College-wide Benefits Committee
Minutes of the Meeting
March 24, 2010

Present
Fran Chandler, Co-Chair
Marcy Wade, Co-Chair
Sherri Lee-Lewis
Lenore Banders
Willis Barton
Dennis Frisch
Anna Rojas
Linda Sinclair
Al Vasquez

Assistants
Vanna Ratnaransy, HR Analyst-Leaves & Benefits

Guests:
Cary Swider, Prudential
Adriene Darbouze, Prudential
Connie Lemke
Sandi Burnett
Howard Stahl

The meeting was called to order at 1:35 pm.

Approval of the Minutes-
Minutes for the meeting of March 03, 2010
Moved:
Seconded:
Vote:

Old Business
No old business was discussed due to time limitations.

Presentation #1:
Long Term Care by Prudential by Prudential representatives Cary Swider & Adriene Darbouze of the Sherman Oaks, local regional office.

About Prudential:
Has offered LTC insurance products for 23+ years to wide range of group clients that included a minimum of 10+ individuals to employers that have 200,000-300,000 employees.

Prudential offers a "guarantee issue solution".
Generally group participants are in their mid-to-late 40's whereas those with individual policies are about 67-68 years of age.

Prudential exited out of the healthcare business when it became a public company. It's mission to protect the wealth of its policyholders. When AETNA exited out of the LTC insurance business, Prudential acquired about 2/3 of AETNA's LTC policies. Thus Prudential has experience in takeover business as well.

The LTC program is expanded to include domestic partners, spouses, and other family members. However an Evidence of Coverage affidavit must be completed by them.

Question:
Is there a minimum number of enrollees required for us to offer LTC insurance to our employees?

Cary Swider:
No. Prudential based that decision on salary levels. Prudential has determined that as long as 40% of employees make over $40,000/year, there will be no minimum # of participants. Using the census provided by Vanna Ratnaransy, SMC population meets these criteria.

Product enhancements (Please refer to PowerPoint brochure handed out prior to the presentation.)
-Claims experience
Prudential has paid over $45M in claims

-90 day elimination period

-Cash allowance
90% of LTC claims start at home, where the caretakers are ourselves. Prudential recognizes this and allows for the policy to pay cash to either informal caretakers or pay them to professional caretakers/caretaking service companies. By working with Prudential at the time of a claim, Prudential can assist with maximizing the amount of time that you are able to use the cash allowance feature of a plan. Think of it as a pool of dollars that are deposited into an ATM vs. is a plan that is on a time-schedule where benefits run out in 3 years or 6 years.

No requirement to hire professional services. The policyholder gets to determine what type of care to obtain and how to spend the cash allowance.

If a professional provider is hired, policy holder can arrange for a direct bill pay with Prudential so that policy holder does not have to pay first and then wait for a reimbursement. You can also change this option in the future as well, depending on your needs.

-Restoration of Benefits
Assume that an employee who is in his mid-40's gets into a car accident and exhausts all medical benefits, etc. and on year later is back at work. He is able to replenish those benefits.

-Care Management partners

Prudential contracts with CareScout, a provider of home health aide services. With this contract, a 10-35% discount is offered to policy holders

-No pre-existing exclusion clause in this group plan

-No Activities of Daily Living (ADL)/cognitive impairment exclusion
-5 year rate guarantee
-Plan is portable (i.e. same rates, same benefit features)
-100% direct bill plan recommended by Prudential (as the plan would not be pre-tax). (This would help streamline policy payments, and avoid the administrative tasks of setting up and monitoring payroll deductions, etc.)
-Billing features monthly EFT payments (deducting out of banking account as authorized by the policy holder) and offers discounts for semi-annual payments.

Question:
The slide indicates that the rate is guaranteed for five years and there has not been any rate adjustment. Does that mean that there will never be increases in the future?

Cary Swider:
It hasn't happened in 23 years. And in order for it to happen, such increases would need to be approved in all 50 states, as Prudential does business in all states. Prudential is able to avoid raising premiums because actuarial assumptions are conservative, compared to other plans. Many other plans over-predict how many people will drop their coverage over time. Prudential has never had a "fire sale" on their rates.

