



July 19, 2016

Dear Faculty,

CCA negotiators and district officials recently reached a tentative one-year agreement regarding faculty health benefits based on the expectation that classified and management employees will join the larger SISC health insurance pool by fall. Today classified negotiators announced they reached an agreement last week with the district to join the pool. We expect management employees also will join the pool soon.

If union members and district trustees ratify these agreements, our district no longer will offer self-funded health benefits. Instead, under the CCA proposal, you will be asked to select one of six possible health plans offered through the SISC pool. The five SISC Kern pool health plans offered for working and retired faculty include the same benefits; it is the amount paid for deductibles, office visits, and prescriptions that varies. The sixth plan would be a low-cost HMO Kaiser option for those who live near a Kaiser center.

Faculty would join the SISC pool by Oct. 1 with changes starting Nov. 1

This change means many of us will start paying a portion of our health insurance costs through monthly payroll deductions beginning Nov. 1. Others may decide to choose a basic health care plan we have negotiated that provides the same benefits at no monthly cost to faculty other than co-pays and deductibles.

We realize most of our faculty opposed joining the SISC pool because we would give up the autonomy of being self-funded, and we must accept SISC pool-recommended changes to our benefits and premiums. That's why CCA proposed an option to stay self-funded to trustees last year. Trustees rejected CCA's proposal that employees and the district each contribute on a monthly basis to offset health costs and to remain self-insured because trustees believed the proposal was too expensive for the district.

We also explored the option of faculty staying self-funded on our own while classified and management joined the SISC pool. We learned that few groups would choose this option because small self-funded groups face higher risks of increased health costs should a few large claims occur. As you may recall from our June 12 update, faculty that split from the pool as self-funded at two school districts ended up going back to the pool because this split did not work out well.

CCA considered costs for faculty and retirees

While the prospect of paying for health benefits is disappointing, negotiators believe choosing a health plan you can afford in the SISC pool is a far better option than paying more for our current self-funded SISC health plan. If approved, the CCA proposal, which is a Memorandum of Understanding or MOU, would prevent the district from charging faculty for "excess premium costs" for our current health plan, per contract language. We estimate this cost at about \$425 a month, which most faculty and faculty retirees simply can't afford. (This price does not include adding to our dwindling health plan reserves fund, a fund that SISC recommends for any self-funded plan. If we contributed to the reserves, this estimated monthly amount would increase even more.)

Besides the cost of health benefits for working faculty, we considered the cost of benefits for faculty retirees on fixed incomes. Those over 65 already are paying for Medicare, and they told us loud and clear they simply could not afford a high monthly cost for their secondary health insurance. That's why under the proposed MOU, those faculty members who are over 65 and who retired after July 1, 1983 will be offered tiered-rate plans. Retirees under 65 will be offered the same plans and rates as faculty who are working. Those who retired before July 1, 1983 will continue to receive fully paid health benefits from the district, and they will receive a plan that provides 100 percent coverage, per contract language.

All faculty would be offered a range of six plans, five PPO plans from the Kern SISC pool and a low cost HMO Kaiser option, under the proposal. The district agreed to a slight increase in its contribution to offset health premium costs, and based on that, we can provide estimates of expected costs. (Actual costs of the plans will be included in the final version of the MOU that will be presented at CCA campus meetings in fall.)

Plans and estimated costs for working faculty and retirees under 65

SISC will offer two 100 percent plans similar to our current health care plan, with estimated monthly costs of about \$380 for the most expensive plan and about \$289 for the less expensive plan; two 90 percent plans, with estimated monthly costs of about \$185 for the most expensive plan and about \$123 for the less expensive plan; an 80 percent plan with no monthly out-of-pocket cost other than co-pays and deductibles; and the inexpensive Kaiser option for those who live near a Kaiser center.

