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**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



FROM: Human Resources Dept.

SUBMITTAL DATE:
July 19, 2005

SUBJECT: Approval of 2006 Medical, Dental, and Vision Plan Rates and Medical Health Plan Carriers for County Employees and Early Retirees

RECOMMENDED MOTION: That the Board approve Blue Shield, Kaiser, and Exclusive Care as the County's Medical Plans for active and retired employees for 2006 with the rates listed in Attachment "A"; authorize continuation of the additional option of PacifiCare Secure Horizons Plan for retirees over age 65; and approve dental and vision plan rates for employees and retirees as listed in Attachment "B".

BACKGROUND: In 2002, the County elected to withdraw from CalPERS and continue to offer Kaiser, Exclusive Care, PacifiCare and HealthNet plans as health care providers for employees, effective in 2003. The Law Enforcement Management Unit (LEMU) and Prosecution Unit (DDAA) remained with the health plans offered through CalPERS, and the Riverside Sheriffs' Association (RSA) continued their coverage through a Medical Trust. All other employee groups were offered County plans at substantial savings.

Departmental Concurrence

Ronald W. Komers
Asst. County Executive Officer/Human Resources Dir.

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 68,900,000	In Current Year Budget:
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:
	Annual Net County Cost:	\$ 0	For Fiscal Year: 2005-06

SOURCE OF FUNDS: Employee Medical Premiums and Payroll Deductions	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

County Executive Office Signature

- Consent
- Policy
- Consent
- Policy

Dep't Recomm.:
Per Exec. Ofc.:

Prev. Agn. Ref.:

District:

Agenda Number:

3.73

Background (continued)

To date, County employees have saved nearly \$23 million in medical premiums in comparison to equivalent CalPERS plans, while the County has avoided substantial increases to post-retirement medical liability by not being tied to CalPERS law. All our health plans are experience rated, meaning costs are based upon actual experience. Initial renewal offers from our carriers for the 2006 plan year indicated that cost increases ranging from 12.5% to 25.85% were being planned by all carriers.

For that reason, the Human Resources Department, in conjunction with the Joint Health Care Labor-Management Committee, (Services Employees International Union (SEIU), the Laborers International Union of North America (LIUNA), and retirees), worked with AON, our benefits consultant, to request quotations from all interested carriers.

An extensive Request for Proposals (RFP) was issued to ten known carriers, and was also placed on our Purchasing website for interested parties. Four carriers declined to submit proposals, while six qualified carriers, including all of our current carriers, submitted proposals for our review. These providers also committed to helping control health care costs in the long term through employee education, wellness initiatives and support, and other means. After a thorough review of the six proposals and interviews of the finalists by the Labor-Management Committee, Blue Shield was judged to offer the most comprehensive and lowest cost option, and the best customer service.

Our recommendation is to terminate County participation in the PacifiCare and HealthNet plans effective December 31, 2005, and instead offer both an indemnity plan with a Preferred Provider Option (PPO) and a Health Maintenance Organization (HMO) through Blue Shield of California, a non-profit health plan carrier, along with the Kaiser and Exclusive Care options. Due to Blue Shield's extensive network, 97% of employees will not have to change physicians; less than 300 members and dependents may experience disruption in their medical providers. In addition, to minimize the transition required for retirees, we recommend continuation of PacifiCare's Secure Horizons Plan, a Medicare replacement plan, for retirees over age 65, along with the options provided by Blue Shield and Kaiser. The proposed monthly rates for active employees and early retirees are included as Attachment "A". Importantly, Blue Shield has also offered a rate cap for next plan year – assurance that they are not "buying" our business. Retiree rates will not be available until Medicare releases its rates to carriers, expected in late August.

Once again, the County has been successful in keeping rates below the CalPERS rates for the majority of employees, while providing equivalent coverage to existing plans. The County's decision to leave the CalPERS plans in 2003 has also resulted in lower County costs for retiree coverage. Blue Shield will also offer an indemnity/PPO option similar to PERSChoice, rather than the self-directed plan currently provided by PacifiCare. The Kaiser rates may be further adjusted by Kaiser, but we do expect that the County rate will exceed the CalPERS rate for that plan; the increase is based on the utilization and health of our employees in that plan compared to Kaiser's total population.

With your approval of this proposal, we will return to PacifiCare Secure Horizons, Blue Shield and Kaiser to negotiate retiree rates for Medicare "Risk" Plans; complete plan documentation for employees and retirees; and, prepare communication materials for the open enrollment process scheduled for October 2006. We will return to your Board in early September with final retiree rates for plan year 2006.

Attachment "B" also lists final rates for dental and vision plans for Plan Year 2006. These rates apply to active employees and retirees.

There is no direct cost to the County for the recommended action.