Question:
Are the plans (with daily maximum benefits, etc) designed by Prudential or the individuals?

Cary Swider:
Prudential recommends offering a plan that gives individual several options.

Recommendations for Implementation of the Benefit:
Prudential recommends taking the offering "off-cycle"...i.e. separate from open enrollment so that employees get the full benefit and understanding of the plan and are able to get as much education about the offerings. It's especially important in consideration of the guarantee period.

Per Prudential, this would increase participation.

Rollout would include Prudential handling the creation of individualized marketing materials and would recommend group meetings...interactive CD ROM, use of Brain Shark Voice over PowerPoint technology.

Question:
Would Prudential be able to compile a comparison report that details the points of difference between Prudential's offerings, John Hancock, CalPERS and MetLife?

Cary Swider:
As far as Cary knows, MetLife may not offer the guarantee issue as part of its LTC benefit, so we may be comparing apples to oranges, but he will do his best to provide a proper comparison.

Question:
If an employee has a disability policy as well, would this affect the LTC policy benefits?

Cary Swider:
The policies are administered separately and the employee is able to benefit from both programs.

<u>Presentation #2:</u>
PERS CARE vs. PERS Choice
As presented by Terri McIntyre of CalPERS
(Please refer to handouts provided by Terri McIntyre)

PAR refers to participating providers

Please note that when using out of network providers, the services are discounted by 40% and there is no out-of-pocket maximum to out-of-network providers.

$20 copay is same for all PPO plans

The differences between the two plans after the $500 deductibles are met are the out of pocket amounts.

Under PersCARE, out of pocket is 10%, out of PERSChoice, out of pocket is 20%.
Under PersCARE, annual out of pocket maximum is $2,000 vs. PERSChoice which is $3,000.
Under PersCARE monthly premium is $772.05 vs. PersChoice monthly premium of $452

Essentially you are spending $3,840 a year ($319.64 a month) to save $1,000

Explanation for the dramatic difference in price if care is similar:
When this self-funded plan was offered, what was factored in was the utilization of plan by its users; a lot of high usage of the plan, especially hospitalization.

Addressing concerns when a company changes from PERSCare to PERSChoice:
Lifetime maximum in PERSChoice plan is 2M:

In the last 5 years only 4 people have met that 2M lifetime maximum and when they reach that, they are allowed to change plans right away. CalPERS ensures that there is no lapse in coverage. When members receive and read through their Explanation of Benefits, the forms will tell them, what their lifetime maximum is and what expenses have been counted towards that.

Anthem Blue Cross administrator has encouraged CalPERS to send out a communication regarding this.

Example of another district:
LACCD just came up with a plan that now includes an allowance in a Health Reimbursement Account (HRA) to complement the PERS Choice coverage.

This allowance can be used to pay cover the deductible amount and can be used to cover medical out-of-pocket-medical costs.

The average person pays about $800.00 out of pocket a month and many don't reach the out-of-pocket maximum.

HRA's can be replenished each year; and if not used can be rolled forward from year to year; can be used to defray costs after an employee has retired too.

Question:
Are there any effects of recent healthcare legislation on CalPERS plans?

Terri:
No additional details are available yet.

Question:
Can you clarify premium holidays and what you mean by surplus?

Terri:
When there is a surplus, CalPERS passes that along to the districts….thereby permitting "premium holidays" which has helped cash-strapped school districts.

Terri:
HMO carriers have expressed concern that the rates for the PPO program go too low, it poses an unfair advantage for the PPO programs and the HMO plans will not be able to compete effectively.

The Board of CalPERS has been more focused on wellness and the programs emphasize counseling and nurse hotlines to assist those with chronic illnesses such as diabetes.

About the physicians' network:
Marcy: SMCCD does not offer PERS Select

Terri:
The physician network offered by CalPERS PPO plans mirrors that of Anthem's PPO product, Prudent Buyer PPO.

The physicians in the PERSChoice program are not providing cheaper services; they have been identified as being more efficient with their services.

Note: a two-month rate holiday was granted SMC during the last academic year.

Meeting adjourned approximately 3:35pm.

Next Meeting: Wednesday, April 07, 2010 in BUS 111.
Presentation by MetLife representative.