



**SHASTA-TRINITY SCHOOLS**  
INSURANCE GROUP

*Serving Schools Since 1980*

**Health Benefits Committee**  
**November 10, 2011**  
**Shasta County Office of Education**  
**3:00PM – 5:00PM**  
**Patricia Demo, Chair**

Minutes

**Welcome / Goals of Meeting**

Pat Demo called the meeting to order at 3:00pm. Pat stated that the board's goals were to be good stewards, offer good competitive products, and to look at alternative health plans to meet those goals.

**Approval of Meeting Minutes November 10, 2011**

Peggy moved to approve the minutes from the November 10, 2011 meeting. Laurie seconded. Motion carried. Unanimous.

**Presentation of Plan Change Scenarios for July 1, 2012 Renewal**

As requested at the last meeting Paul Ford presented further information on alternative cost savings plans. He presented a hybrid plan that combines current plans C and C2, a 70/30 plan, and three options for a high deductible HSA plan.

General Information: 24 members went to the doctor 24 times. There is about 50% participation in the phase II wellness program compared to the industry standard of 30%-35%. Mike would like closer to 60%-70% participation for phase II wellness. It was discussed that participation in phase II wellness higher than 70% would begin to product excesses costs and have negative effects.

There was also an alternative tiered Rx option that was presented with one of the non-HAS high deductible plans that would result in moving the group toward a consumer directed cost savings. Pat mentioned that the tiered Rx plan might be considered for all plan in the future – maybe more discussion on that later.

It was suggested that at our open enrollment meetings we begin the education process of the member controlling the Rx costs by learning what the retail cost of their purchases are and to ask their doctors for the least expensive or generic drugs available. Mike commented that a 2% reduction in Rx cost would be significant.



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Assumes the wellness incentives will remain the same for all plans.

**Hybrid Plan:**

The hybrid plan is a combination of our current C and C2 plans. Although the deductibles were different on the presentation spreadsheet, Pat recommended that the deductibles for this plan mirror those deductibles for the current C2 plan. The hybrid plan mirrors the current C2 plan with the addition of the chiropractic services from the current C plan. This plan would be cost neutral compared to the current plan C2. Premium estimate \$1000/month.

**70/30 Plan:**

The 70/30 plan shifts some costs to the member. The deductible is higher at \$1,250/individual and \$2,500/family (before wellness). Out of pocket cost remains the same except the out of pocket maximums are increased by an additional \$500/individual and \$1,250/family. Co-pays remain the same as the hybrid. The plan will cover 70% of covered services compared to the 80% coverage of the hybrid plan. Premium estimate \$966/month. Savings of 3.4%

**High Deductible Plans:**

Three plans we offered. One plan was a true HSA that included Rx (a requirement of a HSA). All the high deductible plan have a “true family deductible” which is different than our current plans. This means **xxxxxxxxxxxxxxxxxxxxxx**.

All plans had a \$1500 individual and \$4,500 family deductible. As with these types of plans no costs are covered by the plan until the deductible has been met and then the plan will cover 70% of covered services.

The two non-HSA plans are able to have Rx carve out and the group can place the current Rx plan with them or choose the tiered Rx plan presented. The tiered Rx plan is designed for consumer control and is a good vehicle for cost savings. See outline below for tiered Rx Plan option:

- For Rx less than \$40 – member cost is \$15
  - For Rx between \$40.01 - \$80 – member cost is \$30
  - For Rx above \$80.01 – member cost is 40%
  - Diabetic Supplies - member cost 30%
- \*\*In-Network Only\*\***



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The only difference between the three high deductible plans is the Rx component.

Premium estimates: Plan 1:\$ xxx                      Plan 2:\$ xxxx                      HSA plan: \$ 899/month.

High deductible plans saving estimates from 8.4% - 10.1%.

**Options:**

Increasing the deductible by \$100 would save an additional .7% per person.

Increasing the deductible by \$200 would save an additional 1.3% per person.

Keep in mind that if rates increase, the estimated saving may be absorbed and not realized as outlined above. This may require plan modification to remain cost neutral.

Actual premium will be confirmed and quoted in March 2012.

**Critical Illness Benefit:**

For an additional \$6.35/month the JPA is offering this coverage at no charge to the members as an additional incentive. This coverage is a \$2,000 benefit should any member experience a critical illness. This coverage is meant to be a safety net for those who may choose a high deductible plan or who would just feel more comfortable with the additional coverage. There is a list of events that qualify as critical that can be provided by request.

The member will have the opportunity to purchase additional coverage to raise that limit or they may also purchase Accident coverage for a nominal fee. There is no underwriting required.

There is a question as to whether the paid out benefits would be taxable – Paul will research and let us know.

**Comments by Mike Strech**

Mike has had many conferences since the last meeting. He reported that overall the news is positive. Performance over the last two year has been good especially good last year. The audits are show expected results. A goal going forward is to increase the base on the long term stabilization goals. The IBNR is now off the table. He confirmed that 2% was contributed to the stabilization fund last year and that the contribution could be adjusted each year as needed.

Mike mentioned that switching all plans to a tiered pay structure will need to be discussed and considered.

Mike has concerns that districts would not fund an HSA which may make them unattractive.



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**Follow-up items:**

- Paul will find out if Critical Illness Benefits are taxable upon pay out.
- Define Critical Illness qualifying events.
- Need to make decision on plans at January meeting to present to the Executive Board.

**Next Meeting**

Next meeting is scheduled for January 10, 2012 at **2:00 pm** at Redding ESD Boardroom.

**Adjournment**

Meeting was adjourned at 5pm.