

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

259



FROM: Human Resources Department

SUBMITTAL DATE:
July 21, 2008

SUBJECT: Medical, Dental, and Vision 2009 rates for County employees.

RECOMMENDED MOTION: That the Board of Supervisors approve the 2009 plan rates listed in Attachments "A" through "D" for active employees.

BACKGROUND: 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 to provide coverage for its members through a Medical Trust. The annual cost for medical, dental, and vision insurance paid by employees for County plans in 2008 was approximately \$97,557,905.

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

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2008/2009

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: Elizabeth J. Olson

County Executive Office Signature

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

Consent Policy

Consent Policy

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

3.84

BACKGROUND continued:

The Human Resources Department, in conjunction with the Joint Health Care Labor Management Committee (the "Committee") comprised of the Service Employees International Union (SEIU), the Laborers International Union of North America (LIUNA), management representatives, and retirees, worked with Aon, our benefits consultant, to request renewal quotations from the current health plan carriers for 2009. The Committee reviewed proposed 2009 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 2009.

Medical Plans

No benefit changes are recommended for the County's Medical plans. The County has been successful in obtaining renewal rates that are at or below the national market trend for the Health Maintenance Organizations (HMOs) and its self-funded plan. The national market trend is estimated to average 11.50%; the County has negotiated 6.10% for Kaiser Permanente, 7.90% for Exclusive Care and 11.36% for Blue Shield HMO. Specific Rates for County of Riverside plans are outlined in Attachment "A".

However, the Blue Shield Preferred Provider Option (PPO) with 256 members, who account for approximately 2% of the total health plan enrollment, will have a 19.46% rate increase. Human Resources anticipates that due to Blue Shield PPO's declining enrollment and poor claims experience, the County will need to discontinue the offering in the 2010 plan year.

Human Resources continues to monitor and compare the County's medical plans to the CalPERS medical plans. Specific rates for CalPERS plans are outlined in Attachment "D". The County's Blue Shield HMO and Kaiser Permanente rates are slightly lower than the rates for comparable CalPERS plans. Rates for the County's Blue Shield PPO are higher than the CalPERS rates. Exclusive Care continues to provide rates that are below all CalPERS plans. CalPERS rate increases for Blue Shield HMO and Kaiser Permanente plans are 5.18% and 7.99% respectively. The CalPERS Blue Shield HMO rate increases are low this year because CalPERS has entered into a risk sharing arrangement with Blue Shield and has realized lower rate increases this year after several years of higher than anticipated increases.

Dental Plans

No benefit changes are recommended for the County's dental plans. The Freedom Dental plan has a rate increase of 7.3%, the United Concordia PPO plan has a rate increase of 7%, the Local Advantage and Local Advantage Blythe plans have a 1.5% increase, and the United Concordia HMO plans have no rate increases. These increases are in line with the national trend of 3% for the Dental Health Maintenance Organizations plans and 7% for Preferred Provider (PPO) plans. The specific dental plan rates for 2009 are contained in Attachment "B" for active employees.

Vision Plans

No benefit changes are recommended for the County's vision plans and these plans will not have a rate increase for 2009.

The County provides the self-funded *Vision Service Plan* to elected officials, employees in bargaining units DDAA and LEMU, resident physicians and employees classified as Management, Confidential and Unrepresented. Aon Consulting reviewed this plan during the annual actuarial evaluation and determined that the current funding level is appropriate to maintain the plan benefits for 2009.

The Medical Eye Services (MES) vision plan is a voluntary vision program offered to employees in the SEIU, LIUNA and RSA Public Safety units. This plan will have no rate increase for 2009.

Dependent Eligibility Verification Procedures

In order to insure that claims are paid only for eligible dependents and to further control health care costs, Human Resources will implement additional eligibility verification procedures during this open enrollment. Human Resources will confirm dependent eligibility for County sponsored medical, dental and vision plans by requiring the submission of appropriate documentation for all dependents at the time of enrollment and during periodic dependent eligibility audits. Appropriate documentation includes copies of birth certificates, adoption documentation, guardianship orders, and tax returns for children who are not the employee's natural or step child.

Conclusion

The annual cost of medical, dental and vision plans for active employees in the County-sponsored plans will increase from \$97,557,905 in 2008 to an estimated \$105,927,439 in 2009, an increase of \$8,369,534 or 8.6%. 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 2009. However, of the \$105,927,439 million total expense for health benefits, an estimated \$100.4 million will be funded indirectly by County contributions to the Flexible Benefits Program, and an additional \$3.2 million is paid by the County as premium subsidies for LIUNA and SEIU employees.

The approved plan rates will be communicated to employees through Annual Enrollment that is scheduled from October 1 through October 28, 2008.

