

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

519



FROM: Human Resources Dept.

SUBMITTAL DATE:
July 2, 2007

SUBJECT: Medical, Dental, and Vision 2008 Plan Rates for County Employees and Early Retirees, and approval of the Exclusive Care Select Retiree Health Plan, a new health plan for retirees.

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the 2008 plan rates listed in Attachments "A" through "D" for active employees and early retirees;
2. Approve the change to the Blue Shield Access Plus HMO plan, increasing the Hospital Emergency Room co-payment from \$35 to \$50; and
3. Approve the establishment of the Exclusive Care Select Retiree Health plan, and authorize the Assistant CEO/Human Resources Director to make this plan available to other public agencies. Plan design and rates are listed in Attachments "E" and "F".

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

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	Yes
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2007/08

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

C.E.O. RECOMMENDATION:

APPROVE

BY:
Steve P. Schubert

County Executive Office Signature

- Consent
- Policy
- Consent
- Policy

Dept Recomm.:
Per Exec. Ofc.:

Prev. Agn. Ref.: 08/28/06 3.49

District:

Agenda Number:

3.36

BACKGROUND continued

Since January of 2003, the County has contracted directly with health plan carriers for the majority of County employees and retirees. The Law Enforcement Management Unit (LEMU), RSA Public Safety Unit, and the Prosecution Unit (DDAA) remain in the health plans offered through CalPERS, and the Riverside Sheriffs' Association (RSA) continues coverage of its members and early retirees through a Medical Trust. The annual cost for medical, dental and vision insurance paid by employees and retirees for 2007 was approximately \$171,727,900.

The Human Resources Department, in conjunction with the Joint Health Care Labor Management Committee (the "Committee"), comprised of Service Employees International Union (SEIU), the Laborers International Union of North America (LIUNA), and retirees, worked with Aon, our benefits consultant, to request renewal quotations from the current health plan carriers for 2008. The Committee reviewed proposed 2008 rates for the current programs, as well as pricing alternative benefit options. Rate renewals are based on the County's group-specific claims experience and anticipated market trend for medical costs in 2008.

Medical Plans

The County has been successful in negotiating renewal rates that are significantly below the national market trend. While the national market trend is estimated to average 11%, the rate renewal for County plans is limited to an average medical plan increase of 4.6%. Specifically, rate increases have been limited to 7.84% for the Blue Shield Access Plus HMO and 4.43% for the Blue Shield PPO plans, and a modest increase of 2.86% and 2.60% for Kaiser Permanente and Exclusive Care plans respectively. Specific rates are outlined in Attachment A.

Human Resources continues to monitor and compare the County's medical plans to the CalPERS medical plans. CalPERS rate increases for Blue Shield HMO and Kaiser Permanente plans are 10.06% and 9.16% respectively. Specific rates are outlined in Attachment "G". The County's Blue Shield HMO rates fall below the rates for comparable CalPERS plans; rates for the County's Kaiser Permanente and Blue Shield PPO are slightly higher than CalPERS rates. Exclusive Care continues to provide rates below all CalPERS plans.

We recommend one benefit plan design change for 2008. We recommend an increase in the Blue Shield Access Plus HMO Hospital Emergency room visit copay from \$35 to \$50 (copay is waived if the patient is admitted). This change will align the HMO plan design with Exclusive Care and Kaiser. It also provides additional incentive for plan members to appropriately utilize Urgent Care facilities. The Committee does not recommend any benefit changes for Exclusive Care, Kaiser or the Blue Shield PPO plan. With over 10,000 members, Exclusive Care continues to provide the best value to employees in both rates and benefit coverage.

Exclusive Care Select Retiree Health Plan

On September 12, 2006 the Board adopted a policy position that effective January 1, 2011 the County will establish a separate medical rate for all pre-Medicare retirees. Employees whose retirement date predates January 1, 2009 will receive a subsidy until January 1, 2011. Employees retiring after January 1, 2009 would receive no subsidy. Additionally, the Board directed the Human Resources Department to develop an alternative cost-effective medical plan appropriate for retirees' medical needs, working in conjunction with other interested public agencies. As a result of the Board of Supervisors' direction the Human Resources Department worked with several interested public agencies and Aon to develop an alternative cost-effective medical plan administered by Exclusive Care suited to the unique needs of retirees.

Plan design and proposed 2008 rates for the new retiree health plan, Exclusive Care Select Retiree Health Plan were reviewed by the Committee. Exclusive Care Select Retiree Health Plan rates have been actuarially developed by Aon based on the anticipated claims experience of retirees and market trend for medical costs in 2008. In the initial period of plan implementation, rates will be based on actuarial estimates until the plan has established a sufficient history of claim experience.

