

A Successful Partnership for Health Care Quality and Benefit Cost Control

# Partnership



[www.vebaonline.com](http://www.vebaonline.com)  
619-278-0021

# Southern California Schools Voluntary Employees Benefits Association

The Southern California Schools Voluntary Employees Benefits Association (VEBA) began operations in 1993 as a cooperative labor-management trust program committed to achieving the highest-quality and most cost-effective benefits programs for all education employees. That commitment is still central to our mission today.

Through the unity of design, purchase, and administration, trust participants have control over quality of care and cost. With labor and management joining forces, the trust has more negotiating power with providers than small, individual districts or bargaining units could ever attain.

The Southern California Schools VEBA dominates the regional areas it operates in. Total participation in the trust includes 30 districts, one association, and a county office of education. The trust serves 39,000 employees and 47,000 dependents, for a total participation of 86,000 members.

## Information

For more information, contact the VEBA Ombudsman, Bob Whiting, at 619-278-0021 or [bwhiting@vebaonline.com](mailto:bwhiting@vebaonline.com).

# VEBA

## THE VEBA ADVANTAGE

In today's health care climate of medical group closures and bankruptcies, changing physician affiliations, insurance carrier consolidation, reduced competition, and carrier attempts to set double-digit premium increases, the need for Southern California Schools VEBA is at an all-time high.

The VEBA trust offers school districts and employee associations the structure to provide control over various benefit problem areas and issues. Benefits trusts continue to positively influence the quality of care delivered by contracted carriers and their providers. The VEBA trust helps members attain superior health care choices, rate stability, portability, affordability, and quality for education employees.

## HOW THE VEBA WORKS

The Southern California Schools VEBA is an excellent example of how labor and management can work together to develop effective, proactive initiatives to provide control over many areas that are typically problematic to districts or employee associations on their own. The Board of Directors includes 12 voting members — six representing labor and six representing management — and four alternates. Voting is by consensus blocks — one vote for labor and one vote for management. The Board chair and vice-chair rotate annually between management and labor.

The VEBA trust does not participate in the collective bargaining process. Policies and procedures are established in areas required to comply with legal, contractual, or sound actuarial advice.

The Southern California Schools VEBA policy is based on the following beliefs:

- Health care contributions for participating members should be reasonably affordable.
- Employers who pay the full or nearly full cost of benefits should pay a lower rate.
- High health plan participation helps to spread the risk.
- Districts and bargaining units with low health plan participation may hurt the trust's pool and, therefore, may not be appropriate candidates for VEBA participation.

A district or association may terminate participation in the VEBA by giving written notice no later than 60 days prior to the end of the current plan year. Once participation is terminated, a district or association is prohibited from reapplying for VEBA membership for a period of three years. It is also the VEBA's policy not to release any claims history data for an individual district or association.

# ADVANTAGE

## EMPLOYER CONTRIBUTION REQUIREMENTS FOR PARTICIPATION (effective January 1, 2009)

Effective January 1, 2009, Southern California Schools VEBA has established the following employer contribution requirements for rates and plan availability.

- Districts and bargaining units must agree to a district contribution equal to a minimum of 65% of the family premium (for full-time, active employees) for any HMO or POS plan chosen to be offered in the benefits program.
- Districts that pay the minimum 65% of the family premium (for full-time, active employees) may choose to offer only one Kaiser plan and one non-Kaiser HMO plan.
- Districts and bargaining units that pay more than 65% of the family premium (for full-time, active employees) may choose to offer a more diverse mix (HMO and POS) of VEBA plans.
- Direct incentives will be offered to improve employee benefit risk practices by providing premium discounts for districts and bargaining units that negotiate higher employer contributions and comply with all underwriting policies.
- There is a negative premium impact for employers that have non-grandfathered cashout programs in place.
- Districts or bargaining units that fail to comply with the underwriting policies, and who are not actively working to come into compliance with those policies, will have an additional percentage loaded to premium rates.
- Bargaining units will be rated on their individual contribution levels so it is possible for individual bargaining units to have different premium rates within the same district. (It will be possible for bargaining units within a single district to have different premium rates for identical benefits if they have negotiated different contribution levels.)

The total premium rate for a district or bargaining unit is based on the following three factors that determine the assigned rate tier.

