Proposed FY 2014 Changes to Employee Benefits

Board of Governors
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Executive Vice Chancellor for Finance and Administration
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FY 2014 Medical Benefits Plan

- Medical Benefits provider still CIGNA
- 7.5% rate increase
- $647,000 cost increase to College
- Total contract cost about $9.2 million
- Patient Protection and Affordable Care Act
  - Fees
    - Health Insurance Industry Fee
    - Reinsurance Fee
  - Preventive health enhancements
  - “Cadillac Plan” Excise Tax
    - Total Plan Costs have doubled in last 10 years
    - Co-Pays and Deductibles have not changed in 10 years
Employee + Employer Total Annual Plan Cost Comparison FY 2004 vs. 2014 (Employee Only Tier)

Estimated Increases in Total Medical & Pharmacy Plan Costs compared to “Cadillac Plan” Threshold
Employee + Employer Total Annual Plan Cost for Employee Only Tier FY 2013

FY 2014 Medical Benefits Plan Changes

- Open Access Plus - Modified PPO Plan
  - OAP was established as the base plan in FY 2010
  - Premiums
    - District continues to pay full premium for employee-only coverage
    - Other tiers will see a 7.5% premium increase
  - Deductibles
    - Plan year deductible Changes
      - ‘Individual’ deductible increases from $250 to $500
      - ‘Family’ deductible increases from $500 to $1000
  - Some co-pays increase
    - Increases are $15 per co-pay except,
    - Emergency room co-pay that increases from $75 to $125
Comparison of Deductibles
FY 2013 vs. Proposed FY 2014

FY 2014 Medical Benefits Plan Changes

- Open Access Plus - In Network plan, HMO Plan
  - Premiums
    • All tiers will see a 7.5% premium increase over FY 2013 contributions
    • Employee-only coverage will pay a monthly premium of $29.03, up from $27.00
  - Some co-pays increase
    • Increases are $5 - 15 per co-pay except,
    • Emergency room co-pay that increases from $100 to $125
Comparison of Co-Pays
FY 2013 vs. Proposed FY 2014

Primary Care Co-Pay

Specialist Co-Pay

Comparison of Pharmacy Co-Pays for Employees FY 2014

<table>
<thead>
<tr>
<th></th>
<th>Retail Pharmacy (30 day supply)</th>
<th>Mail Order (90 day supply)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1st and 2nd Fill</td>
<td>3rd Fill &amp; Beyond</td>
</tr>
<tr>
<td>Current Plan</td>
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<td></td>
</tr>
<tr>
<td>Tier 1 – Generic</td>
<td>$ 5.00</td>
<td>$ 15.00</td>
</tr>
<tr>
<td>Tier 2 – Non-Generic</td>
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<td>60.00</td>
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<tr>
<td>Proposed Plan</td>
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<td></td>
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<tr>
<td>Tier 1 – Generic</td>
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<td>15.00</td>
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<tr>
<td>Tier 2 – Formulary*</td>
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<td>60.00</td>
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<tr>
<td>Tier 3 – Non-Formulary</td>
<td>40.00</td>
<td>90.00</td>
</tr>
</tbody>
</table>

* The term “Formulary” refers to the preferred brand of drugs as defined by Express Scripts.
Impact of Pharmacy Changes
Calendar Year 2012

Type of Filled Prescription

- Generic or Formulary Prescriptions: 92%
- Non-Formulary Prescriptions: 8%

Members Use of Type of Prescription

- Generic or Formulary Prescriptions: 81.5%
- Non-Formulary Prescriptions: 18.5%

Questions?
Comments?