

President's Advisory Group Meeting

Tuesday, November. 28, 2017

2:00 – 4:00 pm, Sam Karas Room

Minutes DRAFT

Members:			
√	Luz Aguirre (Classified)		Eric Maximoff (Classified)
√	Suzanne Ammons (minutes, resource)	√	Larry Walker (VP Student Svc - interim)
	Grace Anongchanya (Faculty)	√	Stephanie Perkins (Tri-Chair, Classified)
√	Wendy Bates (Faculty)	√	Lyndon Schutzler (Faculty)
	Lauren Blanchard (MPCTA Rep.)	√	Francisco Tostado (MSC)
√	Diane Boynton (Tri-Chair Faculty)	√	Walt Tribley (Tri-Chair Supt./Pres.- non-voting)
√	Heather Craig (Acad Senate Pres.)		Faculty (vacant)
√	Steven Crow (VP Admin Svc)		ASMPC Rep. Dalia Elkhalfa
√	Kevin Haskin (MPCSEA Rep.)		ASMPC Rep. Armando Dimas
√	Kiran Kamath (VP Acad Affairs)		
√	Jon Knolle (Dean)		

Guests/Presenters: Christine Kerns, Reagan Peralta, Judy Cutting, Paul Long, Lakisha Bradley

Item	Topic: Discussion / Comments	Action/ Recommendations
1.	Campus community comments- (not covered).	
2.	Approval of Agenda – Consensus reached to move Agenda item #5 (Alliant Presentation) to top of the agenda in the interest of presenters' time.	
3.	Approval of minutes:- Deferred to next meeting. Nov. 14, 2017	
4.	Replacement Position (s): Straight replacements: none. a. Replacement w/changes: Director, Facilities Planning Steve presented the position vacated about 6 years ago along with several job duties. Note: title will be changed to drop "Planning". The salary range is 60. Recently shared Budget Assumptions for the 2018-19 Budget as shared at the Budget Committee did include this position.	Motion – Jon Second – Kiran In favor – 13 Opposed – 0 Abstained 0-
5.	Presentation: Alliant Employee Benefits: PAG members and Alliant members- Christine Kerns (Sr. VP) and Reagan Peralta (Account Exec.) introduced themselves; the Alliant team provided a presentation/overview in response to the request from members at a recent PAG meeting (Inside the Numbers – Oct 10, 2017). The H&WCCC received the presentation/handout at its Nov. 16 2017 meeting. The Alliant team provided an in depth explanation of the MPC Self-funded Program Overview (District's Health & Welfare Benefit Plan), which included a review of the mechanisms for managing the varied portions of the District's benefit plan and Alliant's role as broker for the benefit plan. The overview included the following key points: <ul style="list-style-type: none"> Alliant has been the broker for the District's plan for 6 years; the plan includes medical, dental, vision, Life & Disability Benefits. Alliant also represents 14 other community colleges and is the largest broker in California. Alliant explained the Joint Powers Authority that the District is participating in for Dental & Vision coverages. (Pg 6...)Fully insured vs Self-funding were explained; MPC and Peralta (for non Kaiser only) are the only self-funded colleges on Alliant's client list. Advantages include fixed costs for administration and stop loss (catastrophic) allowing the plan to perform like a fully-insured plan; disadvantages include assumption of risk and claim cost fluctuation, need for large reserves to cover all claims, and Affordable Care Act (ACA) fees 	

obligation.

- Prior to the annual plan renewal of July 1, Alliant receives renewal quotes from all the vendors and either negotiates those rates or shops the market for savings.
- Alliant provides an annual cost analysis for the 12 month period beginning on July 1. The analysis provides estimate of cost per employee per month (PEPM) and is based on history and trend.

Christine invited and answered questions from members.