Retiree rates for the Medicare "Risk" plans will be brought to your Board after Medicare releases its changes in August. Complete plan documentation for retirees will be brought to your Board in September, along with final retiree rates for Plan Year 2009.

County of Riverside

2009 County Medical Plan Renewal Rates

Modified to Include only ACTIVE ENROLEES

	Enrollment*	2008 Current	2009 Renewal	Monthly Dollar Increase	Percent Increase
Exclusive Care (EPO)					
Single	2,942	\$313.38	\$338.14	\$24.76	7.9%
Two-Party	772	\$639.62	\$690.16	\$50.54	7.9%
Family	1,058	\$804.90	\$868.20	\$63.30	7.9%
Monthly Sub-Total	4772	\$2,267,335	\$2,446,167	\$178,832	7.9%
Kaiser Permanente (HMO)					
Single	2,021	\$428.00	\$454.00	\$26.00	6.1%
Two-Party	539	\$854.00	\$906.00	\$52.00	6.1%
Family	515	\$1,109.00	\$1,177.00	\$68.00	6.1%
Monthly Sub-Total	3075	\$1,896,429	\$2,012,023	\$115,594	6.1%
Blue Shield (HMO)					
Single	2,791	\$414.60	\$461.70	\$47.10	11.4%
Two-Party	871	\$827.18	\$921.30	\$94.12	11.4%
Family	1,034	\$1,073.32	\$1,195.60	\$122.28	11.4%
Monthly Sub-Total	4696	\$2,987,435	\$3,327,307	\$339,872	11.4%
Blue Shield (PPO)					
Single	189	\$743.58	\$887.80	\$144.22	19.4%
Two-Party	29	\$1,486.32	\$1,775.10	\$288.78	19.4%
Family	13	\$1,931.74	\$2,307.10	\$375.36	19.4%
Monthly Sub-Total	231	\$208,753	\$249,264	\$40,512	19.4%
ANNUAL TOTAL	12,774	\$88,319,419	\$96,417,142	\$8,097,723	9.2%

*Enrollment consists of active employees using July 2008 enrollment numbers

County of Riverside						
2009 Dental Renewal Monthly Rates						
Actives						
	Enrollment	2008 Current	2009 Renewal	Dollar Increase	Percent Increase	
Local Advantage - Plus						
Single	572	\$42.08	\$42.70	\$0.62	1.5%	
Two-Party	233	\$83.74	\$84.98	\$1.24	1.5%	
Family	265	\$124.00	\$125.84	\$1.84	1.5%	
Monthly Sub-Total	1,070	\$76,441.18	\$77,572.34	\$1,131.16	1.5%	
Local Advantage - Blythe						
Single	24	\$30.00	\$30.46	\$0.46	1.5%	
Two-Party	14	\$54.30	\$55.12	\$0.82	1.5%	
Family	5	\$83.20	\$84.46	\$1.26	1.5%	
Monthly Sub-Total	43	\$1,896.20	\$1,925.02	\$28.82	1.5%	
United Concordia - PPO						
Single	1,677	\$42.06	\$45.00	\$2.94	7.0%	
Two-Party	989	\$75.34	\$80.60	\$5.26	7.0%	
Family	1,152	\$109.78	\$117.44	\$7.66	7.0%	
Monthly Sub-Total	3,818	\$271,512.44	\$290,469.28	\$18,956.84	7.0%	
UCCI DHMO - TCA21						
Single	3,502	\$19.92	\$19.92	\$0.00	0.0%	
Two-Party	1,706	\$30.40	\$30.40	\$0.00	0.0%	
Family	2,221	\$47.80	\$47.80	\$0.00	0.0%	
Monthly Sub-Total	7,429	\$227,786.04	\$227,786.04	\$0.00	0.0%	
UCCI DHMO - TCA36						
Single	514	\$14.78	\$14.78	\$0.00	0.0%	
Two-Party	179	\$22.28	\$22.28	\$0.00	0.0%	
Family	264	\$34.68	\$34.68	\$0.00	0.0%	
Monthly Sub-Total	957	\$20,740.56	\$20,740.56	\$0.00	0.0%	
Freedom Dental Plan						
Single	221	\$64.60	\$69.34	\$4.74	7.3%	
Two-Party	69	\$117.70	\$126.34	\$8.64	7.3%	
Family	70	\$173.42	\$186.14	\$12.72	7.3%	
Monthly Sub-Total	360	\$34,537.30	\$37,071.40	\$2,534.10	7.3%	
ANNUAL TOTAL	13,677	\$7,594,965	\$7,866,776	\$271,811	3.6%	