The California Department of Managed Health Care has confirmed (Attachment H) that Exclusive Care would continue to qualify for an exemption from licensure under the Knox-Keene Health Care Service Plan Act of 1975 if it were to expand its enrollment to include retired employees (and their dependents) of governmental and public entities outside of Riverside County.

Human Resources recommends the addition of the new retiree health plan, the Exclusive Care Select Retiree Health Plan, effective January 1, 2008, and the approval of the proposed 2008 plan rates. The Exclusive Care Select Retiree Health Plan is a self-funded health plan that will be administered by Exclusive Care.

The plan will be made available to County retirees, and their dependents, as well as retirees and dependents of other government and public entities within the state of California that enter into a Memorandum of Understanding with Exclusive Care. This will allow the plan to leverage the purchasing power of participating entities and to pool their retiree populations with the County for superior cost management. Because premiums will be based on a larger population, rates will be more stable. Participating entities will pay a one-time initiation fee to cover up-front administrative costs. On-going costs will be covered by retiree premiums. Premiums will be adjusted annually, as needed, taking into account claims and trend experience.

The Exclusive Care Select Plan is available to non-Medicare and Medicare-eligible retirees and their dependents. The plan has been designed to provide comprehensive health coverage no matter where members need care – locally or nationally. There are three benefit levels of coverage available to non-Medicare eligible plan members: The Exclusive Care Network provides local network coverage, the BlueCard/BlueShield network provides national coverage, and non-network provides coverage with any licensed provider at a higher out-of-pocket cost. Medicare-eligible members can receive services from any licensed provider; Medicare is the primary payer, and the plan provides secondary coverage.

The plan manages health care costs by maintaining a focus on preventative care and Centers of Excellence. The plan covers physicals, hearing tests, vision exams and other tests to help members detect potential health issues before they turn into serious problems. Specialized treatment for services such as transplants, oncology, special surgical services, and mental health are made available only through Exclusive Care's designated Centers of Excellence. A Center of Excellence is a state-of-the art facility dedicated to a particular specialty and known for its successful outcomes.

The Exclusive Care Select Retiree Health Plan has been designed to be a cost effective solution. It is anticipated that beginning in 2009 when pre-Medicare eligible retiree medical plan rates are separated (unblended) from those of active employees, health insurance costs for pre-Medicare eligible retirees will rise on average by 63%. Had pre-Medicare rates been unblended for 2008, the Exclusive Care Select Retiree Health Plan would be the lowest cost health plan. Exclusive Care Select Retiree Health Plan design and rates are contained in Attachment E and Attachment F, respectively.

Dental Plans

No benefit changes are recommended for the County's dental plans, and most plans have no rate increase for 2008. The Freedom Dental Plan has a rate increase of 6.1% due to dental trend. The Freedom Dental Plan had a rate decrease of approximately 24% in 2007. Specific dental plan rates for 2008 are contained in Attachment "B" for active employees and Attachment "C" for retirees.

Vision Plans

No benefit changes are recommended for the County's vision plans. The Medical Eye Services (MES) plan will have no rate change for 2008. MES is a voluntary vision program for employees in the SEIU, LIUNA and RSA Public Safety bargaining units. The Vision Service Plan rates will increase 3.4% in 2008 based on an actuarial study provided by Aon Consulting. This vision plan is a County self-funded vision plan with administrative services provided by Vision Service Plan (VSP). The VSP plan is a County provided benefit to elected officials, employees in bargaining units DDAA and LEMU, resident physicians and employees classified as Management, Confidential, and Unrepresented. There is no increase to the VSP administrative costs for 2008. Specific vision plan rates for 2008 are contained in Attachment "D".

Conclusion

The annual cost of medical, dental and vision plans will increase from \$171,727,900 in 2007 to an estimated \$187,341,700 in 2008, an increase of \$15,613,800. Employees pay the direct premiums for medical, dental and vision coverage, so there is no direct cost to the County for changes in rates for 2008. However, of the \$187.3 million total expense for health benefits an estimated, \$109.4 million will be funded indirectly by County contributions to the Flexible Benefits Program.

The addition of the new Exclusive Care Select Retiree Health Plan and the approved plan rates will be communicated to employees and early retirees through Annual Enrollment that is scheduled from October 1 through October 26, 2007. Staff will return to your Board by mid-September with plan documents for the Exclusive Care Select Retiree Health Plan.

PacifiCare Secure Horizons, Blue Shield and Kaiser Permanente will also provide retiree rates for the Medicare "Risk" plans after Medicare releases its changes in July. Complete plan documentation for employees and retirees will be brought to your Board by mid-September, along with final retiree rates for Plan Year 2008.

