

**Santa Monica-Malibu Unified School District
Joint Committee on Health and Welfare Benefits
SEIU – SMMCTA – SMMASA**

**Recommendation for Health Benefits
Frequently Asked Questions**

Updated: August 25, 2022

After several years of study, the Joint Committee on Health and Welfare Benefits (“Committee”) recommends that the District, comprised of its represented and unrepresented employees, change the entity from whom we purchase health benefits. Specifically, the Committee recommends that the District change our health care purchasing pool from the California Public Employees Retirement System (“CalPERS”) (health benefits only) to Self-Insured Schools of California (“SISC”).

The Committee recommends that employees read its proposal recommending the change to the District’s health care purchasing pool.

Additionally, the Committee is providing this set of Frequently Asked Questions (“FAQ”) to respond to specific questions employees may have about the District’s change to SISC.

Definitions

Purchasing Pool: SISC and CalPERS are purchasing entities that purchase health benefits from different carriers. The monthly (tenthly) premiums (i.e. rates) for the different carriers are a function of the members who comprise the pool. SISC is comprised entirely of school district employees. CalPERS is comprised of government employees including school districts, community colleges, local, county and state employees, police and fire.

Carriers: Carriers are different companies that work with specific providers – hospitals and doctors. Anthem, Blue Cross, Kaiser Permanente, Salud y Más and PERS Platinum are examples of carriers.

Providers: Providers are the specific hospitals and doctors that have contracts with specific carriers to provide health care to enrolled members. UCLA Hospital, Kaiser Permanente Hospital and Cedars-Sinai Medical Center are examples of providers.

FAQs

Q1: Why is the Committee recommending that the District change from CalPERS to SISC?

A1: The following statement has guided the Committee’s work over the last five years:

The role of the Committee is to contain the cost of the District’s health and welfare benefits program, and to maintain the affordability and quality of the benefits available to employees and eligible dependents.

The Committee believes that joining a membership pool of fellow school employees serves the District better in maintaining affordability and quality of benefits. Simply put, SISC’s membership pool of school employees trends healthier and younger than the CalPERS membership pool. A

healthier and younger membership pool is likely to result in more favorable premium rates than the District pays as part of its CalPERS membership.

Q2: How are the premium rates going to be better in SISC?

A2: The cost of health care is only increasing. For the last five year, the premium rates for CalPERS have risen immensely, and with observable volatility, meaning large percentage swings in premium rates by the carriers. In contrast, in the last five years the premium rates for SISC have increased at lower rates, with less volatility and with greater flexibility for districts to respond to increases in costs. By moving to SISC, the Committee believes the increasing cost of health care can be better contained. Furthermore, premium rates for SISC are released in the spring and any increases can be factored into the District's budget development.

Q3: What is SISC ("Self-Insured Schools of California")?

A3: SISC is a coalition of over 450 California public schools and is a joint powers authority public entity that operates out of the Kern County Office of Education. As a public entity it is subject to the Brown Act with board meetings open to the public. SMMUSD would a part of the Orange/LA/San Bernardino/Riverside region that includes 40 other school districts.

Q4: I currently have PERS Platinum PPO. Can I have still have my PERS Platinum doctors with SISC?

A4: Yes. In SISC, you will have two preferred provider organization ("PPO") options that are better than the PERS Platinum option and include access to all your current providers – physicians and hospitals.

Q5: I currently have PERS Gold PPO (or, in the past, I had PERS Choice PPO). Can I still have my PERS Gold or PERS Choice doctors with SISC?

A5: Yes. In SISC, employees may enroll in SISC's 80% PPO, which will be available to full-time employees and their families at no cost to the employee. The SISC 80% PPO is a wide-network option providing employees access to more providers than PERS Gold and to the same providers as PERS Choice (had in the past).

Q6: I currently have Blue Shield HMO, what is the equivalent option with SISC?

A6: The Anthem Full Network HMO option is most similar to the PERS Blue Shield HMO option, and will be available to full-time employees and their families at no cost to the employee. All providers – medical groups and hospitals – currently contracted with Blue Shield are also included SISC's Anthem network.

Q7: How much will my employee contribution be for the SISC option equivalent to PERS Platinum?

A7: With SISC, employee will have two choices. Employees may choose the Anthem 90%-G Wide Network ("Buy-Up") option or the Anthem 80%-G Wide Network option. The 90%-G option will require an employee contribution of \$74/month for an individual, \$154/month for two-party and \$202/month for family (contributions will occur ten (10) times per year). The 80%-G option will be available to full-time employees and their families at no cost to the employee. Both options are most similar to the current PERS Platinum option.

For the 2023 benefit plan year, the PERS Platinum rate increased by nearly 15%. It is no longer tenable for the District to keep the employee contribution artificially low. It is projected that the employee contribution will increase accordingly:

PERS Platinum Employee Contribution

	<i>2022 Contribution</i>	<i>2023 Contribution</i>
	From	To
Individual	\$50	\$277
Two-Party	\$175	\$555
Family	\$220	\$721

Q8: Is there a zero (0) employee contribution for a PPO with SISC?