Note: Enrollment was provided by County using July 2008 enrollments

County of Riverside

2009 Vision Renewal Monthly Rates

	Enrollment	2008 Current	2009 Renewal	Dollar Increase	Percent Increase
Vision Service Plan					
Self-Funded Fee		13% of claims	12% of claims	N/A	N/A
Recommended funding level		\$13.22	\$13.22	\$0.00	0.0%
Monthly Sub-Total	2280	\$30,141.60	\$30,141.60	\$0.00	0.0%
MES - Hardware only					
Single	399	\$7.98	\$7.98	\$0.00	0.0%
Two-Party	117	\$12.72	\$12.72	\$0.00	0.0%
Family	91	\$17.54	\$17.54	\$0.00	0.0%
Monthly Sub-Total	607	\$6,267.36	\$6,267.36	\$0.00	0.0%
MES - Exam & Hardware					
Single	4073	\$9.46	\$9.46	\$0.00	0.0%
Two-Party	1732	\$14.28	\$14.28	\$0.00	0.0%
Family	1930	\$19.32	\$19.32	\$0.00	0.0%
Monthly Sub-Total	7735	\$100,551.14	\$100,551.14	\$0.00	0.0%
Spectera Retiree Vision					
Single	0	\$12.70	\$12.70	\$0.00	0.0%
Two-Party	0	\$22.52	\$22.52	\$0.00	0.0%
Family	0	\$29.20	\$29.20	\$0.00	0.0%
Monthly Sub-Total	0	\$0.00	\$0.00	\$0.00	#DIV/0!
ANNUAL TOTAL	10,622	\$1,643,521	\$1,643,521	\$0	0.0%

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

Enrollment was provided by County using July 2008 enrollments

County of Riverside
2009 CalPERS Medical Plan Renewal Rates
Actives & Early Retirees

	Other Southern California Counties Region*			Los Angeles Region			Out-of-State Region		
	2008	2009	Difference %	2008	2009	Difference %	2008	2009	Difference %
2008 Plan Rates									
Blue Shield HMO									
Employee Only	\$ 447.97	\$ 471.18	5.18%	\$ 392.01	\$ 412.35	5.19%	Plan Not Available		
Two-Party	\$ 895.94	\$ 942.36	5.18%	\$ 784.02	\$ 824.70	5.19%	Plan Not Available		
Family	\$ 1,164.72	\$ 1,225.07	5.18%	\$ 1,019.23	\$ 1,072.11	5.19%	Plan Not Available		
Kaiser Permanente									
Employee Only	\$ 393.63	\$ 425.11	8.00%	\$ 359.30	\$ 388.02	7.99%	\$ 625.52	\$ 660.32	5.56%
Two-Party	\$ 787.26	\$ 850.22	8.00%	\$ 718.60	\$ 776.04	7.99%	\$ 1,251.04	\$ 1,320.64	5.56%
Family	\$ 1,023.44	\$ 1,105.29	8.00%	\$ 934.18	\$ 1,008.85	7.99%	\$ 1,626.35	\$ 1,716.83	5.56%
PERSCare PPO									
Employee Only	\$ 712.71	\$ 712.71	0.00%	\$ 697.87	\$ 697.87	0.00%	\$ 816.65	\$ 816.65	0.00%
Two-Party	\$ 1,425.42	\$ 1,425.42	0.00%	\$ 1,395.74	\$ 1,395.74	0.00%	\$ 1,633.30	\$ 1,633.30	0.00%
Family	\$ 1,853.05	\$ 1,853.05	0.00%	\$ 1,814.46	\$ 1,814.46	0.00%	\$ 2,123.29	\$ 2,123.29	0.00%
PERS Choice PPO									
Employee Only	\$ 458.59	\$ 458.59	0.00%	\$ 449.04	\$ 449.04	0.00%	\$ 525.47	\$ 525.47	0.00%
Two-Party	\$ 917.18	\$ 917.18	0.00%	\$ 898.08	\$ 898.08	0.00%	\$ 1,050.94	\$ 1,050.94	0.00%
Family	\$ 1,192.33	\$ 1,192.33	0.00%	\$ 1,167.50	\$ 1,167.50	0.00%	\$ 1,366.22	\$ 1,366.22	0.00%
PORAC									
Employee Only	\$ 452.00	\$ 484.00	6.97%	\$ 452.00	\$ 484.00	6.98%	\$ 452.00	\$ 484.00	6.97%
Two-Party	\$ 847.00	\$ 906.00	6.97%	\$ 847.00	\$ 906.00	6.97%	\$ 847.00	\$ 906.00	6.97%
Family	\$ 1,076.00	\$ 1,151.00	6.97%	\$ 1,076.00	\$ 1,151.00	6.97%	\$ 1,076.00	\$ 1,151.00	6.97%

*Includes Riverside, Orange, San Diego and Imperial counties