County of Riverside

2008 County Medical Plan Renewal Rates

Actives & Early Retirees

	Enrollment*	2007 Current	2008 Renewal	Monthly Dollar Increase	Percent Increase
Exclusive Care (EPO)					
Single	2,251	\$305.44	\$313.38	\$7.94	2.6%
Two-Party	618	\$623.42	\$639.62	\$16.20	2.6%
Family	947	\$784.50	\$804.90	\$20.40	2.6%
Sub-Total	3816	\$1,815,741	\$1,862,944	\$47,203	2.6%
Other Termination (HMO)					
Single	1,791	\$416.00	\$428.00	\$12.00	2.9%
Two-Party	514	\$830.00	\$854.00	\$24.00	2.9%
Family	466	\$1,079.00	\$1,109.00	\$30.00	2.8%
Sub-Total	2771	\$1,674,490	\$1,722,298	\$47,808	2.9%
Blue Shield (HMO)					
Single	2,698	\$385.74	\$414.60	\$28.86	7.5%
Two-Party	900	\$769.48	\$827.18	\$57.70	7.5%
Family	945	\$998.40	\$1,073.32	\$74.92	7.5%
Sub-Total	4543	\$2,676,747	\$2,877,340	\$200,594	7.5%
Blue Shield (PPO)					
Single	180	\$712.06	\$743.58	\$31.52	4.4%
Two-Party	42	\$1,423.22	\$1,486.32	\$63.10	4.4%
Family	11	\$1,849.70	\$1,931.74	\$82.04	4.4%
Sub-Total	233	\$208,293	\$217,519	\$9,226	4.4%
ANNUAL TOTAL	11,363	\$76,503,237	\$80,161,212	\$3,657,975	4.8%

*Enrollment consists of active employees and retirees under age 65 who are not Medicare eligible ("Early Retirees").

Note: Enrollment provided by the County for all plans except for Exclusive Care.

County of Riverside						
2008 Dental Renewal Monthly Rates						
Actives						
	Enrollment	2007 Current	2008 Renewal	Dollar Increase	Percent Increase	
Local Advantage - Plus						
Single	496	\$42.08	\$42.08	\$0.00	0.0%	
Two-Party	206	\$83.74	\$83.74	\$0.00	0.0%	
Family	235	\$124.00	\$124.00	\$0.00	0.0%	
Sub-total	937	\$67,262.12	\$67,262.12	\$0.00	0.0%	
Local Advantage - Blythe						
Single	13	\$30.00	\$30.00	\$0.00	0.0%	
Two-Party	8	\$54.30	\$54.30	\$0.00	0.0%	
Family	6	\$83.20	\$83.20	\$0.00	0.0%	
Sub-total	27	\$1,323.60	\$1,323.60	\$0.00	0.0%	
United Concordia - FPO						
Single	1,519	\$42.06	\$42.06	\$0.00	0.0%	
Two-Party	914	\$75.34	\$75.34	\$0.00	0.0%	
Family	1,098	\$109.78	\$109.78	\$0.00	0.0%	
Sub-total	3,531	\$253,288.34	\$253,288.34	\$0.00	0.0%	
UCCLDHMO - TCAS1						
Single	2,964	\$19.92	\$19.92	\$0.00	0.0%	
Two-Party	1,545	\$30.40	\$30.40	\$0.00	0.0%	
Family	1,969	\$47.80	\$47.80	\$0.00	0.0%	
Sub-total	6,478	\$200,129.08	\$200,129.08	\$0.00	0.0%	
UCCLDHMO - TCAM						
Single	454	\$14.78	\$14.78	\$0.00	0.0%	
Two-Party	167	\$22.28	\$22.28	\$0.00	0.0%	
Family	229	\$34.68	\$34.68	\$0.00	0.0%	
Sub-total	850	\$18,372.60	\$18,372.60	\$0.00	0.0%	
Freedom Dental Plan						
Single	148	\$60.86	\$64.60	\$3.74	6.1%	
Two-Party	58	\$110.90	\$117.70	\$6.80	6.1%	
Family	34	\$163.40	\$173.42	\$10.02	6.1%	
Sub-total	240	\$20,995.08	\$22,283.68	\$1,288.60	6.1%	
ANNUAL TOTAL	12,063	\$6,736,450	\$6,751,913	\$15,463	0.2%	

Note: Enrollment was provided by County.

