JLMBC Health Benefits Committee

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Board Accepts JLMBC Medical Plan Recommendations

On April 30, 2003, the Los Angeles Community College District's Joint Labor Manage ment Benefits Committee (JLMBC), which had been charged with restructuring em ployees' medical plans to help scale back an expected $8 million increase in premi ums, made its plan change recommendations to the Board of Trustees, as mandated by the Master Benefits Agreement. The trustees unanimously approved the plan modifications.

With medical costs rising sharply across the country, the committee, which is made up of representatives from each employee group covered by the plans, has been meeting since last fall to study various options to help bring down costs. The Master Agreement required that either the JLMBC find ways to mitigate health care costs or plan change decisions would revert to the Board of Trust-ees.

From the start the committee had three priorities: preserving plan choice, no employee pay-roll contribution toward premium, and protecting lifetime coverage for employees and dependents. After hiring a health care consultant, meeting with health care company representatives and studying many options, the committee decided plan changes must start with the most popular and expensive plan, the Blue Cross Classic plan. The new plans call for merging the Blue Cross Clas-sic and Plus plans into a single Blue Cross PPO, or for those who prefer a plan without a de-ductible – a Blue Cross HMO. Therefore, the two new Blue Cross plans are:

The committee has worked and will continue to work very hard to come up with changes that accommodate everyone and lessen the pain of the proposed increases.

- Blue Cross PPO, which preserves member-managed care in the extensive Blue Cross network with 100% coverage in network and 80% coverage out of network and a $200 per individual annual deductible (maximum $600 per family). Employees are protected by an out-of-pocket maxi-mum of $1,000 per individual for services received by non-network providers.
- Blue Cross California Care, which preserves 100% coverage, with no annual deductible and a $5 co-payment structure in an HMO format.

"Employees in the LACCD retain life-time health benefits for themselves and their eligible dependents - this is a huge accomplishment in the face of rising medical inflation. The leadership of

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Generic Drugs: High Quality without High Cost

If everything we bought were made the way generic drugs are, we might have a enough money left over to take that dream vacation – every year.

Generic drugs are manufactured in the same way that brand-name drugs are, often by the same manufacturers, using the same active ingredients, the same dosage form, and having the same effect. Their quality is held up to the same stringent Food and Drug Administration (FDA) standards as their brand-name equivalents.Their cost, however, is a fraction of the price of brand-name drugs.

Generic drugs have become so popular in recent years, they accounted for 42 percent of all prescriptions dispensed in 2000, according to the Generic Pharmaceutical Association. That same year, the average price of a prescription dispensed with a generic drug was $19.33 while a brand name prescription was $65.29 – more than three times more.

How do they do it?

"The FDA approves generics just like they do the brand-name product," says Kathleen Johnson, PhD, PharmD, associate professor in the Department of Pharmacy and Pharmaceutical Economics and Policy at the University of Southern California School of Pharmacy, "but the manufacturer who makes the generics does not have the research and development costs of developing the product." That's where the cost savings lie.

Not only do generic drugs save consumers an estimated $8 billion to $10 billion a year at retail pharmacies, according to the Congressional Budget Office, but they also save employers a bundle. Skyrocketing pharmaceutical costs have made many employers edgy and looking to reduce benefits; substituting generics for brand names is a cost-effective way to save money while retaining quality of care. "The trend by health plans is to try to make the premium dollar go as far as it can by allowing pharmacists to substitute when they fill a prescription," Johnson says. "Your premium then does not have to go up as often." As a pharmacist, Johnson says she prescribes generic drugs regularly to her customers, and she does not hesitate choosing generics for her own family.

Generic drugs are held to the same stringent FDA standards as their brand-name equivalents.

People concerned about having their prescriptions filled with a generic equivalent of a brand-name drug need not fear that generics are somehow deficient in quality compared to the brand names. "They are rated by the FDA and are rated equivalent," Johnson says.

Generic drugs are created after the patents on the original brand name drugs have expired. Drug firms manufacture original brand names under a patent, which protects their research and development investment by giving them exclusive rights to sell the drug as long as the patent is in effect. When the patent nears expiration, drug manufacturers

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"The board's unanimous vote on the JLMBC's recommended changes was a recognition of all the hard work the committee did. These changes are essential to save our health care plans."

– Rosemary Bowman, SEIU Local 99

Brand name drugs, which represented 58% of all scripts written in 2000, consumed 92% – or $129.7 billion – of the total retail cost of prescription drugs that year.

How Will My Health Plan Change After This Fall's Open Enrollment?

