

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

270



FROM: Human Resources Department

SUBMITTAL DATE:
September 15, 2010

SUBJECT: 2011 Medicare Plan Rates and Plan Design Changes for County of Riverside Medicare Eligible Retirees

RECOMMENDED MOTION: That the Board of Supervisors 1) approve the 2011 Medicare eligible retiree plan rates (Attachment A); 2) approve the offering of the Health Net Medicare HMO plans for retirees as a replacement of the Blue Shield Medicare and PacifiCare Secure Horizons HMO plans (Attachment B and C), effective January 1, 2011; and 3) approve the offering of the Health Net Preferred Provider Organization (PPO) plan for retirees in-state and the Health Net Flex Net Indemnity plan for retirees residing out-of- state, effective January 1, 2011 (Attachment D).

Departmental Concurrence

Barbara A. Olivier
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:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2010/11

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

C.E.O. RECOMMENDATION:

APPROVE

BY:
Stephanie Persi

County Executive Office Signature

- Consent
- Policy
- Consent
- Policy

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

Prev. Agn. Ref.: August 10, 2010, 3.47 | **District:** ALL | **Agenda Number:**

3.51

BACKGROUND:

The County contracts directly with health plan insurance carriers for the majority of the County's Retirees from the Medicare eligible retirees. The Law Enforcement Management Unit (LEMU), Riverside Sheriff's Association Public Safety Unit (RSA/PSU), and the Deputy District Attorneys Association (DDAA) remain in the health plans offered through CalPERS, and the Riverside Sheriff's Association (RSA) continues coverage for its members through a Medical Trust.

On August 10, 2010, the Board approved the 2011 active and non-Medicare medical rates, plan design changes, and the discontinuance of the Blue Shield HMO and Exclusive Care Select Point of Service (POS) plans for active employees and non-Medicare eligible retirees. At that time, Health Net, Kaiser, PacifiCare, and SCAN medical carriers were unable to provide plan rates for Medicare coverage because the federal Centers for Medicare and Medicaid Services (CMS) had not yet released Medicare reimbursement rates for 2011.

Retiree Rates

Medicare reimbursement rates have since been received and the County was successful in obtaining competitive renewal rates for the Exclusive Care, Kaiser, and SCAN plans for 2011. The 2011 plan year is the County's first year with fully unbundled retiree rates. The average rate increase for retirees will be 3% for calendar year 2011. Based on current enrollment the Exclusive Care Supplement plan will have a 0.7% rate decrease; the Exclusive Care Medicare Coordination plan will have a 10.5% increase; Kaiser will have an 8% rate increase; and SCAN will have a 12.5% increase.

As a cost effective measure, Human Resources worked with Aon underwriting analysts to compare the County's PacifiCare Secure Horizons and Blue Shield Medicare plans and rates to Health Net's Medicare plan. Health Net offered the most competitive rates. Health Net's Seniority Plus plan, when compared to the 2010 Blue Shield Medicare plan, will have an average rate decrease of 25.6%; and Health Net Medicare Coordination of Benefits plan, when compared to the 2010 PacifiCare Medicare proposed rates will have a 7.1% increase, but for 2011 the rate is lower than Secure Horizons by 4.1%.

Human Resources, in conjunction with a subcommittee comprised of retired members of the Joint Healthcare Labor-Management Committee, recommend Health Net Medicare HMO plans as a replacement for both the PacifiCare Secure Horizons Medicare plan and Blue Shield Medicare plans. The replacement of the two plans will save retirees an estimated \$120,000 for the 2011 plan year, while providing almost identical benefits. In an effort to maintain uniformity between the active and retiree medical plans, Human Resources also recommends offering the Health Net Medicare PPO plan and the Health Net Flex Net Indemnity plans for retirees residing in-state and out-of-state.

The 2011 rates for the Medicare "Risk" plans are listed in Attachment A. Comparisons of the proposed plan changes are listed in Attachment B and C. The comparison of the proposed PPO and Indemnity plans are listed in Attachment D.