County of Riverside

2008 Dental Renewal Monthly Rates

Retirees

	Enrollment	2007 Current	2008 Renewal	Dollar Increase	Percent Increase
Local Advantage - Plus					
Single	49	\$42.08	\$42.08	\$0.00	0.0%
Two-Party	3	\$83.74	\$83.74	\$0.00	0.0%
Family	30	\$124.00	\$124.00	\$0.00	0.0%
Sub-total	82	\$6,033.14	\$6,033.14	\$0.00	0.0%
Local Advantage - Blythe					
Single	1	\$30.00	\$30.00	\$0.00	0.0%
Two-Party	1	\$54.30	\$54.30	\$0.00	0.0%
Family	2	\$83.20	\$83.20	\$0.00	0.0%
Sub-total	4	\$250.70	\$250.70	\$0.00	0.0%
United Concordia - PPO					
Single	462	\$42.06	\$42.06	\$0.00	0.0%
Two-Party	42	\$75.34	\$75.34	\$0.00	0.0%
Family	331	\$109.78	\$109.78	\$0.00	0.0%
Sub-total	835	\$88,933.18	\$88,933.18	\$0.00	0.0%
UCCI DEMO - TCA21					
Single	330	\$19.92	\$19.92	\$0.00	0.0%
Two-Party	26	\$30.40	\$30.40	\$0.00	0.0%
Family	222	\$47.80	\$47.80	\$0.00	0.0%
Sub-total	578	\$17,975.60	\$17,975.60	\$0.00	0.0%
UCCI DEMO - TCA36					
Single	39	\$14.78	\$14.78	\$0.00	0.0%
Two-Party	7	\$22.28	\$22.28	\$0.00	0.0%
Family	22	\$34.68	\$34.68	\$0.00	0.0%
Sub-total	68	\$1,495.34	\$1,495.34	\$0.00	0.0%
Freedom Dental Plan					
Single	12	\$60.86	\$64.60	\$3.74	6.1%
Two-Party	4	\$110.90	\$117.70	\$6.80	6.1%
Family	1	\$163.40	\$173.42	\$10.02	6.1%
Sub-total	17	\$1,337.32	\$1,419.42	\$82.10	6.1%
ANNUAL TOTAL	1,584	\$1,032,303	\$1,033,289	\$985	0.1%

Note: Enrollment was provided by County.

County of Riverside

2008 Vision Renewal Monthly Rates

	Enrollment	2007 Current	2008 Renewal	Dollar Increase	Percent Increase
Vision Service Plan					
Self-Funded Fee		13% of claims	13% of claims	N/A	N/A
Recommended funding level		\$12.78	\$13.22	\$0.44	3.4%
Sub-total	2004	\$25,611.12	\$26,492.88	\$881.76	3.4%
MES - Hardware only					
Single	361	\$7.98	\$7.98	\$0.00	0.0%
Two-Party	108	\$12.72	\$12.72	\$0.00	0.0%
Family	81	\$17.54	\$17.54	\$0.00	0.0%
Sub-total	550	\$5,674.34	\$5,674.34	\$0.00	0.0%
MES - Exam & Hardware					
Single	3239	\$9.46	\$9.46	\$0.00	0.0%
Two-Party	1471	\$14.28	\$14.28	\$0.00	0.0%
Family	1646	\$19.32	\$19.32	\$0.00	0.0%
Sub-total	6356	\$83,447.54	\$83,447.54	\$0.00	0.0%
Spectera Refree Vision					
Single	221	\$12.70	\$12.70	\$0.00	0.0%
Two-Party	22	\$22.52	\$22.52	\$0.00	0.0%
Family	134	\$29.20	\$29.20	\$0.00	0.0%
Sub-total	377	\$7,214.94	\$7,214.94	\$0.00	0.0%
ANNUAL TOTAL	9,287	\$1,463,375	\$1,473,956	\$10,581	0.7%

Note: MES renewal rates include an additional 5% load for County administration.
Enrollment was provided by County.