A8: With SISC, there will be two PPO options available to full-time employees and their families at no cost to the employee: Anthem 80%-G PPO (Wide Network) and Anthem 80%-G (PPO Narrow Network).

Q9: What is the benefit plan period for SISC and how is different from CalPERS?

A9: The benefit plan period is the 12-month period of time covered by the premium rates. For SISC, the benefit plan period is October 1 – September 30 of each year. For CalPERS, the benefit plan period is January 1 – December 31 of each year. The SISC benefit plan period is better timed for school districts because, unlike with CalPERS, rates will be the same for the entire school year, instead of changing in January.

Your current CalPERS rates will still be in effect through the end of the calendar year. For the District’s first year, the SISC benefit plan period will run from January 1, 2023 – September 30, 2023, with new SISC premium rates going into effect starting on October 1, 2023.

Q10: How will my employee contribution change next year?

A10: The cost of health care is only increasing. We do not yet know the premium rates for 2023 – 2024. Those rates are released by CalPERS in late July 2023 and by SISC in April 2023. We can assume the premium rates will increase for CalPERS and SISC.

Q11: If I change to the SISC 90%-G PPO when will the new employee contribution rate (i.e. \$74/month for an individual, \$154/month for two-party and \$202/month for family) begin?

A11: Your new monthly employee contribution occur in December for SISC plans to start on January 1, 2022. For the District’s first year in SISC, the contribution remains the same for SISC as it is for CalPERS.

Q12: Will I continue to have coverage over the summer with SISC?

A12: Yes, benefits will continue during the summer for employees who receive health benefits during the school year, and do not separate from the District before the end of the school year.

Q13: How does changing to SISC affect my retirement?

A13: Changing to SISC does not affect retirement for classified or certificated employees. Classified employees will still be members of CalPERS retirement and certificated employees will still be members of the California State Teachers Retirement System (“CalSTRS”).

Q14: How does changing to SISC affect my health benefits in retirement?

A14: Health benefits for retirees are benefits included in both the classified and certificated collective bargaining agreements. The District currently provides health benefits to employees who served the District for ten (10) years, and retire *before* age 65. This benefit is for the retiree only. The retiree may continue to receive a family benefit by paying the difference to the premium rate to cover the remaining members of the family.

For retirees who reach age 65 and opt for a CalPERS supplemental plan, CalPERS requires the District to pay retirees a specified amount, which is currently \$146 per month. This payment is used to off-set a portion of the cost of the CalPERS Medicare supplement plan. SISC has no such requirement and the Joint Committee is exploring options for providing a similar benefit for retirees and will make recommendations to the negotiating teams. Current retirees are grandfathered in.

Q15: How does changing to SISC affect part-time employees?

A15: Per the District’s bargaining agreements with SEIU and SMMCTA, part-time employees may receive health benefits by contributing to the premium cost. The amount of an employee’s contribution is determined by the employee’s full-time equivalency (“FTE”) rate (i.e. number of hours worked per day). Part-time employees will still be required to contribute based on their FTE rate. The Committee has examined the carriers of our part-time employees. Most part-time employees are currently enrolled in plans that are comparable in cost to the SISC plans (including paying for the most expensive CalPERS plan). Depending on plan choice, 82% of the part-time employees may have a comparable or lower contribution for their health benefits. Approximately 12% of the part-time employees may see a slight-to-modest increase. Overall, and based on how part-time employees are currently enrolled in plans, the move to SISC is advantages to part-time employees.

Q16: Can any school district join SISC?

A16: No. The administrators of SISC have an obligation to protect the employee pool as it is the members of the pool that greatly influence the premium rates. SISC has reviewed basic demographic data for our employees and determined that we are good match to join SISC as our District/employee profile is similar to employee profiles of other Districts already in SISC.

Q16: Why are employees being asked to vote on terminating our agreement with CalPERS?

A16: The District’s agreement with CalPERS has employees divided into four groups: SMMCTA, SEIU, classified and certificated management, and confidential. Each of these employee groups must consent to terminate with CalPERS. In order for the District to join SISC, we need all four groups to consent to terminate with CalPERS. If any group does not, we will not be able to join SISC.

Q17: Why are employees being asked to vote so quickly?

A17: Per CalPERS rules, the District must notify CalPERS of its decision to terminate our agreement within 60 days after the premium rates are released. The rates were released in mid-July and the Benefit Committee had a chance to study them, including analyzing them in terms of the District's proposal from SISC in August. We are required to notify CalPERS no later than 5:00 p.m. on September 12, 2022. We are not permitted to submit the required documents electronically. They must be submitted with signatures on them, which means we must factor in time for mailing. In addition to consent from the employee groups identified in A16, the Board of Education must also adopt a resolution at a regular or special board meeting. The only Board meeting before September 12th, is September 1st, therefore, we need the employee groups to resolve their consent in time for the Board to consider its own resolution at its September 1st meeting. We appreciate everyone's understanding of this timeline. As a reminder to colleagues, information from CalPERS was released during the summer recess period, delaying the Committee's ability to meet.

Q18: How does moving to SISC affect dental and vision?

Q18: There will be no changes to dental and vision.