



Spring is Here!

Important Upcoming Dates

Executive Committee Meeting

April 20, 2010
10:00 a.m.

Full Board Special Meeting

April 20, 2010
1:30 p.m.

Executive Committee Members

Garry Bousum, President
Robert Della Rosa, Vice President
(CTA)

Sara Perez, Treasurer
Dee Baker, Member
Robin Blakley, Member
Clifford Gilkey, (CTA)
Eric Price, Member (CSEA)
Rosie Sanchez, Member (CSEA)

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Executive Director Update

COST CONTAINMENT STRATEGIES

The Advisory and Executive Committees and Full Board continue their work on cost containment strategies for FY10-11.

Medicare Supplemental Plan: The Full Board voted to discontinue MCSIG's self-funded Medicare Supplemental plan and offer a fully insured Medicare Supplemental plan with Part D through Anthem Blue Cross effective July 1, 2010. The premium for the fully insured plan will be phased-in over a two-year period. This will slightly reduce the PPO premium rate increase for FY10-11.

Exclusive Provider Option: The Full Board voted to add a new Exclusive Provider Option plan to be available by July 1, 2010. This plan will mirror the PPO Option III in-network benefit and will feature no out-of-network benefits. Salinas Valley Memorial Hospital and Community Hospital of the Monterey Peninsula will not be in the EPO network. The Board will set the premiums for the EPO plan at their May meeting.

Cross-Plan Subsidy: Actuarial data for the past two years reveals that the PPO Option I plan is being subsidized by the Option II and III plans. This year, staff is recommending that the rates for each PPO plan be established based on each plan's own loss experience. The Full Board will further consider this matter at their April special meeting.

Premium Rate Tiering: Staff is recommending that the ratio of MCSIG's Employee+1 and Family rates to the Employee-only rate be adjusted, over a two year period, to match market ratios in order to make MCSIG's rates comparable to rates of other groups. The Full Board will further consider this matter at their April special meeting.

Hospital Tiering: Staff is recommending a tiered per-admission co-pay for PPO Options I and II based on Anthem's hospital tiering. The Full Board will further consider this matter at their April special meeting.

Other changes being evaluated by the Board include the deductible and out-of-pocket maximum amounts for Options I and II and specialty and retail maintenance drug co-pays.

The Advisory Committee is currently doing a due-diligence market check of six alternative medical networks.



Executive Director Update

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MCSIG COST CONTAINMENT ACTIONS

Your MCSIG Board and staff continually strive to provide the best service at the lowest possible cost. Below is a summary of recent cost containment strategies:

MCSIG Administrative Budget: The MCSIG operation (including customer service and wellness) is 2% of the entire MCSIG budget. Although reductions to the MCSIG operational budget have very little effect on premium rates, we nevertheless continually strive for optimum cost effectiveness.

In the current year budget, MCSIG implemented a 4% reduction in operational expenses, left a clerical position unfunded half-time and did not budget a COLA. For next year's budget we are implementing additional cost-saving efficiencies.

MCSIG Vendor Partners: No JPA can operate without vendor partners and MCSIG is no exception. Our vendor partners understand that as a schools-based JPA, MCSIG must maximize efficiencies and minimize cost. Here is how our vendor partners are helping:

Keenan & Associates added a technical consultant to the MCSIG team at no additional cost. In addition, Keenan offered a three-year consulting contract with a 6% reduction in fees for the first year, no COLA in the second year, and their FY12-13 fees will be less than their current fees.

The Keenan Pharmacy Purchasing Coalition (KPPC) has negotiated deeper discounts and higher rebates with Express Scripts. As a result, MCSIG anticipates netting an additional \$673,446 in avoided pharmacy costs in calendar year 2010. MCSIG has avoided \$4M in pharmacy costs since joining the KPPC program in July 2007 (as measured by an outside audit firm).

The Keenan Dental Coalition fees have not changed since 1996 and the Keenan Vision Coalition fees have not changed since 2002.

PacifiCare, our behavioral health insurer, brought our behavioral health benefit program into compliance with the Federal Mental Health Parity Act (which enhanced the benefits) at no additional premium for 2010.

Anthem's third-party-administrator contract with MCSIG has a locked-in rate for three years.

Chiropractic Care of California, our chiropractic benefit insurer, has not had a premium increase since 2002.

MCSIG Medical Claims Costs: The TelaDoc program was added this year as a convenience for our participants and as a strategy to bring down MCSIG's emergency room utilization and costs. We plan to get our medical tourism program in full swing in the latter half of this year as an option for our participants and as a strategy to bring down our claims costs. MCSIG staff are utilizing a number of strategies to address our high claims costs at Community Hospital of the Monterey Peninsula.