

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

540



FROM: Human Resources Dept.

SUBMITTAL DATE:

June 29, 2006

SUBJECT: Blue Shield Group Health Service Contract Addendums

RECOMMENDED MOTION: 1) That the Board approve and ratify the attached Addenda to the Blue Shield Preferred Plan (PPO) and the Blue Shield Access + HMO plan Medical Contracts as listed:

- a) The second Addendum outlines performance guarantees required of Blue Shield;
 - b) The fourth Addendum adds Section XI describing the Medicare Prescription Drug Plan (PDP) Benefit and Blue Shield's administrative role for the PDP benefits;
 - c) The fifth Addendum amends Section IX & X changing Blue Shield's role in COBRA Administration.
- 2) Authorize the Chairperson to sign five (5) copies of each Addendum, retain one (1) copy of the signed Addenda and return four (4) copies to Human Resources for distribution.

BACKGROUND: On November 22, 2005, the Board approved Agenda Item 3.12, which confirmed the Blue Shield PPO and Access+ HMO Group Health Service Contracts for 2006.

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

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	No
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2005/2006

SOURCE OF FUNDS: N/A	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

- Policy
- Policy
- Consent
- Consent

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

Prev. Agn. Ref.: | **District:** | **Agenda Number:**

G:\EXEC\Form 11\Benefits\Blue Shield Addendums 2, 4, and 5.doc
ATTACHMENTS FILED WITH THE CLERK OF THE BOARD

RECEIVED RIVERSIDE COUNTY
JUL 11 11:53 AM '06

3.41

BACKGROUND continued

The second addendum provides performance guarantees such as claim turnaround times, claim procedural accuracy, call abandonment rates and average waiting time on the Member Services customer service phone lines. With these performance guarantees, Blue Shield ensures a level of service and accuracy at or above industry standards. Failure to reach the guaranteed service level will result in Blue Shield paying the County of Riverside up to \$25,000 annually.

The third addendum was a plan document clarification and did not require Board approval. This addendum outlined co-payments for home self-administered injectables. During the implementation of the Blue Shield plans, these co-payments were not clearly documented in our Evidence of Coverage and Disclosure Form.

The fourth addendum adds a section to the contract for Medicare Prescription Drug Plan benefits. During contract negotiations, Blue Shield notified the County of their inability to complete this section until final regulations were released from the Centers for Medicare and Medicaid Services (CMS). Blue Shield has implemented the regulations and the addendum clarifies eligibility requirements and Blue Shield's administrative practices.

The fifth addendum describes the new Blue Shield COBRA administration for the County of Riverside. In the original contracts, Blue Shield designated a Third-Party Administrator (TPA) to manage COBRA enrollment and eligibility requirements. After extensive review of these practices, staff determined that the Blue Shield TPA was not meeting the County's needs for efficient administration. Blue Shield developed an alternative solution by bringing administration back into Blue Shield's operations resolving the issues.

There is no direct cost to the County for these recommended actions.