Exclusive Care Select Medicare Coordination Plan Plan Design		Tier 1 EC Contracted Hospitals Clinics & Physicians	Tier 2 Other Providers who Accept Medicare Assignment
General Information			
Maximum Lifetime Benefit		\$1,000,000	\$2,500 / \$7,500
Coinsurance Maximum (Per person/family per plan year)		\$250 / \$750	\$500/\$1,500
1st Dollar Deductible - applies to coinsurance NOT copays		50% reduction in benefits for inpatient, outpatient and outpatient diagnostic testing	50% reduction in benefits for inpatient, outpatient and outpatient diagnostic testing
Non-Preauthorization Patient Penalty			
Prescription Drug Benefits			
Retail Pharmacy (30 day supply, Medco National Network)		\$15 generic, \$25 brand, \$40 non-formulary deductible does not apply. Medco pharmacies only	
Mail order (90 Day Supply, Exclusive Care Pharmacy only) - MANDATORY		2 times retail	
Significant or New Therapeutic Class		50% (contracted pharmacies only)	
Hospital / Facility Benefits			
Medical/ Maternity/ Surgical Intensive Care (Semi-private room) ²		10%	20%
Medical/ Maternity/ Surgical Intensive Care (In-patient Ancillary) ²		10%	20%
Skilled Nursing Facility - maximum 100 days		10%	20%
Medical / Surgical Care (outpatient)		10%	20%
Emergency Room (ER) (life-threatening emergencies only)		\$50 copay plus 10%	\$100 copay plus 20%
Major Diagnostic Test, CT Scan, MRI, NMIR (Outpatient)		10%	20%
Minor Diagnostic Test, X-ray, Lab (Inpatient)		10%	20%
Minor Diagnostic Test, X-ray, Lab (Outpatient including ER)		10%	20%
Instacare Clinic		10%	20%
Rehabilitation Therapy Benefit			
Inpatient - physical, speech, occupational, cardiac, or pulmonary		10%	20%
Outpatient - physical, speech, occupational, cardiac, or pulmonary		10%	20%

Exclusive Care Select

Exclusive Care Select Medicare Coordination Plan Plan Design		Tier 1 EC Contracted Hospitals/Clinics & Physicians	Tier 2 Other Providers who Accept Medicare Assignment
General Information		You Pay	You Pay
Preventative Services			
Routine Physical Exam		\$10 copay	\$25 copay
Routine Vision Exam		\$10 copay	\$25 copay
Routine Hearing Exam		\$10 copay	\$25 copay
Transplant Benefit			
Heart, Liver, Pancreas, Bone Marrow, Cornea, Lung, Kidney - CENTERS OF EXCELLENCE ONLY ⁴		Covered as any other condition	Covered as any other condition
Medical Supplies & Equipment			
Medical Supplies		10%	20%
Medical Supplies (office)		10%	20%
Durable Medical Equipment; annual maximum of \$1,000		10%	20%
Orthotic Supplies		Not covered	Not covered
Mental Health & Drug/Alcohol Treatment			
Inpatient Facility semi-private room - CENTERS OF EXCELLENCE ONLY ⁴		Not covered unless a severe mental illness; then covered like any other benefit	Not covered unless a severe mental illness; then covered like any other benefit
Inpatient Facility Ancillary - CENTERS OF EXCELLENCE ONLY ⁴		Not covered unless a severe mental illness; then covered like any other benefit	Not covered unless a severe mental illness; then covered like any other benefit
Inpatient Facility Physician Visits - CENTERS OF EXCELLENCE ONLY ⁴		Not covered unless a severe mental illness; then covered like any other benefit	Not covered unless a severe mental illness; then covered like any other benefit
Physician Office Visits: Psychologist / MDSW/ APRN/Psychiatrist - CENTERS OF EXCELLENCE ONLY ⁴		Not covered unless a severe mental illness; then covered like any other benefit	Not covered unless a severe mental illness; then covered like any other benefit
Other Benefits			
Hearing Tests - Annual maximum \$1,000 once every 5 years		\$20 copay up to 30 visits per year; unless a severe mental illness then covered like any other benefit	
Hearing Aids - Annual maximum \$1,000 once every 5 years			

¹⁾ Center of Excellence Consulting Pharmacist coordinates optimization of member drug utilization. A Center of Excellence is characterized by exemplary results in the area of specialty.

²⁾ Coverage for certain Hospital / Facility Benefits procedures such as: Orthopedic, Cardiac, Oncology is available only from Exclusive Care designated Centers of Excellence. A Center of Excellence is characterized by exemplary results in the area of specialty.

³⁾ Bariatric Surgery is excluded from coverage.

⁴⁾ Coverage is available only by Centers of Excellence designated by Exclusive Care. A Center of Excellence is characterized by exemplary results in the area of specialty.

Note: Deductible does not apply to any copays and does apply to coinsurance.

Note: Tier 3 coverage is based on Medically Necessary Reasonable and Customary charges or contracted rates, whichever is less

Note: This is a summary of the benefits provided by the plan. Formal plan details can be found in the Summary Plan Description (SPD)