1. The percentage of the family premium paid by the district or bargaining unit for a non-Kaiser HMO plan.
2. Whether or not the district or bargaining unit pays cash or other benefits if employees waive all or part of medical coverage for themselves or dependents.
3. The percentage of active employees enrolled in non-Kaiser plans (HMO and POS combined).

Please refer to the following pages for additional VEBA policy relating to which plan elements may and may not be negotiated in collective bargaining.



# PARTICIPATE

## VEBA POLICIES AND UNDERWRITING RULES APPLICABLE TO COLLECTIVE BARGAINING

### Effective date of coverage

**Negotiable:** Initial period of time before employee is eligible to participate in health plan coverage; the effective date of coverage for a new spouse also may be bargained

**Non-negotiable:** Regardless of the length of the initial eligibility period, enrollment must occur within 31 days of becoming eligible

### Open enrollment

**Negotiable:** Extended or additional open enrollment periods may be granted under certain circumstances with approval of VEBA Board of Directors Co-Chairs

**Non-negotiable:** At least one annual open enrollment must be held

### Dependents

**Negotiable:** Definition of full-time student to age 23, 24, or 25, or IRS dependent status to age 25

**Non-negotiable:** Dependent definitions and eligibility for coverage

### Retroactivity

**Non-negotiable:** Employee and/or dependents cannot be retroactively enrolled in a plan beyond 60 days of initial date of eligibility; employee and/or dependents cannot be retroactively terminated from a plan beyond 60 days

### Uniform coverage

**Negotiable:** Eligibility conditions (e.g., working 50% or full time)

**Non-negotiable:** Employees must meet district or unit bargained eligibility

### Domestic partner coverage

**Negotiable:** Offering coverage for domestic partners

**Non-negotiable:** Procedures for enrolling domestic partners

### Retiree coverage

**Negotiable:** Eligibility, amount of district or unit contribution for coverage (if any), VEBA plans offered, and pooling arrangements

### Termination of coverage

**Negotiable:** Provisions for termination and dates of termination for employee and dependent coverage

### School board members

**Negotiable:** Offering coverage for school board members

**Non-negotiable:** Eligibility rules must be same as for district's or at least one bargaining unit's active employees

### Plan design

**Negotiable:** VEBA plans selected by bargaining unit

**Non-negotiable:** Underwriting requirements, menu of plans offered by VEBA, and plan design elements (e.g., carve-out arrangements, amounts of copays, deductibles, coinsurance, etc.)

### Non-VEBA plans

**Non-negotiable:** VEBA plans must be the exclusive health care plans offered within the district or bargaining unit

### Cashouts and waivers

**Non-negotiable:** Employees may not take cash or receive annuity contributions in lieu of benefits or waive out of the benefits program for any incentive

### Fees and payments

**Non-negotiable:** Administrative fees, payment schedules, and premium amounts set by VEBA

### VEBA by-laws

**Non-negotiable:** Provisions set forth in the VEBA by-laws

## Information

Visit [www.vebaonline.com](http://www.vebaonline.com) to access a detailed Administrative Policies and Procedures document. From the home page, click "About VEBA," then "Trust Documents."

## HOW TO REQUEST A PROPOSAL

To receive a proposal and additional information regarding participation in the Southern California Schools VEBA, the first step is to complete the VEBA Prospect Information form located in this brochure.

### The following must be submitted with the completed Prospect Information form:

**Census** (in electronic Excel format), which must include:

- Date of data
- Gender, date of birth, dependent status, and home ZIP code
- Number eligible, number enrolled, and plan employee enrolled in
- Employee status: must show hourly vs. salaried, active vs. retired, COBRA, and bargaining unit designation
- For life insurance quote, include salaries and supplemental life participation/amounts of coverage by type

### Description of current benefits

- Booklet, plan document, schedule of benefits, etc.

### Rate history (two years)

### Monthly experience and enrollment (two years)

- Based upon the information submitted, a proposal will be prepared by the Southern California Schools VEBA general manager and plan administrator

### The proposal will include the following information:

- Rates
- Quoted services
- Plan designs and benefits
- Sample contract
- Sample reports and forms

When the proposal is ready for presentation (which usually takes about two weeks), a meeting will be scheduled. Those with November 1, December 1, or January 1 renewals should submit information in the spring in order to allow adequate time for VEBA to prepare a proposal and an informed decision to be made.

