



County of Fresno

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Legislation Text

File #: 18-1380, **Version:** 1

DATE: December 11, 2018
TO: Board of Supervisors
SUBMITTED BY: Paul Nerland, Director of Human Resources
SUBJECT: County Health Plan Agreements for Plan Year 2019

RECOMMENDED ACTION(S):

- 1. Approve and authorize the Chairman to execute Participation Agreement with the San Joaquin Valley Insurance Authority (SJVIA), for the purpose of participating in the SJVIA health insurance (Anthem Blue Cross and Kaiser), pharmacy program (EmpiRx), dental insurance (Delta Dental) and vision insurance (Vision Service Plan) for employees and retirees, effective December 17, 2018 through December 31, 2019.**
- 2. Approve and authorize the Chairman to execute an Agreement with Kaiser Permanente for group medical services for the period January 1, 2019 through December 31, 2019, for retirees.**
- 3. Approve and authorize the Chairman to execute an Agreement with Hartford for group medical services for the period January 1, 2019 through December 31, 2019, for retirees.**
- 4. Approve and authorize the Chairman to execute an Agreement with Express Scripts for Part D Medicare prescription services for the period January 1, 2019 through December 31, 2019, for retirees.**
- 5. Approve and authorize the Chairman to execute Agreements with Hourglass Systems, Inc. and Administrative Solutions, Inc. for Medicare retiree eligibility, billing, and accounting services, effective January 1, 2019 through December 31, 2019.**
- 6. Approve and authorize the Director of Human Resources, or designee, to execute related health plan documents, business associate agreements and other agreements, amendments, thereto, subject to review and approval by County Counsel and the Auditor-Controller/Treasurer-Tax Collector.**

Approval of the recommended actions will authorize the Chairman to execute health insurance agreements for Plan Year 2019 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 SJVIA would require approval by the SJVIA Board.

SUSPENSION OF COMPETITION/SOLE SOURCE CONTRACT:

On May 1, 2018, 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 2019. 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:

On September 25, 2018, your Board approved the biweekly and monthly health insurance premiums for active employees, retirees, and their dependents for Plan Year 2019. Appropriations and related projected revenue of \$89.8 million has been included in the Risk Management Org. 8925 FY 2018-19 Recommended Budget for pass-through health insurance premiums of County employees, retirees, and dependent coverage. Of this amount, approximately \$81 million is for active employees and \$8.8 million is for retirees.

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.

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. Additionally, the plans offered through Anthem Blue Cross are self-insured with the SJVIA. Recommended Action No. 1 would execute the County’s Participation Agreement with the SJVIA for Plan Year 2019, and allow the County to continue to take part in the plans and services available through the SJVIA.

Below is a summary of the plans and services being offered for Plan Year 2019:

1. Health Plans - Active & Pre-65 Retirees:

a. Anthem Blue Cross (SJVIA):

- An EPO plan that is similar to a traditional HMO plan, but allows access to doctors and hospitals within its PPO network.
- 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.

In addition, the SJVIA will enter into the second year of an agreement with its pharmacy benefit manager, EmpiRx Health, to provide prescription coverage to participants.

- b. Kaiser (SJVIA): 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.

- 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. These services are contracted through the SJVIA with Hourglass Systems, Inc., and Administrative Solutions, Inc. Recommended Action No. 5 would execute separate County agreements with Hourglass Systems, Inc. and Administrative Solutions, Inc. to match pricing and services offered through the SJVIA, ensuring consistency and efficiency in services offered with the health plans.

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

The County offers two types of plans to Medicare eligible retirees called Medicare Supplemental (Hartford/Express Scripts) and Medicare Advantage (Kaiser Senior Advantage High/Low). The County has received positive feedback from retirees enrolled in the plans.

Recommended Action Nos. 2 - 4 would execute agreements with Kaiser, Hartford and Express Scripts to continue to provide these services for Plan Year 2019.

3. **Dental Plans (SJVIA):**

The DPPO and DHMO Delta Dental plans are made available to the County through its participation in the SJVIA. 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.

Recommended Action No. 1 would authorize the Chair to execute the Participation Agreement with the SJVIA which would include Delta Dental DPPO and DHMO for Plan Year 2019.

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 Hartford/Express Scripts plan all receive vision coverage through the SJVIA in an agreement with Vision Services Plan (VSP).

Recommended Action No. 1 would authorize the Chair to execute the Participation Agreement with the SJVIA which would include VSP for Plan Year 2019.

OTHER REVIEWING AGENCIES:

Keenan & Associates, the County's Health and Benefits consultant, has reviewed the agreements and is recommending approval of the recommended actions.

REFERENCE MATERIAL:

BAI #40, September 25, 2018 - County Health Premiums for Plan Year 2019
BAI #41, May 1, 2018 - Solicitation of Health Benefits Plan Proposal for Plan Year 2019
BAI #40, September 26, 2017 - County Health Plans for Plan Year 2018
BAI #35, July 9, 2013 - Amended & Restated SJVIA Agreement
BAI #9, October 6, 2009 - SJVIA Agreement jointly purchasing health insurance

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - SJVIA Participation Agreement
On file with Clerk - Kaiser Permanente Agreement
On file with Clerk - Hartford Agreement

On file with Clerk - Express Scripts Agreement
On file with Clerk - Administrative Solutions, Inc. Agreement
On file with Clerk - Hourglass Systems, Inc. Agreement

CAO ANALYST:

Debbie Paolinelli