Exclusive Care Select Non-Medicare Retiree Medical Plan Plan Design		Tier 1	Tier 2	Tier 3
General Information		EC Contracted Hospitals Clinics & Physicians	Blue Shield Network (CA & Outside of CA)	Out-of-Network
Maximum Lifetime Benefit		\$1,500 / \$4,500	\$1,000,000	\$5,000 / \$15,000
Coinsurance Maximum (Per person/family Per plan year)		\$250 / \$750	\$2,500 / \$7,500	\$1,000 / \$3,000
1st Dollar Deductible - applies to coinsurance NOT copays		50% reduction in benefits for inpatient, outpatient and diagnostic testing	50% reduction in benefits for inpatient, outpatient and diagnostic testing	50% reduction in benefits for inpatient, outpatient and diagnostic testing
Non-Preauthorization Patient Penalty		50% reduction in benefits for inpatient, outpatient and diagnostic testing	50% reduction in benefits for inpatient, outpatient and diagnostic testing	50% reduction in benefits for inpatient, outpatient and diagnostic testing
Prescription Drug Benefits				
Retail Pharmacy (30 day supply, Medco National Network)			You Pay	
Mail order (90 Day Supply, Exclusive Care Pharmacy only) - MANDATORY			\$15 generic, \$25 brand, \$40 non-formulary deductible does not apply, Medco pharmacies only	
Significant or New Therapeutic Class			2 times retail	
Hospital / Facility Benefits				
Medical/ Maternity/ Surgical Intensive Care (Semi-private room) ²		10%	50% (contracted pharmacies only)	40%
Medical/ Maternity/ Surgical Intensive Care (In-patient Ancillary) ²		10%	You Pay	40%
Skilled Nursing Facility - maximum 100 days		10%	20%	40%
Medical / Surgical Care (outpatient)		10%	20%	40%
Emergency Room (ER) (life-threatening emergencies only)		\$50 copay plus 10%	\$100 copay plus 20%	\$100 copay plus 20%
Major Diagnostic Test, CT Scan, MRI, NMR (Outpatient)		10%	20%	40%
Minor Diagnostic Test, X-ray, Lab (Inpatient)		10%	20%	40%
Minor Diagnostic Test, X-ray, Lab (Outpatient including ER)		10%	20%	40%
Instacare Clinic		10%	20%	40%
Rehabilitation Therapy Benefit				
Inpatient - physical, speech, occupational, cardiac, or pulmonary		10%	You Pay	40%
Outpatient - physical, speech, occupational, cardiac, or pulmonary		10%	20%	40%

Exclusive Care Select Non-Medicare Retiree Medical Plan Plan Design			
General Information	Tier 1	Tier 2	Tier 3
	EC Contracted Hospitals Clinics & Physicians	Blue Shield Network (CA & Outside of CA) You Pay	Out-of-Network
Accident and Life Threatening Condition	Covered as any other condition	Covered as any other condition	Covered as Tier 2
Medical/Surgical - Physical/Facility/ER	10%	20%	20%
Ambulance Land/Air (Life Threatening Only)	Not covered	Not covered	Not covered
Orthodontic Injury Treatment	Not covered	Not covered	Not covered
Dental Injury Treatment	Not covered	Not covered	Not covered
Physician & Professional Services	Covered as any other condition	Covered as any other condition	Covered as any other condition
Physician Office Visits (Primary Care)	\$10 copay	\$25 copay	40%
Physician Office Visits (After Hours)	\$20 copay	\$50 copay	40%
Physician Office Visits (Specialty Care)	\$20 copay	\$50 copay	40%
Physician Visits (Inpatient)	\$10 copay	\$25 copay	40%
Physician Visits (Outpatient Including ER)	\$10 copay	\$25 copay	40%
Major Diagnostic Test, CT Scan, MRI, NMR (Office)	10%	20%	40%
Minor Diagnostic Test, X-ray, Lab (Office)	10%	20%	40%
Minor Diagnostic Test, X-ray, Lab (Outpatient Including ER)	10%	20%	40%
Minor Diagnostic Test, X-ray, Lab (Inpatient)	10%	20%	40%
Radiology / Pathology (inpatient)	10%	20%	40%
Radiology / Pathology (outpatient including ER)	10%	20%	40%
Radiology / Pathology (office)	10%	20%	40%
Injections (office)	\$10 copay	\$25 copay	40%
Surgery (office)	10%	20%	40%
Surgery (Inpatient)- CENTERS OF EXCELLENCE ONLY ^{3,4}	10%	20%	40%
Specialty Surgery - CENTERS OF EXCELLENCE ONLY ^{3,4}	10%	20%	40%
Surgery (Outpatient including ER)- CENTERS OF EXCELLENCE ONLY ^{3,4}	10%	20%	40%
Anesthesiology (Office)	10%	20%	40%
Anesthesiology (Inpatient)	10%	20%	40%
Anesthesiology (Outpatient including ER)	10%	20%	40%
Home Health Care (in lieu of Hospital; up to 100 days)	10%	20%	40%
Hospice	10%	20%	40%
Chiropractic Therapy	Not covered	Not covered	Not covered
Allergy Testing	10%	20%	Not covered
Allergy Treatment / Serum	10%	20%	Not covered

