



Board Agenda Item 49

DATE: September 22, 2020
TO: Board of Supervisors
SUBMITTED BY: Paul Nerland, Director of Human Resources
SUBJECT: County Health Premiums for Plan Year 2021

RECOMMENDED ACTION(S):

- 1. Approve the biweekly premiums for active employees and dependents for Plan Year 2021, effective December 14, 2020 (Exhibit A).**
- 2. Approve the monthly premiums for retirees and dependents for Plan Year 2021, effective January 1, 2021 (Exhibit B).**

Approval of the recommended actions will approve the health and life insurance biweekly and monthly rates for Plan Year 2021 for employees, retirees, and their dependents. This item is countywide.

ALTERNATIVE ACTION(S):

Your Board may choose to consider benefit modifications that would affect premiums, copayments or deductibles. However, benefit modifications for plans through the San Joaquin Valley Insurance Authority (SJVIA) would require approval by the SJVIA Board.

SUSPENSION OF COMPETITION/SOLE SOURCE CONTRACT:

On April 28, 2020, your Board made a finding that it was in the best interest of the County to waive the competitive bidding process consistent with Administrative Policy No. 34 under the “unusual or extraordinary circumstances” exception for the solicitation of health benefits plan proposals for Plan Year 2021. This allowed the County the flexibility needed to negotiate directly with health insurance providers and maximize cost effective alternatives that best meet the needs of the County, its active employees, retirees, and their dependents.

FISCAL IMPACT:

Appropriations and related projected revenue of \$100.1 million has been included in the Risk Management Org 8925 FY 2020-21 Adopted Budget for pass-through health insurance premiums of County employees, retirees, and dependent coverage. Of this amount, approximately \$91.3 million is for active employees and \$8.8 million is for retirees.

In accordance with Budget Instructions, County Departments included appropriations in their FY 2020-21 Adopted Budgets for the County-portion of active employee premiums. However, the Net County Cost (NCC) for this contract period is subject to the County contribution applied toward the total premium rate as well as the funding source(s) for each County department/Org (i.e. NCC vs. grant/state/federal funded departments/Orgs). The County contribution is subject to the meet and confer process and staff will return

to your Board to approve that amount for the remaining bargaining units at its conclusion.

DISCUSSION:

The County has traditionally offered multiple plans to allow employees the choice of the doctor, hospital or delivery system that meets their needs. The current plans allow access to all local hospitals depending on the plan selected. The County will continue to offer the following plans to employees and their dependents:

- An EPO plan through Anthem Blue Cross that allows access to doctors and hospitals within Anthem's PPO network.
- PPO health insurance plans provide flexibility when picking a doctor or hospital. They also feature a network of providers, but there are fewer restrictions on seeing non-network providers. The County currently offers the following Anthem Blue Cross plans:
 - A PPO plan with a \$250 deductible for employee or \$500 deductible for family.
 - A PPO plan with a \$1,000 deductible for employee or \$2,000 deductible for family.
 - A High Deductible PPO with a \$1,500 deductible for employee or \$3,000 for family.
 - A High Deductible PPO with a \$3,000 deductible for employee or \$6,000 deductible for family.
 - Participants in either HDPPO plan may contribute to a Health Savings Account (HSA). HSAs are tax-favored savings accounts that are combined with a qualifying high deductible health insurance plan.
- An HMO option through Kaiser is offered as an integrated, pre-paid health delivery system. The entire range of care for members is provided and coordinated through their system, including doctors, hospitals, and pharmacies.

Current plan options are summarized in the attached Exhibit D.

Beginning in 2010, the County began participating in the SJVIA with the County of Tulare to contribute to lower fixed costs and additional value-added services. The plans offered through Anthem Blue Cross are self-insured with the SJVIA.

Below is a summary of the options considered and recommended actions by category that were formed with input from the Health Benefits Advisory Committee (HBAC), which is a partnership between labor, retirees, and management representatives working together to identify, discuss, and evaluate issues concerning health benefits:

1. Health Plans - Active & Pre-65 Retirees:
 - a. Anthem Blue Cross (SJVIA): Based on the current rate, the SJVIA Board approved an Anthem rate increase of 4.03% for the EPO, and 0.00% for the PPO and HDPPO (active employees) and Anthem HDPPO (pre-65 retirees) for Plan Year 2021. This includes prescription coverage through EmpiRx Health. It is recommended that these plans be offered in Plan Year 2021.
 - b. Kaiser (SJVIA): In order to maintain rate parity between the Anthem EPO plan and Kaiser, and reduce or eliminate selection of plans based on rate differentials, the SJVIA Board approved a rate increase of 4.03% for Kaiser for Plan Year 2021.
 - c. Administrative Services (SJVIA): The SJVIA continues to offer additional services as part of the total rate structure, including Consolidated Omnibus Budget Reconciliation Act (COBRA) administration and billing, Family Medical Leave Act (FMLA) billing and consolidated eligibility/billing services. The County currently contracts with MyWorkplace, Inc. (MyWorkplace) and Administrative Solutions, Inc. (ASi) to match pricing and services offered through the SJVIA, ensuring consistency and efficiency in services offered with the health plans. The MyWorkplace

and ASi agreements will be brought to your Board for approval at a future Board meeting.

Recommended rates for the Anthem Blue Cross and Kaiser plans are detailed in Exhibits A and B and summarized in Exhibit C. The Health Rate Change in Exhibit C reflects the rate increase for only the health plans using the employee only tier; the Overall Rate Change is the aggregate and includes the following components in addition to the health rates: vision, mental health, dental coverage, life insurance and health administration. If approved, the premium rates will be incorporated into the annual Open Enrollment materials. Open Enrollment for the 2021 Plan Year is scheduled for October 12 - November 6, 2020, and is the one time each year that employees may make health plan changes and add or delete eligible dependents without a qualifying event.

2. Health Plans - Post-65 / Medicare Retirees:

The County currently offers two types of plans to Medicare eligible retirees called Medicare Supplemental (Retiree First) and Medicare Advantage (Kaiser Senior Advantage High/Low). After evaluating options available and with valuable input from retirees participating in the HBAC, it is recommended that the County:

- a. Maintain and continue to offer a Medicare Supplemental plan managed by Retiree First with a rate decrease of 0.69%. Under this plan, medical services are provided through United American, and prescription services are provided through UnitedHealthcare;
- b. Maintain and continue to offer the Kaiser Senior Advantage High and Low plans with rate decreases of 6.44% and 6.40% respectively.

Recommended rates for Retiree First (United American/United Healthcare) and Kaiser are included in Exhibit B and summarized in Exhibit C. The Overall Rate Change includes the following components in addition to the health rates: vision, dental coverage and health administration. The agreements for the post-65/Medicare retirees are being finalized and will be brought to your Board for approval at a meeting later this year.

3. Dental Plans (SJVIA):

For Plan Year 2021, the SJVIA Board approved a 0.00% rate renewal from Delta Dental on the DPPO plan, and a 0.00% renewal on the DHMO plan. The DHMO offers a limited network of providers in exchange for enhanced coverage, whereas the DPPO offers access to an expanded network of providers and specialists in exchange for higher deductibles. The dental renewal is summarized in Exhibit C.

The DPPO and DHMO Delta Dental plans are made available to the County through its participation in the SJVIA. A Participation Agreement with the SJVIA for Plan Year 2021 will be brought to your Board for approval at a Board meeting later this year.

4. Vision Plan (SJVIA):

Employees enrolled in the Anthem Blue Cross EPO, PPO, and HDPPO, pre-65 retirees enrolled in the Anthem Blue Cross HDPPO, and post-65 retirees enrolled in the Retiree First plan all receive vision coverage through the SJVIA in an agreement with Vision Services Plan (VSP). The SJVIA Board approved a 0.00% rate renewal for VSP for Plan Year 2021. The County's SJVIA Participation Agreement for Plan Year 2021 will include VSP as the vision provider.

OTHER REVIEWING AGENCIES:

HBAC has reviewed and agrees with the recommendations contained in this item. The Auditor-Controller/Treasurer-Tax Collector has reviewed and approved the health administration rates included in Recommended Action Nos. 1 and 2.

REFERENCE MATERIAL:

BAI #32, April 28, 2020
BAI #42, December 10, 2019
BAI #31, September 24, 2019
BAI #35, July 9, 2013
BAI #9, October 6, 2009

ATTACHMENTS INCLUDED AND/OR ON FILE:

Exhibit A - 2021 Active Employee and Dependent Premiums - Biweekly
Exhibit B - 2021 Retiree and Dependent Premiums - Monthly
Exhibit C - 2021 Medical Renewal Rate Change Summary
Exhibit D - Current Health Plan Options

CAO ANALYST:

Yussel Zalapa