8 / 24

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Benefits Matrix

September 13, 2010

Benefits Matrix	Benefit Classification as Defined by Benefit Program Assignment			
	PRB—Full Time 39, 1021, Management, Confidential	PFF—Contract Faculty	PAB—Adjunct Hourly	TCB—Temporary Classified Benefits
Designations to appear on paychecks	PRB	PFF	PAB	TCB
Workers' Compensation	•	•	•	•
Medical *(refer to Monthly Premium & Contribution Table for explanation on costs)	•	•	*	
Dental	•	•	(District does not make contributions)	
Employee Assistance Program	•	•		
Flexible Benefits 125, 132	•	•	•	•
Pre-Tax Parking	•	•	•	•
Pre-Tax Transportation	•	•	•	•
Tax Deferred Annuities—403(b)	•	•	•	•
Tax Deferred Annuities—457	•	•	•	•
Defined Benefit Plans—401(a) STRS		•	•	
Defined Benefit Plans—401(a) PERS	•			
Cash Balance			•	
Apple				•
Employer-Paid Term Life	•	•		
Employer-Paid Long-Term Disability	•	•		
Union Dues / Fees	•	•	•	•

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21

Newsletters

- Mailed to home Addresses of Active and Retired Employees
- General & Specific Topics

PERALTA BENEFITS - EVERYONE
Published by the PCCD Benefits Office

March/April 2011

Voluntary Early Retirement Resignation Incentive Program 2011, election window ends Friday, April 29, 2011

The District is offering an early retirement incentive for current, active, and eligible employees of the following groups:

- Faculty Members (Regular, permanent, contract)
- Managers,
- Confidential Employees, and
- Members of Local 39

The program, approved by the Peralta District Board of Trustees on March 29, 2011, provides a monetary incentive in the form of a one-time taxable payment to those who voluntarily elect to retire or resign. The entire proposal as well as election materials can be found online at <http://www.peralta.edu/apps/comm.cso?%241=95>

The incentive as proposed to and approved by the Board provides:

	Faculty	Managers Confidentials Members of Local 39
Incentive	\$400 per year of service	\$300 per year of service
Age criteria	55	50

Peralta Benefits Office
333 East 8th Street
Oakland, CA 94606

Websites:
www.peralta.edu
www.peralta.pswbenefits.net

Email: benefits@peralta.edu
Ph. #: 510.466.7229
510.587.7838
877.866.2623
(PSW Benefit Resources)

Employee Benefits Survey Response

SurveyMonkey - My Surveys - Windows Internet Explorer

http://www.surveymonkey.com/MySurveys.aspx

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Copy of Employee Activities 2010 2011	March 31, 2010 12:16 PM	10 days ago			46	Clear Transfer Delete
Copy of Employee Activities 2011	February 3, 2011 9:37 AM	73 days ago			100	Clear Transfer Delete
Copy of Employee Activities 2010 2011	March 31, 2010 12:01 PM	1 year ago			0	Clear Transfer Delete
Copy of Employee Activities 2009	March 31, 2010 12:01 PM	1 year ago			0	Clear Transfer Delete
Employee Activities 2009	January 27, 2009 5:41 PM	2 years ago			90	Clear Transfer Delete

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Survey Results Summary - Spring 2011-PCCD Benefits Office

