

August 2007

CTA NEWS

President's Message – Health Care Changes for 2007-08

Dear Colleagues:

The new health benefit package negotiated by the association and the district establishes a new regime for plan selections and pricing. CTA is providing the following information to assist members with their open enrollment decisions.

During Open Enrollment, faculty must decide whether they want to purchase coverage for themselves only, an employee + 1 (for spouse or domestic partner coverage), or their family. Premium costs will be lowest for single coverage, higher for 2, and most expensive for family coverage. Price structures are listed below. Most single employees will get significant payroll savings, and all of the employee+1 plans feature monthly payments well below the \$399 figure that current employees have paid out over the last 9 months. A few of the family packages may require a payment at or above the \$399 level, but note that part of that increased cost includes an enhancement to our dental coverage. Also, note that tax rates and savings are estimated here – we cannot know the specific tax rates of every employee in the association, so actual rates will differ based on differing tax circumstances.

SINGLE HEALTH PLANS	UNDER THE OLD PLAN	THIS YEAR (ASSUMING 30% TAX SAVINGS)
Blue Cross 4A single (current plan)	instead of paying \$399	you gross \$324.41
Blue Cross 5B single	“ “	you gross \$343.61
Blue Cross 6B single	“ “	you gross \$386.81
Blue Cross 8C single	“ “	you gross \$460.01
Kaiser 1 single (current plan)	“ “	you gross \$404.81
Kaiser 7 single	“ “	you gross \$493.61
HDHP-2D single	“ “	you gross \$476.81
PacificCare 4W single	“ “	you gross \$437.21
EMPLOYEE+1 PLANS		
Blue Cross 4A employee+1	instead of paying \$399	you pay \$153.47
Blue Cross 5B employee+1	“ “	you pay \$128.27
Blue Cross 6B employee+1	“ “	you pay \$78.71
Blue Cross 8C employee+1	“ “	you gross \$13.56
Kaiser 1 employee+1 (current plan)	“ “	you pay \$56.87
Kaiser 7 employee+1	“ “	you gross \$71.16
HDHP-2D employee+1	“ “	you gross \$45.96
PacificCare 4W employee+1	“ “	you pay \$125.75
FAMILY PLANS		
Blue Cross 4A employee+family	instead of paying \$399	you pay \$409.19
Blue Cross 5B employee+family	“ “	you pay \$377.27
Blue Cross 6B employee+family	“ “	you pay \$313.43
Blue Cross 8C employee+family	“ “	you pay \$217.02
Kaiser 1 employee+family (current plan)	“ “	you pay \$284.87
Kaiser 7 employee+family	“ “	you pay \$150.47
HDHP-2D employee+family	“ “	you pay \$173.15
PacificCare 4W employee+family	“ “	you pay \$491.51



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DETAILED PLAN DESCRIPTIONS

Human Resources will circulate specific information on each of the plan offerings. However, California's Valued Trust has many of the plan descriptions posted online at their website (in Adobe PDF format). For those interested in getting a jump start on the comparison and plan selection process, please visit the web address below:

http://cvtrust.org/products/healthcare_plans.php

WHY ARE COSTS SO HIGH FOR FAMILY COVERAGE?

Several factors have contributed to some of the family health plans being as costly as they are. First, we are moving to a 3-tiered price structure for the first time, putting employees who select family coverage into the position of paying higher rates than the "composite" or blended rates to which they've become accustomed. This switch moves our payment scheme away from a system that had single employees and couple subsidizing family coverage to one where rates are more closely tied to health care usage. Second, rates for dental coverage and vision coverage increased slightly over last year, and once again, they feature tiered pricing structures rather than a composite rate for premiums. Third, expectations might have been raised by the Association's claim last April that the "worst case scenario" would be a monthly payment of \$350 for family "Cadillac" coverage under Blue Cross. Those figures represented our best guess at the time using Fall 2006 data and using a 30% tax saving rate. Overall, the new health care language is a success for CTA members, reducing virtually everyone's monthly premium payment after IRS Section 125 deductions, and delivering tremendous savings to singles and couples. The system also increases the amount the college devotes to health care premiums.

HEALTH & PRESCRIPTION DRUG BENEFITS

Faculty will be able to choose from the 8 different health plans listed above. The plans range from high premiums, low costs for office co-pays and drugs to less expensive plans that have high deductibles and higher costs for prescription drugs. Whichever plan you select, the college will make a defined contribution of \$10,734.12 to pay for either the entirety of your costs or the bulk of your costs. Thus, full time faculty will receive the equivalent of \$1,073.41 each month to pay for a health care plan. Those selecting inexpensive coverage will get money added to their paycheck, while those selecting more expensive plans can pay the difference using an IRS-125 premium payroll deduction. For extensive descriptions of benefits, consult the CVT website listed above.

DENTAL BENEFITS

Faculty can choose to maintain the same dental coverage, with a new annual maximum of \$1,500 (up from \$1,000). This existing plan does not cover orthodontic expenses. CTA has selected a second dental option that is a 70/30 co-pay plan (and in some cases 60/40) for most basic procedures like cleanings, fillings, and crowns. This plan will also feature an annual cap of \$1,500, but the plan will also cover 100% of orthodontic work up to \$4,000 per year. Because of the larger co-pays, monthly premiums for the new dental plan will be slightly lower than the current plan.

VISION & EAP BENEFITS

The VSP vision benefit and the Employee Assistance Plan offerings will remain the same.

Look for more information in the near future from your CTA and the HR department. Our goal is to help you understand the choices available and help you make a decision that will meet your healthcare needs.

Matt Wetstein, CTA President