



STOCKTON UNIFIED SCHOOL DISTRICT

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July 15, 2009

To: SUSD Employees

From: Communications Subcommittee of the
SUSD Labor/Management Health Benefits Committee

Subject: June 25, 2009 Meeting Update

The SUSD Labor/Management Health Benefits Committee is an advisory group to the District comprised of members from all eight (8) bargaining units. The committee is charged with providing short-term and long-term strategies to bring high-quality medical care and plan choices to the employees of the Stockton Unified School District, while striving to contain costs.

The Committee issued a medical request for proposal (RFP) on February 15, 2009 to consider if there were any benefits for SUSD to join a larger Medical Pool. CalPERS, CVT, and SISC were invited to respond. Each of the above entities currently offers medical insurance to more than 250 schools throughout the state.

The CalPERS proposal demonstrated significant advantages when compared to SISC, CVT, and our current medical benefit offerings. Subject to future negotiations between Bargaining Units and the District, the committee has recommended that the District select CalPERS as our future Health Care provider.

CalPERS offers members Blue Shield and Kaiser HMO's and three Anthem Blue Cross PPO plans at comparable or better rates than we were expecting to pay for the 2009-2010 plan year. CalPERS medical plans rates have increased less than the State-wide average for the past 6 years. This trend provides a favorable and stark contrast to SUSD's rate increase history over the same period. CalPERS Blue Shield and Kaiser HMO rates for 2010 are only 3.43% higher than their 2009 costs, while our current offerings were projected to average in double digits. (Please see the attachment CalPERS rate increases for further detail regarding their 2009 and 2010 rate increases.)

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CalPERS also offers extensive disease management and wellness programs, which include participation incentives of up to \$200 dollars per member per year. All dependants who are older than 18 are also eligible to receive these incentives.

While there is much to recommend CalPERS as a long term solution to provide medical insurance for SUSD, there are some changes in administration, enrollment and eligibility with which we will need to conform.

- CalPERS, Blue Shield, and Kaiser HMO medical plan designs are similar, but not identical to our current offerings.
- All dependents will now be eligible until their 23rd birthday regardless of their student status (currently dependants are covered until their 25th birthday, but only if they are enrolled as full time students or defined as dependants by the IRS.)
- CalPERS has their own enrollment forms which will need to be completed during open enrollment.

CalPERS publishes rates for all of their medical plans on a tiered basis, (different rates for singles, two-party, and for families). While these rates are the basis for the composite rate that SUSD offers to all employees, the tiered rates are **not** the rates that each of us will be required to pay. We will present the corresponding composite rates for each medical plan for your review in the near future. Please be assured that these rates will be comparable or better rates than the rates we were expecting to pay for the 2009-2010 plan year for our current offerings.

As more implementation information and communication materials become available the committee will share this information and will report on future developments as warranted.

[WM:ML:LS:ddb]

CalPERS Health Premiums

Plan Types	2009 Over 2008	2010 Over 2009
Basic Change	4.84%	3.24%
Basic HMO Change	6.57%	3.43%
Basic PPO Change	-0.04%	3.29%
Basic Assoc. Change	4.98%	0.93%
Medicare Change	0.73%	1.11%
Medicare HMO Change	1.64%	0.27%
Medicare PPO Change	0.00%	1.68%
Medicare Assoc. Change	1.31%	2.50%
Total Program Change	4.34%	2.99%
Total Program HMO Change	6.21%	3.20%
Total Program PPO Change	-0.03%	2.90%
Total Program Assoc. Change	4.79%	1.01%