### Information

Visit [vebaonline.com](http://vebaonline.com) for more information about the benefits of membership.

# JOIN

## VEBA PROSPECT INFORMATION

### Contact Information

|                         |                            |
|-------------------------|----------------------------|
| Date submitted          | Effective/anniversary date |
| District or association |                            |
| Address                 |                            |
| Contact name            | Title                      |
| Contact information     | E-mail                     |
| Telephone               | Fax                        |

### Census Information

|                               | Medical | Dental | Vision | Supplemental life |
|-------------------------------|---------|--------|--------|-------------------|
| Total eligible employees      |         |        |        |                   |
| Total enrolled employees      |         |        |        |                   |
| Total enrolled lives          |         |        |        |                   |
| Total COBRA                   |         |        |        |                   |
| Total early retirees (pre-65) |         |        |        |                   |
| Total retirees (post-65)      |         |        |        |                   |
| Total part-time               |         |        |        |                   |
| Total union                   |         |        |        |                   |

### Number of Waivers with Coverage Elsewhere

\_\_\_\_\_ Medical    \_\_\_\_\_ Dental    \_\_\_\_\_ Vision

Total HMO participation \_\_\_\_\_ % of total enrolled in all medical plans

Male/female ratio \_\_\_\_\_

## Current Benefit Plans

| Type of coverage | Covered lives | Carrier/TPA | Number of years | Funding  |
|------------------|---------------|-------------|-----------------|--|
| Example: HMO     | 256           | Kaiser      | 4               | <input checked="" type="checkbox"/> Fully insured<br><input type="checkbox"/> Self-insured<br><input type="checkbox"/> Other |
|                  |               |             |                 | <input type="checkbox"/> Fully insured<br><input type="checkbox"/> Self-insured<br><input type="checkbox"/> Other            |
|                  |               |             |                 | <input type="checkbox"/> Fully insured<br><input type="checkbox"/> Self-insured<br><input type="checkbox"/> Other            |
|                  |               |             |                 | <input type="checkbox"/> Fully insured<br><input type="checkbox"/> Self-insured<br><input type="checkbox"/> Other            |
|                  |               |             |                 | <input type="checkbox"/> Fully insured<br><input type="checkbox"/> Self-insured<br><input type="checkbox"/> Other            |
|                  |               |             |                 | <input type="checkbox"/> Fully insured<br><input type="checkbox"/> Self-insured<br><input type="checkbox"/> Other            |

May we contact the current broker/consultant?  Yes  No

Broker/consultant name \_\_\_\_\_ # of years \_\_\_\_\_ Phone \_\_\_\_\_ E-mail \_\_\_\_\_

Broker of record?  Yes  No Commission \_\_\_\_\_ (% or \$ amount)

## Employer Contributions

| % or \$ amount | Employee | Employee + dependents | Family |
|----------------|----------|-----------------------|--------|
| Medical        |          |                       |        |
| Dental         |          |                       |        |
| Vision         |          |                       |        |



## Claims Information

Please answer the following questions to the best of your knowledge. Give details to questions answered YES in the space below.

- A. Have any claims greater than \$50,000 been paid in the last 12 months?  Yes  No
- B. Within the past 12 months, has any employee or dependent had a serious continuing claim due to a mental or physical disorder? (i.e., chronic or ongoing condition likely to cost \$50,000 or more per year for treatment)  
 Yes  No
- C. Number of employees or dependents currently pregnant? \_\_\_\_\_

If you answered YES to question A or B, please provide the following information for each individual with a serious chronic or ongoing condition. Use an additional sheet if necessary.

- Employee or dependent \_\_\_\_\_
- Gender \_\_\_\_\_
- Age \_\_\_\_\_
- Nature of condition \_\_\_\_\_
- Dates of treatment \_\_\_\_\_
- Name of medication \_\_\_\_\_
- Dollar amount of prior claims \_\_\_\_\_
- Prognosis/current treatment \_\_\_\_\_

**Return completed form and all required information to:**

### VEBA Advocacy Programs

ATTN: VEBA Ombudsman  
8885 Rio San Diego Drive  
Suite 327  
San Diego, CA 92108

**Fax:** 619-278-0024

**E-mail:** [bwhiting@vebaonline.com](mailto:bwhiting@vebaonline.com)

Please call 619-278-0021 if you have any questions when completing this form.