Mar. 28, 2016

Dear Colleagues,

We have some important news to share with you regarding health benefits.

As you know from recent SISC college presentations, all employees are being asked to consider the pros and cons of staying in the SISC Self-Insured health plan compared with the pros and cons of joining the much larger SISC statewide pool. The three employee associations (faculty, classified, and management) must agree on one option or the other due to our dwindling health plan reserves. Enclosed is a quick comparison of staying self-funded versus choosing the larger SISC pool.

To stay self-insured, we are contractually obligated to have health plan reserves of 32.5 percent, or an estimated $7.2 million for 2015-16 (we began 2015-2016 with $2.8 million in reserves). This means employees would have to pay into the reserves until the account is back on solid financial ground. If we move to the larger SISC pool, no reserve payment would be necessary. We’d be expected to pay for the cost of the plan we choose, with the option of choosing among four plans of varying coverage and costs. Once we join the pool, we will no longer be able to make autonomous decisions regarding administrative changes to plans but would need to abide by the decisions of the SISC board, a board comprised of district administrators of participating schools.

SISC has estimated that the employee’s cost of a plan in the pool that is similar to the coverage we have now would be about $300 per month. To stay self-insured, and to pay back the health plan reserves within a year, district officials have estimated a total monthly cost for the employee of about $600 per month, a prohibitive cost for most of us. For that figure to be reduced, the health plan reserves would have to be paid back over several years.

After a careful examination of costs, CCA has proposed an option to the district for remaining self-insured in which all employees would pay $140 a month in pre-tax dollars and the district would pay $140 per employee a month, for a total of $280 a month per employee, to start repaying the health insurance reserves fund. The district also would continue to pay its contractual obligation of $1,212.54 per month for each employee’s health plans, a total of approximately $20 million per year.

We estimate that after four years of payments, we will have restored the required reserves amount. While no one likes the idea of paying for health insurance, we believe this proposal is one possible option for staying self-insured.

We are waiting to hear if trustees will approve this proposal. If they do approve it, faculty and CSEA would know how much staying self-insured would cost compared to the cost of the plans in the pool, and this would allow both groups to decide which direction they prefer. Once that decision is made, negotiators would be able to start the process of selecting health plans.

If trustees do not approve this proposal, that decision also would tell us where we stand. We will keep you posted on what we hear, but we wanted you to know that we are working on your behalf to come up with possible options. We also will send a survey out to all faculty members and retired faculty to hear
your feedback on this important issue. While we want to know how all faculty feel, as you know, only CCA members as of Feb. 22, 2016 will be able to vote and decide this and any other proposed contract changes during the spring CCA election set for April 20-21.

In other election news, it appears we also may have a draft agreement for CCA members to vote on regarding faculty working in prisons or correctional facilities. During our last negotiations session on Fri., Mar. 18, CCA and Vice Chancellor of Human Resources Abe Ali agreed on a draft memorandum of understanding, or MOU, on this issue.

Our next negotiations session is set for Friday, Apr. 15.

Sincerely,

Kathy Freeman
KCCD CCA President

Ann Marie Wagstaff
Negotiator
Porterville College

Nicole Celaya
Adjunct Negotiator
Porterville College

Tom Greenwood
Chief Negotiator
Bakersfield College

Matt Crow
Negotiator
Cerro Coso Community College
Comparison of SISC Self-insured or self-funded plan with SISC pool plan

<table>
<thead>
<tr>
<th>SISC Self-Funded (Current)</th>
<th>SISC Pool</th>
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<tbody>
<tr>
<td>Choice of up to 2 plans</td>
<td>Choice of up to 4 plans</td>
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<tr>
<td>District pays $1,212.54 a month per employee. <strong>Under CCA proposal:</strong> Employee contribution would be included in monthly reserve payment of $140; district also would pay $140 monthly per employee.</td>
<td>District pays $1,212.54 a month per employee, while employees pay about $300/month for a similar plan to current coverage, or they pay lesser amounts depending on the health plan selected. <strong>Under CCA proposal:</strong> Employees and district pay a total of $280 a month for four years to rebuild health plan reserves.</td>
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<td>KCCD has greater control over health plan cost and plan choices.</td>
<td>SISC board controls the monthly premium amounts, health plan costs and plan choices.</td>
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<td>No changes occur to current health plan coverage unless these are negotiated and approved by CCA member vote.</td>
<td><strong>SISC Pool Exceptions</strong> to current health plan coverage would occur (see the list below).</td>
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<tr>
<td>SISC says health care costs could be subject to fluctuation due to smaller employee pool.</td>
<td>SISC says health care costs could remain steady due to larger employee pool.</td>
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<td>Employees would agree to remain self-funded by September.</td>
<td>Employees would agree to choose plans in the larger SISC pool by September.</td>
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**Note:** According to SISC, a move to the SISC pool would be permanent. We could not move back to a SISC Self-Insured or self-funded plan.

**SISC Pool Exceptions:**
- Emergency room co-pay increases from $50 to $100 (waived if admitted).
- Chiropractic and physical therapy services would require pre-authorization by American Specialty Health (ASH) review. The current plan does not require pre-authorization.
- Transplants and bariatric surgeries are covered if done in SISC-designated Centers of Medical Excellence; patients would receive travel benefits.
- Therapy services for autism would be added through ABA (Applied Behavior Analysis). (Autism is not covered in the current plan.)
- Hearing aid coverage changes from $1,000 every 36 months in the current plan to $700 every 24 months.
- Inpatient surgery for hip, knee, and spine must occur in a Blue Distinction Plus facility.
- X-rays, lab tests, DME (durable medical equipment), and physical medicine services (chiropractic, acupuncture, and physical and occupational therapy) only will be covered if done through a network provider.
- Custom molded orthotics (therapeutic shoes or inserts) are limited to two pairs per calendar year. (These are unlimited in the current plan.)
- Out-of-network limits to be aligned with SISC standard. SISC pool will pay $600 per day for a non-contracting hospital. (Current plan has no limit.)
- Outpatient prescriptions would be limited to SISC pool list to limit costs. (Current plan has fewer prescription limits.)