Question on the survey-	Results Summary
<p><i>How can we improve the morale, employee engagement & empowerment through education?</i></p>	<p>Most popular workshop topics suggested from respondents</p> <ul style="list-style-type: none"> ■ Tax-deferred Investment Planning ■ Long Term Care Insurance ■ Trusts & Estate Planning <p>Review Open Enrollment Announcement</p>
<p>If we were to raise the cash in-lieu of benefits amount from \$30/month to \$300/month, <i>would you opt-out of Peralta benefits, provided that you establish that there is other coverage?</i></p>	<p>29 would opt out</p> <p>Currently 12 active employees are opting out of both medical and dental coverage</p> <p>Don't know the value if the 29 are non users of the plan anyway</p> <p>There are currently 122 CoreSource participants who have not filed a claim in the last 12 months.</p>
<p>Peralta offers an Employee Assistance Program (EAP) intended to provide assistance outside of your primary medical plan. Through the EAP, benefit-eligible employees have access to private and confidential referral services to help support work-life needs.</p> <p><i>Were you aware of this benefit?</i></p>	<ul style="list-style-type: none"> ■ Most aware, but seldom use it. ■ Many think that the EAP is fine the way it is <p>We are looking for an EAP which can provide additional services (i.e job readiness)</p>
<p><i>What additional features would you like included in a well - rounded Employee Assistance Program (EAP)?</i></p>	<p>Employees need support with:</p> <ul style="list-style-type: none"> ■ Pre-retirement Planning ■ Wills Trusts & Estates ■ Stress Relief ■ Finding a cure for liver/lung cancer ■ Wants the Benefits Office to be the EAP <p><i>We have used the EAP for Manager Training, Grief Counseling, Professional Day Workshops, Healthy Cooking Demonstrations & more.</i></p>
<p>Annual end-of year community building activity-</p> <p><i>What would you prefer?</i></p>	<ul style="list-style-type: none"> ■ Local Picnic ■ County Fair <p><i>Due to budget crisis lets work through the PCCD Foundation</i></p>
<p>The Benefits Office is looking at strategies to improve employee involvement in wellness resources available through Kaiser and CoreSource –</p> <p><i>What suggestions do you have to increase participation?</i></p>	<ul style="list-style-type: none"> ■ More Email 47% ■ More communication from our union 25% ■ More Noontime Brown Bags Held at The Campuses 46% ■ Give Staff Development Credit ■ BIG Incentives <p><i>There are tax implications if incentive is too big-Remember the weight loss competition, Promote campus based walking groups</i></p>

Wellness Activities

- Annual Fall Benefits Fair
- Opportunity where we offer on-site health screens
 - Cholesterol Checks
 - Blood Pressure Checks
 - Body Mass Index measurement
- Case Management through CoreSource
- Wellness program is required in order for us to be eligible for the federal Early Retiree Reinsurance Program (ERRP) subsidy
- The PCCD Benefits Office would like to partner with PCCD Nursing Staff to synergize resources and to build a healthier community.



PSW Benefits Resources

- Brokerage services for group insurance plans
 - Negotiate Rates & Fees with Carriers and Vendors
 - Negotiate and Resolve Escalated Issues
 - Maintain Insurance Company, State Legislation and Federal compliance
- Offsite Benefits Department
 - Day-to-day claims resolution
 - Telephone access
 - Website intra-net creation and ongoing support
 - Other projects (surveys, newsletters, open enrollment support, creating materials and providing assistance, support of wellness program)
- Support to our internal and external business partners
- Oversee large claims refunds above stop loss back to Peralta.

Benefits Then, Now & In The Future PCCD Benefits Office

	Then	Now	In the future	
	2005	2011	2012	2014
Health Care Reform	Minimal commit ment from the benefits office	Cover dependents to age 26	Prepare to accurately report value of benefits on w-2	<ul style="list-style-type: none"> ■ Pre existing exclusions go away ■ Plan maximums eliminated
Wellness		Means to control costs and maintain eligibility for federal subsidy programs		
Information /Technology		Online enrollment and de-enrollment for most benefits	+ More electronic interface with vendors required for bill reconciliaton	+Employee Online enrollments
Customer service		Broker services highly utilized	Continued use of brokers as claims resolution agents	Ongoing use of brokers' as claims resolution agents
Accounting/ Payable		<ul style="list-style-type: none"> ■ Receipt & Record \$1m ■ Prepare bills ■ Manage a \$25 spending plan 	+Rely on electronic methods for timely record keeping	
Electronic Communication- Wesbite Utilization		Highly used	Continued use	
Employee Education		Quarterly workshops	More workshops at the campus	

5/23/2011

PCCD Trustee Work Session May 2011

29