

Winter 2016

Ventura County Community College District Retirees' Association

# The Monitor

## Employee Benefits in Retirement: What You Need to Know

Ventura County Community College District began providing employer-paid lifetime insurance benefits in 1972 to full-time employees meeting age and years-of-service requirements. Beginning in 1977, collective bargaining agreements negotiated by AFT for academic employees and by CSEA (later, SEIU) for classified employees included contractual terms for providing retiree insurance benefits. Managers (and later, supervisors) received benefits in retirement under language in the *Managers Operations and Policy Manual* as approved by the VCCCD Board of Trustees.

In the early 1980s, community college district boards of trustees across the state were warned about the growing future costs of paying for lifetime benefits and were advised to begin setting aside reserves to pay for them and/or to begin modifying the commitment of retirement benefits for new hires in order to limit the liability for future costs.

By 1990, all VCCCD employee groups had the same promise of employer-paid lifetime medical, dental, and vision insurance benefits for employees who met age and years-of-service requirements. With collective bargaining agreements approved in 1990 and later years, the District's commitment to retiree benefits for new hires began progressively changing toward less costly alternatives. Beginning in 2000 for new administrative, supervisory, confidential and classified employees and in 2001 for new faculty members, the District limited retirement benefits to age 65 or earlier if retirement occurred before age 65.

### Retirees Covered by the Settlement Agreement

In 2005 the District pushed for substantial changes in the Anthem Blue Cross plan which would reduce premium costs to the District, but significantly increase out-of-pocket costs, especially for prescriptions, for employees and retirees. The VCCCD Retirees Association challenged the changes, effective July 1, 2005, on the basis of retirement-related collective bargaining language. When the District declined to meet with Association representatives and discuss their concerns, the Association hired a law firm and filed a class action lawsuit against the District on August 31, 2007.

The 455 members of the "class" consisted of eligible full-time employees who retired on or before August 31, 2007, but who were hired:

- on or before July 1, 1990 for faculty members,
- on or before July 24, 1990 for confidential and classified employees, or
- on or before August 8, 1990 for management and supervisory employees.

The lawsuit was eventually settled and approved in Ventura County Superior Court on January 8, 2010, and retirees in the above groups are covered by the Settlement Agreement.

For “Settlement Agreement” retirees (class members), VCCCD continues to pay the full premium for the “primary” medical plan – currently the Anthem Blue Cross PPO – and the dental and vision plans. There are some protections for deductibles, copays, and annual out-of-pocket maximums when plan design changes in the Anthem plan occur.

In addition, any class member who reached age 75 or older prior to June 30, 2013 has “locked in” the \$1,500 annual out-of-pocket maximum for in-network medical services and/or prescription drugs in the Anthem plan. Also, any class member who attains the age of 80 will lock in the then-current annual medical and prescription deductibles, annual prescription out-of-pocket maximum, and annual medical out-of-pocket maximum.

Those who pay more than the annual out-of-pocket maximum for said services in any fiscal year (July 1 to June 30) may apply to VCCCD for reimbursement of excess costs between July 1 and September 30 after the fiscal year. The medical, dental, and vision plans for retirees are the same as they had during their years of employment, except for any plan changes that are approved in negotiations between VCCCD and the AFT or the SEIU.

### Retired Faculty Not Covered by the Settlement Agreement

For faculty retirees hired on or before July 1, 1990 and who retired after August 31, 2007, the District will pay the full premiums for the primary medical plan and the dental and vision plans. Plan benefits are the same as they are for active faculty members.

For faculty retirees hired between July 1, 1990, and June 30, 2001, and who meet age and year-of-service requirements, the District will pay the full premiums for the primary medical plan and the dental and vision plans until age 65. At age 65, the dental and vision plans will continue in force, but the medical plan shall be replaced by Medicare Parts A and B and a Medicare supplement plan which provides comparable benefits. (NOTE: The District has not confirmed whether or not it is offering a Medicare supplement for retirees age 65 and over.)