Conclusion

The annual cost of medical coverage for retirees will increase from \$4.3 million in 2010 to an estimated \$4.4 in 2011, an increase of \$128,000 or 3%. There is no direct cost to the County as a result of the recommended action; Medicare eligible retirees pay their own medical premiums, with County contributions toward retiree premiums ranging from \$25 to \$256 monthly. Approved plan changes and rate adjustments will be communicated to retirees during the Annual Enrollment period scheduled for retirees from October 13, 2010 through November 10, 2010.

The 2011 complete plan documentation for the Medicare "Risk" plans will be brought to the Board later in December.

**County of Riverside
2011 County Medicare Eligible Retiree Medical Plan
Monthly Renewal Rates**

ATTACHMENT A

	Enrollment	2010 Current	2011 Proposed	Dollar Increase	Percent Increase
Exclusive Care Supplement Plan					
Retiree Only	32	\$269.20	\$266.79	-\$2.41	-0.9%
Retiree & Spouse, One Medicare	2	\$919.73	\$921.53	\$1.80	0.2%
Retiree & Spouse, Two Medicare	5	\$538.38	\$533.58	-\$4.80	-0.9%
Sub-Total	39	\$13,146	\$13,048	-\$98	-0.7%
Exclusive Care Medicare Coordination Plan					
Retiree Only (>65 with Medicare Parts A&B)	25	\$486.40	\$537.48	\$51.08	10.5%
Retiree Only (>65 with Medicare Part B only)	0	\$719.46	\$795.01	\$75.55	10.5%
Retiree + 1(one>65 with Medicare Parts A&B)	3	\$1,136.93	\$1,256.32	\$119.39	10.5%
Retiree + 1(one>65 with Medicare Part B only)	0	\$1,369.99	\$1,513.85	\$143.86	10.5%
Retiree + 1(two>65 with Medicare Parts A&B)	2	\$972.81	\$1,074.96	\$102.15	10.5%
Retiree + 1(two>65 with Medicare Part B only)	0	\$1,438.93	\$1,590.02	\$151.09	10.5%
Retiree + 2(one>65 with Medicare Parts A&B)	0	\$1,787.46	\$1,975.16	\$187.70	10.5%
Retiree + 2(one>65 with Medicare Part B only)	0	\$2,020.52	\$2,232.69	\$212.17	10.5%
Retiree + 2(two>65 with Medicare Parts A&B)	0	\$1,492.02	\$1,648.69	\$156.67	10.5%
Retiree + 2(two>65 with Medicare Part B only)	0	\$1,958.14	\$2,163.75	\$205.61	10.5%
Retiree + 2(three>65 with Medicare Parts A&B)	0	\$1,459.21	\$1,612.44	\$153.23	10.5%
Retiree + 2(three>65 with Medicare Part B only)	0	\$2,158.39	\$2,385.03	\$226.64	10.5%
Sub-Total	30	\$18,311	\$20,234	\$1,923	10.5%
Kaiser Senior Advantage					
Retiree only with Medicare Parts A & B	420	\$239.00	\$239.00	\$0.00	0.0%
Retiree only, with Medicare Part B only*	0	\$547.00	\$551.00	\$4.00	0.7%
Retiree only, with Medicare Part B only, unassigned to Kaiser*	0	\$1,112.28	\$1,928.70	\$816.42	73.4%
Retiree only, with Medicare Part A only, unassigned to Kaiser*	0	\$799.27	\$1,615.69	\$816.42	102.1%
Retiree only, with Medicare Part A & B only, unassigned to Kaiser*	0	\$799.27	\$1,615.69	\$816.42	102.1%
Retiree only, with Medicare Part A & B only, assigned to another carrier*	0	\$1,112.28	\$1,928.70	\$816.42	73.4%
