



## **Frequently Asked Questions About a Possible Move to CalPERS for Benefits Starting in January 2017**

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### **Big Picture Questions**

#### **Is this possible switch just about BENEFITS or does this affect our RETIREMENT PENSION as well?**

This is only about medical benefits. It does not change anything about our retirement pension benefits (which for most teachers come through STRS). Teachers would continue to be in STRS for retirement.

#### **Are there other large purchasing pools we can consider? Is there a CFT pool? An Alameda County pool?**

There are a limited number of large purchasing pools. The main ones are SISC, CVT and CalPERS. SISC is not interested in “bidding” for BUSD employees and CVT is not a good fit for us. That is why we are currently exploring the CalPERS option in depth. CFT and Alameda County do not have purchasing pools because purchasing pools only make sense with millions of covered employees, not thousands.

#### **Does this have anything to do with what Union we are part of?**

No, this is only about a possibly larger purchasing pool for benefits. Any public sector employer can join CalPERS to be their purchaser of benefits.

#### **Would this change the employer contribution to benefits up to age 65 and then after age 65? How does joining CalPERS for benefits change things when we retire? If we join CalPERS can retirees get supplemental insurance from CalPERS in addition to Medicare?**

If BUSD makes the decision to provide medical benefits through CalPERS the District would be required to make a minimum employer contribution for all eligible retirees for the life of the retiree. Eligibility is defined in the relevant Collective Bargaining Agreement. Retirees would be required to enroll in Medicare, as they are now, and could purchase supplemental insurance through CalPERS (such as a “senior advantage” plan). The cost to the retiree for supplemental insurance would be lower due to the employer contribution for eligible retirees.

#### **Are there other small districts in CalPERS or considering joining CalPERS?**

We have no way of knowing this, but we have researched other districts that have made the decision to provide medical benefits through CalPERS. Most joined in order to be part of a larger purchasing pool as an effort to try to contain costs. Some joined in order to have more choices of insurance carriers.

**If we join CalPERS is the switch to a CalPERS plan mandatory?**

Yes, all BUSD medical benefits would be provided through CalPERS. All employees would be required to re-enroll in benefits some time in the fall of 2016.

**What do we know about a possible ballot initiative to establish Single Payer healthcare in California?**

Current polling suggests that the earliest this could be put on the ballot would be 2020.

**By when does the BUSD School Board need to make this decision if the goal is to switch to CalPERS as of January 1, 2017?**

The School Board needs to make this decision by August 1, 2016.

**Cost Questions**

**If we switched to CalPERS for benefits as of January 1, 2017 would the PREMIUM (the total cost per month) be lower than if we stay with our current providers?**

We will know the premium increases for all of our current plans, and for all CalPERS plans for 2017 as of June 2016, and this information will be factored in to this decision. However, a decision needs to be made based on overall trends, not any one year's data. Based on current trends the BUSD Kaiser plans will cost more than the CalPERS Kaiser plans in 2017. Rates for CalPERS plans are increasing, but not as steeply as the BUSD rates for Kaiser and Health Net are increasing.

**If we switch to CalPERS for medical benefits, will the PREMIUMS (total cost per month) go down, or will they just not go up as steeply?**

The hope is that they will not increase as steeply. Due to our profit-based healthcare system in the United States premiums will continue to increase in any scenario.

**In the materials it mentions "higher administrative costs". What does that mean?**

There would be both savings and increased costs if we join CalPERS for medical benefits. The cost of the benefits consultant that negotiates with the carriers on behalf of BUSD would reduce by \$48,000 per year. However, BUSD would also pay an administrative fee of about \$55,000 per year to CalPERS.

**If CalPERS is more expensive now for some plans, why are we considering this switch for 2017? Why not wait until it would save us money?**

The trend lines for premium increases indicate that CalPERS Kaiser plans will have a lower premium increase in 2017 than BUSD plans, and will cost less per month overall. We will look at actual rates for 2017 before making this decision.

**Why have CalPERS premiums (total cost per employee per month) been higher than the premiums for BUSD plans (at least prior to this year)?**

It is impossible to say exactly why this has occurred. There may be higher utilization of benefits by employees in CalPERS. In addition, the CalPERS Kaiser plans, in

general, provide more benefits than the current BUSD plans (for example, the office visit co-pay is lower than one of our Kaiser plans). The premiums for the NON-Kaiser plans offered through CalPERS are generally significantly lower than those of the current BUSD Health Net plans.

## **Plan Feature Questions**

### **If we join CalPERS, would the NON-Kaiser plans have deductibles?**

There are non-Kaiser plans available through CalPERS that do NOT have deductibles.

### **Are there significant differences between our CURRENT Kaiser plans and the Kaiser plans offered by CalPERS (in terms of co-pays, deductibles, coinsurance, etc.)? Would there be a deductible on the CalPERS Kaiser plans?**

In terms of basic plan elements, no, there are not significant differences. The Kaiser plans offered through CalPERS do NOT have deductibles. We are researching to see if there are significant differences in non-basic plan elements (infertility treatment, vision services, etc.) and will provide more information.

### **What happens to our Kaiser office visit co-pays if we go to CalPERS for benefits?**

With CalPERS the office visit co-pay for employees in Kaiser is \$15, so for some BUSD employees this co-pay would stay the same (people on Kaiser High) and for some BUSD employees this co-pay would be reduced (people on Kaiser Low).

### **Are there significant differences between our CURRENT Non-Kaiser plans (Health Net) and the Non-Kaiser plans offered by CalPERS (Health Net SmartCare, Anthem, Blue Shield, UnitedHealthcare)?**

The main difference is likely to be the make-up and breadth of the provider networks. The Health Net network is very broad. In addition, there may be differences in the vision benefits and the ability to get a 100-day supply of medications.

### **If we join CalPERS for benefits will people who are Kaiser members be able to stay in Kaiser?**

Yes.

### **If we join CalPERS will employees have a menu of medical benefits options similar to our current menu?**

The menu is actually larger as CalPERS offers many more NON-Kaiser plans, and these plans are more affordable than current BUSD non-Kaiser plans.