For faculty retirees hired on or after July 1, 2001, and who meet age and years-of-service requirements, the District will pay the full premiums for the primary medical plan and dental and vision plans until age 65.

### Administrators, Supervisors, Confidentials and Classified (ASCC) Retirees Not Covered by the Settlement Agreement

For ASCC retirees hired on or before July 24, 1990 or August 8, 1990 (depending on job classification) and retired after August 31, 2007, and who meet age and years-of-service requirements, the District will pay premiums for the primary medical plan and the dental and vision plans.

For ASCC retirees hired between July 24, 1990 (or August 8, 1990) and June 30, 2000, and who meet age and years-of-service requirements, the District will pay premiums for the primary medical plan

and the dental and vision plans until age 65. At age 65, the dental and vision plans will continue in force, but the medical plan shall be replaced by a Medicare supplement plan when the retirees enroll in Medicare Parts A and B. (NOTE: The District has not confirmed whether or not it is offering a Medicare supplement for retirees age 65 and over.)

For ASCC retirees hired between July 1, 2000 and June 30, 2005, and who meet age and years-of-service requirements, the District will pay premiums for the primary medical plan and the dental and vision plans until age 65. At age 65, upon enrolling in Medicare Parts A and B, retirees have the option of converting to a Medicare supplement plan, with premiums paid by the retirees.

ASCC retirees hired on or after July 1, 2005 and who meet age and years-of-service requirements may continue to participate in the VCCCD insurance plans until age 65, with premiums paid by the retirees.

### Partial Premium Payments by Some ASCC Retirees

The collective bargaining agreement between VCCCD and the SEIU added the following language, effective July 1, 1994: **“Any modification to plans or contributions required of active employees shall be required of retirees.”**

The Board of Trustees has approved an annual cap of \$16,893 on the amount the District is willing to pay for the group insurance package. As of July 1, 2015, the combined premium cost of the Anthem medical and the dental and vision plans exceeded this cap. Consequently, ASCC retirees who retired on or after July 1, 1994, have been required to make up the difference by paying monthly premiums in the amount of \$81.19 per month for the months of July 2015 through June 2016. Retirees must remit payment prior to the start of each month by personal check or credit card. Those who pay by credit card must fill out and send in the credit card authorization form *each month*.

The VCCCD Retirees Association has discussed the premium charge with District staff and consulted with the attorney who represented the Association during the “Settlement” process. The attorney has confirmed that the District is within its rights to assess the monthly premium charge.

ASCC retirees not covered by the Settlement Agreement constitute the only group affected by the monthly premium charge. **No AFT contract language authorizes such a “contribution,” so retired faculty are exempt from premium payment responsibility.**

### Surviving Spouses and Domestic Partners of Retirees

When a retiree passes away, group medical, dental, and vision coverage for the spouse or domestic partner continues for a grace period of up to 30 days. Under the federal COBRA law, spouses and domestic partners have the option of retaining the District’s group insurance plans if they pay the premiums themselves. This can be very expensive, costing over \$17,000 per year, and is not well understood by many retiree families. Therefore, it is prudent to plan ahead for this eventuality

### All Eligible Retirees

When VCCCD offers an alternative to the primary medical plan, eligible retirees may choose that

plan. However, if the alternative plan charges higher premiums, retirees must pay the cost difference between the two plans.

### Hospital Emergency Room Use

For ASCC retirees, the Anthem plan charges a \$100 copay for using the hospital emergency room as an incentive for members to use Urgent Care or less expensive options in medical situations that do not require emergency services. The copay is not charged if the emergency room visit results in an overnight hospital stay. For faculty retirees, the Anthem plan does not charge any copay for hospital emergency room use. ASCC retirees who are covered by the Settlement Agreement can apply for VCCCD reimbursement of the \$100 copay during the annual reimbursement period.