- (Pg 12...) An actuarial valuation is conducted every two years to help determine what reserves should be set aside based on (1) Incurred But Not Reported, and (2) Claim Fluctuation Reserves.
- (Pg 13...) Specific Stop Loss and Aggregate Stop Loss were explained as well as the vulnerabilities due to fluctuation and risk assumption. Renewal rates increase as a function of the number of high claims and the stop loss provider's assessment of risk. Renewal coverage starts fresh each year, underscoring the importance of retaining ample reserves as losses cross over years. Claims between \$50K and \$149K are increasing in count and claim dollars (see pg 18 Stop Loss reimburses above the \$150K deductible).
- (Pg 15...) Medical Paid Claims Trend -2013-14 to 2016-17 reflects an increase of \$584,584. MPC trend is not in line with industry trend.
- Pharmacy Trend – 2013-14 to 2016-17 reflects an increase of almost \$200K. MPC trend is not in line with industry trend. National Trend suggests a 13% increase over last year. Specialty drugs (expensive and highly controlled drugs) are anticipated to be 50% of all pharmacy costs by 2020.
- (Pg 16...) Medical Claims spending represents 57% of total costs, Rx is 24% and the fixed fee is 19% of total spend for the last 4 years.
- MPC has not made benefit plan changes since at least 2010; several options have been presented to H&WCCC. The deductible is still \$250 per person and \$750 per family; in network co-insurance is 95% and 5% for the individual; Tier 1 hospitals are covered 100%. Office copay is \$25 (deductible waived), Rx \$5 Generic, \$20 Brand and \$35 Non-Formulary.
- (Pg 21...) The premium and claims (P&C) report was reviewed; the composite rate is the rate set per employee regardless of number of dependents. MPC uses a composite rate due to the College paying 100% of employee & dependent costs. The composite for 16-17 of \$1,668.70 (Actives and Early Retirees) is medical only. **History of loss ratio over the last 4 years ranged from 102.9% to 105.53%, meaning the District has exceeded the budgeted amount by \$951,011 (2.9% – 5.53% over).** A Fully Insured company would want to see a loss ratio of 85% maximum and a Self Funded employer would want to see 90-95% given funding reserves set aside.
- (Pg 24-27) P&C report and funding rate for all groups was explained as well as the fluctuation in monthly claims paid. Pg 24 reflects the estimated \$20,000 per employee and when added to \$2,700 for Dental, Vision, Life Insurance and a 5% increase to cover the expected higher cost in 2018-19, this brings the total funding rate to \$22,700 per employee. Over 65 retirees on Medicare group reflects a loss ratio over 185% and their rates will again increase on Jan 1, 2018.
- (Pg 33...) Express Scripts performance metrics/statistics on specialty Rx was reviewed. Alliant has negotiated a very favorable contract with Express Scripts. Plan costs decreased (approx. \$195K) due to 3 specialty drugs that were paid in the prior period and not in the Plan Year ending June 2017. Of the top 25 Rx, 4 are specialty Rx (44% of top 25 costs).
- (Pg 35...) Of the 871 total member count, 10% (91) utilize opioids. Long term use vs. addicted use. Express Scripts oversight programs to manage opioid abuse were reviewed.

	<ul style="list-style-type: none"> • (Pg 39...) Express Scripts pharmacy management programs introduced by Alliant at the beginning of the contract include a Prior Authorization List, Drug Quantity Management List, and a Specialty Prior Authorization List to support appropriate utilization without obstructing access. Additional packages available through ES were explained. The cost of \$.96 per member/month with an estimated savings (ROI) of \$62,395. • (Pg 42) Anthem Disease Management programs was explained. This is an optional and voluntary program designed to help individuals with identified diseases move from high risk to low risk. • (Pg 45...) Claims by setting, by members and trend and age overview were reviewed. • MPC participates in the ACSIG pool for dental and vision means lower administrative costs with VSP and Delta Dental. <p>Approximately 2 years ago, the District (Steve with Alliant) investigated alternative pool plans for Medical. Alliant received quotes with plan designs that most closely replicate the MPC current plan. H&WCCC reviewed the quotes and indicated that there was no appetite to go forward. Previously (2015), the H&WCCC received presentations from PERS, MCSIG, SISC and CVT, and H&WCCC provided the same response.</p> <p>Christine invited questions throughout the presentation with ample time allowed for questions and discussion.</p> <p>Discussion followed regarding District’s benefit rich plan and following consequences:</p> <ul style="list-style-type: none"> • Considerable risk is assumed as a self-funded small employer in a costly area. • The benefit rich plan impacts the ability of the District to increase salaries; lower salaries translate into lower retirement pensions. Were the District to shift funding away from its self-insured medical into salaries, health coverage choices could be offered to employees as well as higher salaries for employees that carries into their retirement. • The increase in the number of catastrophic claims could trigger a spike in stop loss premiums. <p>Dr. Tribley thanked Alliant and PAG members.</p>	
6.	<p>Board Policies for approval; Admin Procedures as info only. (see attachment A for list) Deferred to next meeting.</p>	
	<p>Recommendations to meet the Standards Dr. Tribley reported that the Board will receive information that the District believes another 4 recommendations are met (2, 9, 14 and 22). Over 80% of the courses have been assessed. The HR Staffing Plan is in progress.</p> <p>Recommendations to Improve Quality</p>	
8.	<p>Integrated BSI-SE-S SSP Plan Draft Executive Summary-Integrated Plan – The information was received, however, time limitations suggest we defer to the Dec. 12 meeting to take action.</p>	
9.	<p>Adjournment- Meeting adjourned at 4pm.</p>	