

AGENDA ITEM

133 MARCH

DATE: February 21, 2013

TO: Members, Member Oversight Committee
Members, Board of Trustees

FROM: Pam Wilson, Interim Senior Director, Office of Education
David Coher, Chair, Committee on Group Insurance Programs
Ruben Reyes, Member, Committee on Group Insurance Programs

SUBJECT: Proposed State Bar Sponsored Health Care Program

EXECUTIVE SUMMARY

The Committee on Group Insurance Programs (COGIP) requests Board approval to establish a State Bar sponsored Health Care Program to assist members in securing comprehensive and cost effective health insurance coverage in California. Board members with questions about the proposal may contact Pam Wilson at (415) 538-2395 or Pam.Wilson@calbar.ca.gov.

BACKGROUND

Founded in 1953, COGIP is composed of attorney members with expertise and experience in insurance and insurance law, in dealing with brokers and insurance carriers and in understanding insurance policies and the business aspects of insurance particularly group and/or association plans. The Committee acts as a counselor and advisor to the Board of Trustees. Currently, COGIP oversees State Bar sponsored insurance programs including Life, AD&D, Workers' Compensation, Long Term Care, Disability, and Auto & Homeowner's.

In evaluating new programs, COGIP considers several factors: (1) assuring that the product is aligned with the insurance market; (2) the financial strength of the insurance broker or carrier; (3) the breadth of the insurance coverage; (4) the reputation for professional service of the broker; and, (5) that the benefits are tailored to State Bar members' needs.

The Board of Trustees' Long-Range Strategy, Goal 3, directs the Bar to "provide a wide array of services and benefits to members that meet their professional development, business, and personal needs." COGIP has aligned its work with this goal by identifying and administering State Bar sponsored insurance programs. According to the goal, the Bar shall "investigate and – where feasible, cost effective, and in the interest of the Bar and of the profession – implement Bar "sponsored" services and products to be available to Bar members."

ISSUE

During the 1990's, legislative action, the introduction of mass-market managed care, and other changes to the regulation of health care, affected the industry's ability to provide attractive group insurance programs in California. As a result, the State Bar is unable to compete with healthcare products broadly available to all firms and individuals, or price alone. Nevertheless, there remains an overwhelming request by the membership for assistance in finding adequate coverage. In light of the current health care reforms, including the Affordable Care Act, members are requesting assistance to navigate and understand the health care insurance market ever more frequently.

In response, COGIP endeavored to address this need and, in late 2011, published a Request for Proposal (RFP) for an association Healthcare Benefits Program Administrator. The RFP was for a dual award to identify more than one broker to address members differing needs. The RFP Evaluation Committee, made up by members of COGIP, has received, reviewed, and scored the bids. Among the five submissions, two brokerage firms were found to be equipped to adequately address the membership's divergent needs.

DISCUSSION

COGIP's primary goals for this program are to make available (or provide access) to sponsored brokers who can assist State Bar members and their families quality health insurance products with sufficient benefits and to do so conveniently and at better terms than they could generally otherwise obtain on their own.

The Program Administrators will assist members residing throughout California to secure comprehensive and cost-effective health insurance coverage. The selected Program Administrators would coordinate and administer these programs directly with the members and will be licensed to transact business with the insurance carriers. COGIP will monitor the benefits and services provided by the Program Administrators.

FISCAL / PERSONNEL IMPACT:

Annual payment of non-dues revenue to The State Bar of California. The revenue is from both referrals and premium. The amount is unknown as we cannot anticipate the success of the program. Revenue is not a driving factor for the proposal of the program.

RULE AMENDMENTS:

None

BOARD BOOK IMPACT:

There is no impact on the Board Book/Administrative Manual

RECOMMENDATION

The State Bar's Committee on Group Insurance Programs (COGIP) recommends that the Member Oversight Committee recommends to the Board of Trustees the approval for the establishment of the State Bar sponsored Health Care Program and delegate to COGIP the authority to make the final selection of Program Administrators and work with State Bar counsel to execute a contract.

PROPOSED BOARD COMMITTEE RESOLUTION:

Should the Member Oversight Committee agree with the above recommendation, the following resolution would be appropriate:

RESOLVED, that the Member Oversight Committee recommends that the Board approve establishing a State Bar sponsored Health Care Program; and it is

FURTHER RESOLVED, that authority is delegated to the Committee on Group Insurance Programs to select Health Care Program Administrators to coordinate and administer the program.

PROPOSED BOARD OF TRUSTEES RESOLUTION:

Should the Board concur with the Member Oversight Committee's recommendation, the following resolutions would be in order:

RESOLVED, that upon the recommendation of the Member Oversight Committee, the Board hereby approves establishing a State Bar sponsored Health Care Program; and it is

FURTHER RESOLVED, that authority is delegated authority to the Committee on Group Insurance Programs to select Health Care Program Administrators to coordinate and administer the program.