County of Riverside
2006 Medical Renewal Rates
Actives & Early Retirees

	Enrollment	2005 Current	2006 Renewal	Dollar Increase	Percent Increase
Exclusive Care					
Single	1586	\$251.00	\$292.00	\$41.00	16.3%
Two-Party	581	\$512.00	\$596.00	\$84.00	16.4%
Family	950	\$644.00	\$750.00	\$106.00	16.5%
SUB-TOTAL	3117	\$1,307,358	\$1,521,888	\$214,530	16.4%
Kaiser					
HMO					
Single	1344	\$350.00	\$392.00	\$42.00	12.0%
Two-Party	485	\$698.00	\$782.00	\$84.00	12.0%
Family	513	\$907.00	\$1,016.00	\$109.00	12.0%
SUB-TOTAL	2342	\$1,274,221	\$1,427,326	\$153,105	12.0%
Health Net					
HMO					
Single	524	\$320.00	Blue Shield \$354.00	\$34.00	10.6%
Two-Party	209	\$642.00	\$706.00	\$64.00	10.0%
Family	254	\$826.00	\$916.00	\$90.00	10.9%
SUB-TOTAL	987	\$511,662	\$565,714	\$54,052	10.6%
PacificCare					
HMO					
Single	1,976	\$320.00	Blue Shield \$354.00	\$34.00	10.6%
Two-Party	733	\$642.00	\$706.00	\$64.00	10.0%
Family	791	\$826.00	\$916.00	\$90.00	10.9%
SUB-TOTAL	3500	\$1,756,272	\$1,941,558	\$185,286	10.5%
Self-Directed PPO					
Single	194	\$547.00	Blue Shield PPO \$648.00	\$101.00	18.5%
Two-Party	49	\$1,097.00	\$1,295.00	\$198.00	18.0%
Family	20	\$1,427.00	\$1,683.00	\$256.00	17.9%
SUB-TOTAL	263	\$188,411	\$222,827	\$34,416	18.3%
ANNUAL TOTAL	10,209	\$60,455,088	\$68,151,756	\$7,696,668	12.7%

County of Riverside
2006 Dental Renewal Rates
Actives

ATTACHMENT "B"

	2005 Current	2006 Renewal	Dollar Increase	Percent Increase
Local Advantage - Plus				
Single	\$41.08	\$41.08	\$0.00	0.0%
Two-Party	\$82.74	\$82.74	\$0.00	0.0%
Family	\$123.00	\$123.00	\$0.00	0.0%
Local Advantage - Blythe				
Single	\$29.00	\$29.00	\$0.00	0.0%
Two-Party	\$53.30	\$53.30	\$0.00	0.0%
Family	\$82.20	\$82.20	\$0.00	0.0%
United Concordia - PPO				
Single	\$41.06	\$41.06	\$0.00	0.0%
Two-Party	\$74.34	\$74.34	\$0.00	0.0%
Family	\$108.78	\$108.78	\$0.00	0.0%
DHMO - TCA21				
Single	\$18.14	\$18.14	\$0.00	0.0%
Two-Party	\$28.18	\$28.18	\$0.00	0.0%
Family	\$44.82	\$44.82	\$0.00	0.0%
DHMO - TCA36				
Single	\$13.22	\$13.22	\$0.00	0.0%
Two-Party	\$20.40	\$20.40	\$0.00	0.0%
Family	\$32.26	\$32.26	\$0.00	0.0%
Freedom Dental Plan				
Single	\$79.48	\$79.48	\$0.00	0.0%
Two-Party	\$146.18	\$146.18	\$0.00	0.0%
Family	\$216.20	\$216.20	\$0.00	0.0%

County of Riverside
2006 Dental Renewal Rates
Over Age 65 Retirees

	2005 Current	2006 Renewal	Dollar Increase	Percent Increase
Local Advantage - Plus				
Single	\$42.08	\$42.08	\$0.00	0.0%
Two-Party	\$83.74	\$83.74	\$0.00	0.0%
Family	\$124.00	\$124.00	\$0.00	0.0%
Local Advantage - Blythe				
Single	\$30.00	\$30.00	\$0.00	0.0%
Two-Party	\$54.30	\$54.30	\$0.00	0.0%
Family	\$83.20	\$83.20	\$0.00	0.0%
United Concordia - PPO				
Single	\$42.06	\$42.06	\$0.00	0.0%
Two-Party	\$75.34	\$75.34	\$0.00	0.0%
Family	\$109.78	\$109.78	\$0.00	0.0%
DHMO - TCA21				
Single	\$19.14	\$19.14	\$0.00	0.0%
Two-Party	\$29.18	\$29.18	\$0.00	0.0%
Family	\$45.82	\$45.82	\$0.00	0.0%
DHMO - TCA36				
Single	\$14.22	\$14.22	\$0.00	0.0%
Two-Party	\$21.40	\$21.40	\$0.00	0.0%
Family	\$33.26	\$33.26	\$0.00	0.0%
Freedom Dental Plan				
Single	\$80.48	\$80.48	\$0.00	0.0%
Two-Party	\$147.18	\$147.18	\$0.00	0.0%
Family	\$217.20	\$217.20	\$0.00	0.0%

County of Riverside
2006 Vision Renewal Rates

ATTACHMENT "B"

	2005 Current	2006 Renewal	Dollar Increase	Percent Increase
Actives				
<i>Vision Service Plan</i>				
Self-Funded Fee	13% of claims	13% of claims	N/A	N/A
<i>MES - Hardware only</i>				
Single	\$6.94	\$7.98	\$1.04	15.0%
Two-Party	\$11.00	\$12.72	\$1.72	15.6%
Family	\$15.00	\$17.54	\$2.54	16.9%
<i>MES - Exam & Hardware</i>				
Single	\$8.16	\$9.46	\$1.30	15.9%
Two-Party	\$12.30	\$14.28	\$1.98	16.1%
Family	\$16.54	\$19.32	\$2.78	16.8%

Note: MES renewal rates include an additional 5% load for County administration.