

MINUTES OF HEALTH CARE COALITION

AUGUST 17, 2004

Attending: Dan Adams, Facilitator: Chris
 Betty Smith
 Angus Loop
 Tony Alvernaz
 Lorrie Abbott
 Tim Novelli
 John Morrison
 Lynne Margolies
 Judy Daugherty
 Fran Elm

The first meeting of the 2004 Health Care Coalition was held on Tuesday, August 17, 2004 at the Finley Community Center

After check- in, it was determined that certain stakeholders were absent and Fran Elm agreed to contact them regarding the next meeting

They were:

Management representative
Confidential representative
Unit 14 representative

Additionally, some units may need to find specific representatives of health plans other than the City Plan for future meetings.

Lynne Margolies, Risk Manager gave some facts about health care costs for the City of Santa Rosa

- In the year 2000, health insurance costs were a little over \$4 million dollars, In 2004 – they have doubled to over \$8 million dollars.
- Last year the premiums increased 27% for City Plan,, 19% for Health Net and 15% for Kaiser.
- Predictions for next year’s increases are still in the double digits, ranging from 10 to 15%

In the past health care crisis, emphasis was placed on managing care “from the outside”, Organizations would determine whether or not the care was necessary. This approach is no longer working. New approaches look at consumer involvement – the consumer pays more attention when they are paying for a service. If the employee is not paying, there is no incentive to look at costs in relation to benefit.

PURPOSE

Fran Elm, Employee Relations Manager, spoke on the current purpose of the Health Care Coalition. We are here to look at plan design with the short term goals of preventing further huge increases in costs.

APPROACH

After quite a bit of discussion, it was agreed that management's request for the coalition to start with city plan and discuss the three available health plans separately would be honored.

The meetings are planned in three parts.

Part 1 - City Plan

The role of the participants will be to offer input and ideas and to disseminate information to other members of their unit about our discussions and decisions. The participant will also answer questions other employees may have and will bring back concerns and information to the meetings.

The role of management is to bring in facts, numbers, and options for change, so that participants can make informed recommendations and decisions.

Part 2 - Kaiser

Similar to City Plan, we will be reviewing and recommending changes to the Kaiser plan. The participants will be members of the Kaiser Plan. If no unit member of the plan can be found, then the main unit representative will be the member of the committee.

Part 3 - Health Net

We will review and recommend changes for Health Net too. The Health Net meetings will begin after City Plan and Kaiser have been reviewed.

Interim Meetings:

Interim meetings with participants from all plans will be held as coalition members deem necessary.

CONCERNS Some concerns were mentioned:

- Long Term – shouldn't we get involved in legislative issues to fix health care
- If we make changes in our plans, won't we be back in a few years making more changes?
- How do we explain to employees the necessity for such changes?
- The plans would end up with very uneven benefits if we don't look at them all at the same time.
- Can't we look at outside alternatives, new types of plans?
- We need to have informational workshops for employees on how to be smart health care consumers

Some information in response to concerns was shared:

- Some employees have dropped double coverage in response to paying premiums, which will result in savings
- When we added charges for emergency room visits, usage dropped, people stopped using the ER as a substitute for making an appointment

- There are various ways to look at increasing copays – the user is paying a little more because they are a user, and that means savings for the person who isn't using a lot.
- Insurance is a pool of money where everybody pays, and those who have the losses, get the benefit. So in a way, we all subsidize each other.
- When health insurance first started, it only covered catastrophic losses, day-to-day medicine was budgeted for in the household budget. Knowing the actual costs of care made people more cautious in their use.
- Copays and deductibles could potentially be planned for by using a Section 125 Flexible Spending Account where employees put aside tax exempt money
- What we are looking for is ways to have the users pay more of the fees, to ensure they use wisely, and to help benefit the light users.
- None of us benefit if costs become prohibitive.

It was determined that the main approach would be to look at current plans and design changes, and that after that process was finished, the coalition would continue to meet and look at potential options, outside alternatives, and new types of plans.

FUTURE

Risk Management would bring information on plans to future meetings.

Risk Management will send out meeting summary.

Participants will send e-mails to Judy Daugherty in Risk Management if they have specific information they would like at the next meeting.

NEXT MEETING

September 2, 2004 for City Plan Participants at 1:30 pm at Finley Center