JLMBC
Health Benefits Quarterly

Summer 2009 • Volume 2, Issue 3

ANNUAL ENROLLMENT UPDATE

Annual enrollment for active and retired employees, as well as part-time faculty, will take place October 1 through October 31, 2009. Enrollment fairs will be held on every campus and the District Office during this period. Look for further bulletins with enrollment details.

CalPERS will also have a toll-free member services line open for LACCD employees during annual enrollment.

THE DISTRICT PARTNERS WITH CALPERS – NEW MEDICAL PLANS FOR 2010

The Joint Labor/Management Benefits Committee is pleased to announce that LACCD is joining the CalPERS Health Benefit Program, following a unanimous vote by the Board of Trustees. This is excellent news for the future of our benefits program—it will better position the District to cope with rising health care premiums without sacrificing the outstanding lifetime coverage and excellent plan choices that make our benefits so valuable.

Of course, the move to CalPERS will mean a few changes for you, including the way you enroll for health insurance. This newsletter will discuss some of those changes. You'll receive more detailed information with your annual enrollment materials. You can also find a wealth of information, including articles, health plan summaries, and FAQs, on the Faculty Guild Web site. Just go to **www.aft1521.org**.

Your dental, vision, and life insurance benefits will not change. The District will continue to administer these plans.

The Right Move at a Tough Time

This is the most difficult economic climate our country has faced in decades. With many of our colleges in deficit, the JLMBC had to take action to control our health care costs—particularly the cost of the PPO plan. Looking at a $6 million increase for the coming year, we had to make substantial changes to the PPO plan.

Moving to the CalPERS health care plans allows the District to:

- Preserve comprehensive employer-paid coverage for active employees, retirees, and dependents by saving millions of dollars in health insurance premiums.
- Greatly reduce the cost of providing coverage for retirees over age 65

Strength in Numbers

Making this move puts the District in very good company. CalPERS manages health benefits for nearly 1.3 million members from more than 1,100 public employers, including many Southern California school and community college districts. It is the largest purchaser of public employee health benefits in California, and the second largest public purchaser in the nation after the federal government. Because of its size and top-notch administrative capabilities, CalPERS is able to offer medical coverage at a much lower cost.

The CalPERS health care program is separate from the pension program. The pension plan is funded by employer and employee contributions. Like other medical insurance plans, the health care program is funded by premium payments.

PLAN CHOICES FOR ACTIVE EMPLOYEES AND RETIREES UNDER AGE 65

Under the CalPERS health plan, active employees and retirees under age 65 will be able to choose from the medical plans shown in the chart below.

CalPERS Health Plan

	Blue Shield HMO	Kaiser HMO	PERS Choice PPO		PERSCare PPO	
	HMO Network Only	Kaiser Network Only	Anthem PPO Network	Out of Network	Anthem PPO Network	Out of Network
Deductible	None	None	$500/person; $1,000/family		$500/person; $1,000/family	
Out-of-Pocket Maximum	$1,500/person $3,000/family	$1,500/person $3,000/family	$3,000/person $6,000/family	N/A	$2,000/person $4,000/family	N/A
Coinsurance	N/A	N/A	20%	40%	10%	40%
Office Visits	$15/visit	$15/visit	$20/visit	40%	$20/visit	40%
Preventive Care	Covered in full	Covered in full	Covered in full	40%	Covered in full	40%
Prescription Drugs ▪ Retail	Generic: $5; Brand: $15 Non-formulary: $45 Up to a 30-day supply	Generic: $5; Brand: $15 Up to a 100-day supply for most drugs	Generic: $5; Brand: $15 Non-formulary: $45 Up to a 30-day supply		Generic: $5; Brand: $15 Non-formulary: $45 Up to a 30-day supply	
▪ Mail-Order	Generic: $10; Brand: $25 Non-formulary: $75 Up to a 90-day supply	Generic: $5; Brand: $15 Up to a 100-day supply for most drugs	Generic: $10; Brand: $25 Non-formulary: $75 Up to a 90-day supply		Generic: $10; Brand: $25 Non-formulary: $75 Up to a 90-day supply	

Your HMO Choices. CalPERS also offers the Blue Shield NetValue HMO, which requires members to use providers in a smaller network of medical groups. The plan is designed to provide savings for employees who pay for their own medical plan coverage. Because the District is covering the full cost of the Access+ HMO—which has the same benefits but a larger provider network—we have not included the NetValue HMO plan in this chart.