Plans and estimated costs for working faculty and retirees over 65 who left after July 1, 1983

SISC will offer the same plans at tiered-rates for single, two-party, and families. If single, they can expect to pay no monthly out-of-pocket costs for any of the plans other than co-pays and deductibles; if two-party, the two 100 percent plans have estimated monthly costs of \$112 for the most expensive plan and \$92 for the less expensive plan, with no out-of-pocket costs for the two 90 percent plans or the 80 percent plan other than co-pays and deductibles. An inexpensive Kaiser option also will be offered for those who live near a Kaiser center.

The family rates for retirees on the tiered schedule are much more expensive, but we learned only one faculty retiree in the district now provides insurance for a dependent. At CCA's request, the district has agreed to work with this retiree to reduce the family's cost for insurance during the proposed MOU. (SISC officials said future retirees 65 or older with dependents could reduce health care costs by shopping for separate insurance for dependents so the retirees can qualify for the two-party or single plans with no monthly out-of-pocket costs.)

Plans and estimated costs for retirees who left before July 1, 1983

Retirees who left before July 1, 1983 will continue to receive fully paid health benefits from the district, and these retirees will receive a SISC plan that provides 100 percent coverage, per contract language.

Under the MOU, working faculty members who choose a more expensive plan would have payroll deductions done on a pre-tax basis; working faculty who choose a plan that costs less than the 80 percent plan would receive a monthly stipend for the premium difference.

Retirees who choose a more expensive plan would make monthly payments. They also can choose to opt out of the district's health insurance entirely to shop for their own insurance, and they may choose to re-enroll in the district's health insurance during the next open enrollment period, under the MOU.

CCA will continue negotiating health benefits for the next contract

This MOU would remain in effect from Nov. 1, 2016 to Sept. 30, 2017. In the meantime, CCA negotiators will continue bargaining health benefits this fall when we start negotiating a new three-year contract. As part of the MOU, the district has agreed to negotiate in fall the creation of a voluntary catastrophic leave bank for faculty who face serious illness; the district also has agreed to negotiate kin care provisions, so faculty members could use their own sick leave to take care of seriously ill children or relatives.

The MOU also states that any health reserves from the self-funded plan that remain once faculty members have moved to the pool would be applied as a one-time payout for faculty. Any payout for retirees would be deposited into the district's non-revocable account of the OPEB trust fund to help fund retiree benefits.

CCA will hold fall campus meeting on health plans

Since this is the first time faculty will have to select health plan options, we have scheduled meetings for working and retired faculty at each campus to explain the final MOU and the proposed pool plans. Following these meetings, faculty will be asked to sign-up for a plan by Oct. 1; failing to do so will result in working faculty receiving the 80 percent insurance plan by default. Retirees who fail to sign up for a plan risk being dropped from district coverage entirely unless they can show some type of extenuating circumstances.

These important campus meetings with CCA and SISC officials will be scheduled as follows:

BC: Tues., Aug. 30, in SPArC Indoor Theatre: 4-5 p.m. for faculty and 6-7 p.m. for faculty retirees. Wednesday, Aug. 31, in SPArC Indoor Theatre: 4-5 p.m. for faculty and 6-7 p.m. for faculty retirees.

CC: Mon., Sept. 12, in IWV LRC 604, KRV 5, Mam 228, and BIS 197: 12:30-1:30 p.m. for faculty. Fri., Sept. 16, in IWV LRC 604, KRV 5, Mam 228, and BIS 197: 10-11 a.m. for faculty retirees.

PC: Wed., Sept. 7, in Student Center Conference Room: 4-5 p.m. for faculty and 6-7 p.m. for faculty retirees.

We began this letter by explaining we expect classified and management employees to join the SISC pool by fall. If for some unexpected reason this does not happen, our proposal states CCA and the district will continue using interest-based bargaining to reach an agreement.

Only CCA members will be able to vote on this proposed MOU or on any other proposed changes in health benefits. If you are not already a member, we encourage you to join now so you, too, can have a say in your health insurance coverage.

Sincerely,

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