How will my Blue Cross Classic or Prudent Buyer Plan change?

The Blue Cross Classic plan will be merged with the Prudent Buyer Plus plan into a new Blue Cross PPO that will have a $200 per individual annual deductible. Families containing four or more persons will have to satisfy no more than three annual deductibles before the plan covers 100% of medical expenses incurred using network providers. If non-network providers are used, the plan will continue the same 80% coverage level as the current Prudent Buyer Plus plan.

What if I want to remain in a Blue Cross program but wish to minimize my out-of pocket expenses?

"California Care" (a Blue Cross HMO) will provide 100% coverage with no deductible and a $5 office visit co-payment. The plan has been customized for the LACCD, and has many coverage upgrades (e.g. free well-baby care). You will have an opportunity to learn the details of this plan during open enrollment.

How will my Blue Cross prescription drug coverage change?

The Blue Cross pharmacy program will continue to have the same generic and brand co-payments as last year ($5 for generic, $15 for brand). What will be different is the addition of a $35 co-payment for drugs which are not on the Blue Cross formulary. The formulary contains several thousand drugs. If your Blue Cross physician agrees you should take a drug which is not on the formulary, he or she may indicate so on the prescription form, and then you will not be required to pay the $35 co-pay.

I am a Kaiser enrollee. How will my Kaiser coverage change?

Kaiser members will pay a $5 office visit co-pay for each physician visit. Kaiser is encouraging its members to use its Urgent Care Centers. A $50 emergency room co-pay will be imposed for emergency services that could have been handled in the Urgent Care Center. The Kaiser prescription drug co-payment

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Open Enrollment August 11-29

*Open Enrollment for all LACCD health plans will be held August 11-29. All active and retired employees **MUST** respond. Materials will be sent to the home address you have on file with the district. If you will not be home at any time during open enrollment, contact:*

Benefits Service Center

Mon. - Fri. 8:30 am - 5 pm (800) 842-6635

Blue Cross HMO Rated "Excellent"

The National Committee for Quality Assurance (NCQA), a private, non-profit organization dedicated to improving health care quality for consumers, gave a rating of "excellent" to the Blue Cross HMO in 2003. NCQA has been reviewing health care organizations for the public since 1990.

Board Approves

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all the unions who worked so hard on the JLMBC this year have done an outstanding job," said JLMBC Chair Susan Aminoff.

The committee has worked and will continue to work very hard to come up with changes that accommodate everyone and lessen the pain of the proposed increases, noted Aminoff. "We took apart the off-the-shelf plans Blue Cross offered us and customized them for our members so we get maximum benefit. These are tough choices we have to make. But these are tough times and everyone across the country in every industry is affected. We are not immune."

Generic Drugs

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are free to apply to the FDA to sell generic versions.

In almost 50 percent of cases, firms produce the generic drugs for the brand-name products they originally developed. In the other 50 percent of cases, the facilities dedicated to producing generic drugs must meet the same production standards as the brand-name manufacturers. The FDA conducts about 3,500 inspections a year in all drug-manufacturing firms to ensure that standards are met.

If cost saving is not motivation enough to choose generics, however, a patient may speak with his or her doctor or pharmacist to allay concerns about generic drug effectiveness, says Elizabeth Benne, RN, BSN, MA, director of the student health center at Los Angeles Pierce College.

"If a patient feels that a generic is not as successful as the name brand, they can talk to their physician about it," Benne says. In her experience, however, she has found generics to be just as effective as brand names. "I have not heard of any complaints," she says.

All other things being equal, the biggest benefit to using generics is the cost savings. "We stock only generics," Benne says. "We can't afford to bring in the name brands."

Of course, if a brand name is the only drug available for a medical condition, the physician is free to prescribe it, even if the medication is not on the health plan formulary. Patient care is always the primary concern, and whichever drug is most appropriate will be the one the physician chooses to prescribe.

Health Plan Changes

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structure will be $5 for generic and $15 for brand.

I am currently enrolled in CIGNA. Will I be able to re-enroll in the CIGNA program during open enrollment?

The CIGNA program is being discontinued, as membership in this plan continues to decrease. CIGNA members must choose another health plan option. Note: many of the physician groups in the CIGNA network are also in the Blue Cross HMO network.

I am a retiree already paying a Medicare deductible. Do I also have to pay a Blue Cross deductible?

No. The $200 Blue Cross deductible is waived for retirees over 65 in Medicare.

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JLMBC meetings are further enriched by the regular contributions of retirees Ethel McClatchey, Caquese Chaffin and Bonnie Easley, as well as of Board of Trustees member Mona Field.