Your PPO Choices. The PERS Choice and PERSCare PPOs differ from our current plans—and from each other—mainly in their deductible, coinsurance percentage, and out-of-pocket maximum. (See the glossary on the back page for a brief definition of these terms.) Chances are very good that your current Blue Shield PPO health care provider is also a member of the Anthem Blue Cross network.

Important Note for Active Employees and Retirees Under Age 65

The District will pay full cost of HMO or PERS Choice PPO coverage for you and your eligible dependents. If you wish to enroll in the PERSCare PPO plan, you will have to pay the premium above the cost for the PERS Choice plan for 2010.

- CalPERS requires us to offer the PERSCare plan—but consider the following before choosing the PERSCare plan for active employees. If you sign up for single coverage, the most the PERSCare plan could save you in a year is $1,000 (the difference between the two plans' out-of-pocket maximums)—but you would be paying $3,835.68 in premiums for that plan.

PLAN CHOICES FOR MEDICARE-ELIGIBLE RETIREES

Medicare-eligible retirees can choose from three plans: the Blue Shield Access+ HMO, the Kaiser HMO, and the PERSCare Supplemental Plan (a PPO). These plans work with your Medicare coverage to provide you with comprehensive health care with little out-of-pocket cost.

- The District will pay 100% of the premium costs for all plan choices for retirees over age 65.
- Medicare-eligible retirees who elect Kaiser coverage will be enrolled in the Kaiser Senior Advantage plan.

If you enroll in the PERSCare Supplemental Plan, you will need to make sure that your provider accepts Medicare assignment in order to minimize your out-of-pocket costs.

HEALTH REIMBURSEMENT ACCOUNTS (HRAs)

To help you cover any increased out-of-pocket expenses, the District will give each benefitted active employee and early retiree a $1,500 HRA, regardless of which medical plan you choose.

An HRA is a plan designed to reimburse employees for qualified out-of-pocket expenses with tax-free dollars. Unlike a flexible spending account, these plans are funded entirely with employer contributions. That means the District funds your HRA; you are not allowed to contribute your own money. The entire amount will be placed in your account at the beginning of the calendar year. Labor and management negotiators are working on a multi-year funding arrangement.

You can use the money in your HRA to pay for qualified health expenses (deductibles, coinsurance, copayments, etc.).

Any money left in your HRA at the end of the year will roll over to the next year. That money will be yours to use as an active or retired District employee.

Save the Date

On August 20 the CalPERS Health Benefit Program will conduct an information seminar for LACCD retirees. There will be a short presentation, and plenty of time to ask questions about the various health plan choices. Stay tuned for information about the time and location details for this event.

JLMBC
JOINT LABOR-MANAGEMENT
BENEFITS COMMITTEE

770 Wilshire Boulevard
Los Angeles, CA 90017

GLOSSARY OF HEALTH PLAN TERMS

If you're currently enrolled in the Blue Shield PPO, you are no doubt familiar with these plan features—but they will be more important to you under the new PPOs.

Deductible – This is the amount you must pay each calendar year before the plan will pay benefits.

Coinsurance – This is the percentage of your covered medical expenses you pay after meeting your deductible.

Out-of-Pocket Maximum – If your share of the medical expenses reaches this amount, you will not have to pay any more coinsurance for the rest of the year. Keep in mind that some expenses, such as your deductible and copayments, do not count toward the out-of-pocket maximum.

- The deductible and coinsurance do not apply to network physician office visits or prescription drugs. When you go to see a PPO network doctor or have a prescription filled at one of the plan's participating pharmacies, you will pay a flat copayment and nothing else.
- Your coinsurance and out-of-pocket maximum are lower when you go to PPO network providers.