Exclusive Care Select

Exclusive Care Select Non-Medicare Retiree Medical Plan
Plan Design

General Information	Tier 1 E-C Contracted Hospitals/Clinics & Physicians	Tier 2 Blue Shield Network (CA & Outside of CA) You Pay	Tier 3 Out-of-Network
Preventative Services			
Routine Physical Exam	\$10 copay	\$25 copay	Not covered
Routine Vision Exam	\$10 copay	\$25 copay	Not covered
Routine Hearing Exam	\$10 copay	\$25 copay	Not covered
Transplant Benefit			
Heart, Liver, Pancreas, Bone Marrow, Cornea, Lung, Kidney - CENTERS OF EXCELLENCE ONLY ⁴	Covered as any other condition	Covered as any other condition	Not covered
Medical Supplies & Equipment			
Medical Supplies		You Pay	
Medical Supplies (office)	10%	20%	40%
Durable Medical Equipment: annual maximum of \$1,000	10%	20%	40%
Orthotic Supplies	10%	20%	40%
Mental Health & Drug/Alcohol Treatment	Not covered	Not covered	Not covered
Inpatient Facility semi-private room - CENTERS OF EXCELLENCE ONLY ³	Not covered unless a severe mental illness; then covered like any other benefit	Not covered unless a severe mental illness; then covered like any other benefit	Not covered
Inpatient Facility Ancillary - CENTERS OF EXCELLENCE ONLY ⁴	Not covered unless a severe mental illness; then covered like any other benefit	Not covered unless a severe mental illness; then covered like any other benefit	Not covered
Inpatient Facility Physician Visits - CENTERS OF EXCELLENCE ONLY ³	Not covered unless a severe mental illness; then covered like any other benefit	Not covered unless a severe mental illness; then covered like any other benefit	Not covered
Physician Office Visits: Psychologist / MCSW/ APRN/Psychiatrist - CENTERS OF EXCELLENCE ONLY ³	Not covered unless a severe mental illness; then covered like any other benefit	Not covered unless a severe mental illness; then covered like any other benefit	Not covered
Other Benefits			
Hearing Tests - Annual maximum \$1,000 once every 5 years	10%	You Pay	Not covered
Hearing Aids - Annual maximum \$1,000 once every 5 years	10%	20%	Not covered

⁽¹⁾ Center of Excellence Consulting Pharmacist coordinates optimization of member drug utilization. A Center of Excellence is characterized by exemplary results in the area of specialty.

⁽²⁾ Coverage for certain Hospital / Facility Benefits procedures such as: Orthopedic, Cardiac, Oncology is available only from Exclusive Care designated Centers of Excellence. A Center of Excellence is characterized by exemplary results in the area of specialty.

⁽³⁾ Bariatric Surgery is excluded from coverage.

⁽⁴⁾ Coverage is available only by Centers of Excellence designated by Exclusive Care. A Center of Excellence is characterized by exemplary results in the area of specialty.

Note: Deductible does not apply to any copays and does apply to coinsurance.

Note: Tier 3 coverage is based on Medically Necessary Reasonable and Customary charges or contracted rates, whichever is less

Note: This is a summary of the benefits provided by the plan. Formal plan details can be found in the Summary Plan Description (SPD)

**Exclusive Care Select Early Retiree Medical Plan
2008 Plan Rates**

	Effective 1/1/2008
	Exclusive Care Select Early Retiree Plan
Medical Plan	
Retiree Only (< 65, no MC)	\$529.75
Retiree + 1 (all < 65, no MC)	\$962.46
Retiree + 2 (all < 65, no MC)	\$1,385.27

	Effective 1/1/2008
	Exclusive Care Select Medicare Coordination Plan
Medical Plan	
RETIREE ONLY	
Retiree > 65 with MC parts A & B	\$396.12
Retiree > 65 with MC part B only	\$585.92
RETIREE W/1 DEPENDENT	
One > 65 with MC parts A & B	\$1,019.91
One > 65 with MC part B only	\$1,209.73
Two > 65 with MC parts A & B	\$792.24
Two > 65 with MC part B only	\$1,171.84
RETIREE W/2 DEPENDENTS	
One > 65 with MC parts A & B	\$1,602.52
One > 65 with MC part B only	\$1,792.33
Two > 65 with MC parts A & B	\$1,179.15
Two > 65 with MC part B only	\$1,558.75
Three > 65 with MC parts A & B	\$1,188.36
Three > 65 with MC part B only	\$1,757.76

	Effective 1/1/2008
	Exclusive Care Select Post 65 Retiree Plan
Retiree Only (> 65, no MC)	\$807.76
Retiree + 1 (all > 65, no MC)	\$1,469.47
Retiree + 2 (> 65, no MC)	\$2,130.39