When an overnight hospital stay is required, all retirees are urged to make sure its purpose is for “medical treatment” and not for “observation.” Why? Because if the hospital designates the stay is for “observation,” the \$100 emergency room copay still applies to ASCC retirees. Also, Medicare will not reimburse for hospital costs incurred during “observation.”

### In-Network Hospitals and Out-of-Network Doctors

Primary care physicians seldom coordinate their patients’ care in the hospital. As a result, the primary care physicians are completely detached from hospital care and communication with doctors who see their patients. The new paradigm is for hospitals to contract with “hospitalists” to serve as physicians for their patients. These contracted doctors are used both for emergency room services and for ongoing medical treatment after admission. The hospital may be in the Anthem or Kaiser network, but the hospitalist physicians may be out-of-network. Contracted physicians bill for their services separate and apart for the hospitals. If the doctors are out-of-network, the member’s out-of-pocket costs will be greater. Retirees should do their best to make sure doctors treating them in the hospital are in-network physicians. Be sure to ask!

### Anthem-Covered Physical Therapy Treatment

Retirees received a letter from Anthem Blue Cross dated September 1, 2015, stating that Anthem would be outsourcing its authorization and claims payment responsibilities for physical and occupational therapy to a company called OrthoNet, to become effective November 1, 2015. Subsequently, Anthem has decided to postpone the start date for OrthoNet until sometime in 2016. To date, Anthem has not notified any retirees in writing of these changes.

VCCCD retirees are understandably wary of Anthem’s outsourcing approach. Anthem’s outsourcing of chiropractic claims services to a company called ASH (American Specialty Health) in 2013 was a disaster for chiropractors and patients alike. The VCCCD Retirees Association, working with VCCCD and Keenan & Associates, was successful in persuading Anthem to dissolve its contract with ASH and to reprocess claims going back to May 2013.

If and when Anthem’s outsourcing to OrthoNet is implemented, the VCCCD Retirees Association will monitor members’ experience and communicate with the District as appropriate.

# Membership Report

BY DON MEDLEY

**Please join me in welcoming our valued colleagues to the VCCCD Retirees Association and in wishing them a long and satisfying retirement.**

Constance Baker  
Mary Fledzinskas  
Lynda E. Smith

Ventura College  
District Office  
Ventura College

Elizabeth Doyle  
Kathy Marcus

District Office  
Ventura College

**WE NEED ADDRESSES, TELEPHONE NUMBERS, and/or E-MAIL ADDRESSES FOR THE FOLLOWING PEOPLE. If you can help, please call Don Medley at 805-482-8761 or email to [don.medley@verizon.net](mailto:don.medley@verizon.net). Thank you!**

Robert Anderson  
Susan Carter  
Paul Conley  
Lucia Haro  
Jesus Loza-Medina  
John Roach  
Carmen S. Taylor  
Sue Wall

Rebecca Anderson  
Raymond Centeno  
David Farris  
Alberta Holbrook  
Barbara Ann Michels  
Danny Robison  
Mary Taylor-Parr  
Ernest Williams

Elizabeth Bowker  
Linda Chapman  
Joan Faskin-Johnson  
Marjorie E. Imbach  
Terry Pardee  
Charles Rockwell  
Louise Triplett  
Mary Zacharas

Barbara Brown  
Dominga Chavez  
Virginia George  
Carla Kramer  
Robert Renger  
Joan Smith  
Anna Marie Valle

**Look for us on the Web at**

**<http://www.vcccdra.org>**

**In Memoriam**

*We honor the memory of our departed colleagues and extend our sincerest condolences to their families, friends, and associates.*

Mayo de la Rocha  
Ben G. Matley  
Don A. Villeneuve

Lynn Knipping Vickers  
Donald D. Paillette

**2015-2016 Executive Board**

**René G. Rodriguez, President**

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**Gary Johnson, Benefits Committee Chair**

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