PPO & HMO Plan member forums on medical premium contributions

Thurs. 1.28.21 3:00 p.m. & Fri. 1.29.21. 10:00 a.m.

Background:

A total of twenty-one members attended one or both of the forums held on Jan. 28 & 29 to initiate the discussion about the possibility of re-structuring SCFA medical plan premium contributions. The context for the current conversation is this provision of the Agreement reached with the District in Fall and ratified by the SCFA membership in November 2020:

> The value of any continuing reduction in the annual cost to the District of faculty unit benefits will be applied as continuing faculty salary improvements. Faculty will study the possible impacts of changes in areas including the following:
>
> a. Re-structuring of member medical premium contributions (Earliest implementation: Fall 2021 Open Enrollment, to impact calendar year 2022)
> b. Reductions to retiree medical benefits for future hires
>
> One additional factor that could result in continuing faculty salary improvements would be changes to maximum or minimum class size provisions that may positively impact the District's productivity ratio (AKA "efficiency").

This agreement establishes the opportunity to study different ways to structure medical premium contributions with the assurance that money stays within our unit. With this in mind, we initiated the discussion with the following goals in mind:

- Maintain access to current plans without "punitive" employee contributions and, ideally, without loss in net pay to any member;
- Develop a system that is fair to light users (such as employee-only) as well as to those making heavier use of the plans;
- Shift some proportion of current compensation dollars from health premiums to the salary schedule, for immediate and/or long-term improvement to earnings, including in retirement.

These initial forums were convened with non-Kaiser members only, to allow members to speak openly about their interests and to assure members of HMOs and PPOs that there is no intent to eliminate access to these plans, which have monthly premiums higher than the Kaiser plans.

The notes below reflect the composite content of member input from the two sessions.

What drives members' plan choices?

- Some members have an "anything but Kaiser" philosophy:
  - Bad experience with Kaiser: not having options about treatment; difficulty getting access to specialists; not having a choice of physician (female OB); not having choices for mental healthcare—in general, not enough control
  - Horror stories about inadequate care & denied treatments in Kaiser
- Anthem PPO gives the widest choice of providers and especially specialists
- People don't want to switch from care providers they have relationships with
- 1) ability to freely choose doctors, clinics, specialists, testing/scans; 2) ability to work across hospital districts (Sutter, UCD, North Bay, etc); 3) capacity to choose supportive care consultants/teams; 4) maintaining reduced costs for medications, recurrent treatments.

How do people feel about increasing premium contributions?

- If it means having the choice, it's worth it. Trading it for salary is beneficial in the long run.
- Premium contributions are pre-tax, so the actual impact of contribution to premiums is in effect somewhat less than the $ value in taxed salary
    - Can also contribute pre-tax to Flex plan for other costs
- Fearful that the "choices" will be: switch to Kaiser, or pay through the nose
    - What is a "punitive amount" to contribute? Definition may differ by member.
- More comfortable with every member paying more rather than basing it on what plans people are on
- More comfortable now, with the good faith represented by the recent agreement: assurance that the money stays in the faculty unit

More details re: existing plans

- People using PPO's pay a 20% deductible for many kinds of services up to a threshold of $3,000 per person covered, or $5,000 per family-- not including $35 co-pays-- before the plan covers 100%
- Some districts that charge members more for the PPO plans have PPOs that cover 100%
- HMO costs are more like Kaiser (no deductible and low co-pay)

Ideas for ways forward:

- Consider "what if" scenarios that are realistic for our membership (types of plans, age of members, members with +1 & +2, etc.)
- What about scaling contributions based on number of people on the plan? We may be bearing the cost of insuring spouses who could be insured by their own employers.
- One idea: District pays "member + family" on the least expensive program (but if that's Kaiser, ugh…) and some people will move to the least expensive plan and pocket the money, while others will use the money to buy the more expensive care plan
    - Bay Area is a costly place to live. Can we get money to members who need money, and get health care plan options to people who need those options—that would be fair.
    - Then again, do we want to drive people's choices in this way? Do we want people's health care choices to be influenced by cost?
- Is the Trust-style paradigm unavailable to us—as in the Basic Trust system SCC had up to 2002? Our group as a legal trust to cover more options and configurations for members?
- To the point of uncertain days, months, seasons of Pandemic and vaccination, is there a looming problem in delaying any actual change from 2021 to 2022? That is, wait another year until pandemic is officially called 'done'?

Additional considerations:

- Our excellent health care has drawn people to the college and has kept them here
- Management will keep saying we need to reduce costs, but there may be bigger wastes of money due to various partnerships or land expansion which may require more management and spending. Can we look someplace else for savings?