County of Riverside
2008 CalPERS Medical Plan Renewal Rates
Actives & Early Retirees

2008 Plan Rates	Other Southern California Counties Region*			Los Angeles Region			Out-of-State Region		
	2007	2008	% Difference	2007	2008	% Difference	2007	2008	% Difference
Blue Shield HMO									
Employee Only	\$ 407.02	\$ 447.97	10.06%	\$ 356.17	\$ 392.01	10.06%	Plan Not Available	Plan Not Available	
Two-Party	\$ 814.04	\$ 895.94	10.06%	\$ 712.34	\$ 784.02	10.06%	Plan Not Available	Plan Not Available	
Family	\$ 1,058.25	\$ 1,164.72	10.06%	\$ 926.04	\$ 1,019.23	10.06%	Plan Not Available	Plan Not Available	
Kaiser Permanente									
Employee Only	\$ 360.60	\$ 393.63	9.16%	\$ 329.14	\$ 359.30	9.16%	\$ 577.82	\$ 625.52	8.26%
Two-Party	\$ 721.20	\$ 787.26	9.16%	\$ 658.28	\$ 718.60	9.16%	\$ 1,155.64	\$ 1,251.04	8.26%
Family	\$ 937.56	\$ 1,023.44	9.16%	\$ 855.76	\$ 934.18	9.16%	\$ 1,502.33	\$ 1,626.35	8.26%
PERS Care PPO									
Employee Only	\$ 731.40	\$ 712.71	-2.56%	\$ 716.17	\$ 697.87	-2.56%	\$ 838.07	\$ 816.65	-2.56%
Two-Party	\$ 1,462.80	\$ 1,425.42	-2.56%	\$ 1,432.34	\$ 1,395.74	-2.56%	\$ 1,676.14	\$ 1,633.30	-2.56%
Family	\$ 1,901.64	\$ 1,853.05	-2.56%	\$ 1,862.04	\$ 1,814.46	-2.56%	\$ 2,178.98	\$ 2,123.29	-2.56%
PERS Choice PPO									
Employee Only	\$ 432.64	\$ 458.59	6.00%	\$ 423.63	\$ 449.04	6.00%	\$ 495.74	\$ 525.47	6.00%
Two-Party	\$ 865.28	\$ 917.18	6.00%	\$ 847.26	\$ 898.08	6.00%	\$ 991.48	\$ 1,050.94	6.00%
Family	\$ 1,124.86	\$ 1,192.33	6.00%	\$ 1,101.44	\$ 1,167.50	6.00%	\$ 1,288.92	\$ 1,366.22	6.00%
PORAC									
Employee Only	\$ 439.00	\$ 452.00	2.96%	\$ 439.00	\$ 452.00	2.96%	\$ 439.00	\$ 452.00	2.96%
Two-Party	\$ 822.00	\$ 847.00	3.04%	\$ 822.00	\$ 847.00	3.04%	\$ 822.00	\$ 847.00	3.04%
Family	\$ 1,045.00	\$ 1,076.00	2.97%	\$ 1,045.00	\$ 1,076.00	2.97%	\$ 1,045.00	\$ 1,076.00	2.97%

*Includes Riverside, Orange, San Diego and Imperial counties



Arnold Schwarzenegger, Governor
State of California
Business, Transportation and Housing Agency

Department of Managed Health Care
320 West 4th Street, Suite 880
Los Angeles, CA 90013
(213) 576-7624-Phone
(213) 576-7186-Fax
bmontesino@dmhc.ca.gov

June 1, 2007

Mr. Tin Kin Lee
55 South Lake Avenue, Suite 705
Pasadena, CA 91101

California Health and Safety Code Section 1349.2

Dear Mr. Lee:

Thank you for your letter dated May 17, 2007 inquiring about the licensure exemption for public entity health plans under California Health and Safety Code Section 1349.2. Specifically, you asked whether a health plan operated by Riverside County that currently operates exclusively within that county would continue to qualify for an exemption if it were to expand its enrollment to include retired employees (and their dependents) of governmental and public entities located outside of Riverside County.

Our review of the language and legislative history of Section 1349.2 did not disclose any limitations on the statutory exemption that would serve to limit the County of Riverside's ability to enroll qualified participants outside of its own county. However, the Department does not express any opinion as to whether the County of Riverside meets all of the requirements needed to qualify for the licensure exemption that are specified in Section 1349.2.

Mr. Lee, should you have any additional questions or comments, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Braulio Montesino".

Braulio Montesino
Chief, Legal and Policy Research & Opinions
Office of Legal Services

cc: Lucinda Ehnes