Retiree & spouse, one with Medicare Parts A & B* (Subscriber w/Medicare)	56	\$705.00	\$948.00	\$243.00	34.5%
Retiree & spouse, one with Medicare Parts A & B* (Subscriber wo/Medicare)*	0		\$949.00		
Retiree & spouse, one Medicare Parts A & B, one over 65 not eligible for Medicare*	0	\$1,349.28	\$2,165.70	\$816.42	60.5%
Retiree & spouse, one Medicare Part B only, one over 65 not eligible for Medicare*	0	\$1,657.28	\$2,477.70	\$820.42	49.5%
Retiree & spouse, two with Medicare Parts A & B**	116	\$476.00	\$476.00	\$0.00	0.0%
Retiree, spouse & dependent(s), one with Medicare Parts A & B** (Subscriber w/Medicare and dependent(s) w/o Medicare)*	2	\$984.00	\$1,373.00	\$389.00	39.5%
Retiree, spouse & dependent(s), one with Medicare Parts A & B** (Subscriber wo/Medicare + 1 dependent w/Medicare and +1 dependent(s) w/o Medicare)	1		\$1,374.00		
Retiree, spouse & dependent(s), two with Medicare Parts A & B*	0	\$755.00	\$901.00	\$146.00	19.3%
Sub-Total	595	\$197,044	\$212,804	\$15,760	8.0%
Health Net Seniority Plus Medicare HMO ***					
Retiree Only	197	\$236.45	\$257.22	\$20.77	8.8%
Retiree & Spouse, One Medicare	26	\$971.23	\$983.92	\$12.69	1.3%
Retiree & Spouse, Two Medicare	49	\$470.90	\$512.44	\$41.54	8.8%
Retiree & Spouse, One Medicare, Deps.	1	\$1,405.08	\$1,419.96	\$14.88	1.1%
Retiree & Spouse, Two Medicare, Deps.	1	\$904.75	\$1,239.14	\$334.39	37.0%
Sub-Total	274	\$95,811	\$102,603	\$6,791	7.1%
Health Net Medicare HMO Coordination Of Benefits (COB)****					
Retiree Only	18	\$735.47	\$483.49	-\$251.98	-34.3%
Retiree & Spouse, One Medicare	0	\$1,476.35	\$1,210.20	-\$266.15	-18.0%
Retiree & Spouse, Two Medicare	0	\$1,468.85	\$964.98	-\$503.87	-34.3%
Retiree & Spouse, One Medicare, Deps.	4	\$1,918.30	\$1,646.23	-\$272.07	-14.2%
Retiree & Spouse, Two Medicare, Deps.	1	\$1,910.80	\$1,691.68	-\$219.12	-11.5%
Retiree & Spouse, Three Medicare, Deps.	0	\$2,202.32	\$1,446.47	-\$755.85	-34.3%
Sub-Total	23	\$22,822	\$16,979	-\$5,843	-25.6%
Health Net Medicare PPO COB - Inside CA only					
Retiree Only	0		\$727.13		
Retiree + 1 both Medicare	0		\$1,452.26		
Sub-Total	0				
Health Net Medicare Indemnity COB - Outside CA only					
Retiree Only	0		\$765.84		
Retiree + 1 both Medicare	0		\$1,529.68		
Sub-Total	0				
SCAN					
Retiree Only	36	\$208.38	\$234.14	\$25.76	12.4%
Retiree + 1 both Medicare	5	\$414.76	\$468.28	\$53.52	12.9%
Sub-Total	41	\$9,575	\$10,770	\$1,195	12.5%
ANNUAL TOTAL	1002	\$4,280,522	\$4,408,317	\$127,794	3.0%

*Percent increase will not impact retirees, as no one is enrolled in this coverage level.

**Rates assume that the retiree and/or spouse have Medicare.

***The 2010 current plan rate for the Health Net Seniority Plus Medicare HMO plan, represents the 2010 PacificCare Secure Horizons HMO plan rate.

****The 2010 current plan rate for the Health Net Medicare HMO Coordination of Benefits plan, represents the 2010 Blue Shield HMO plan rate.

County of Riverside
 2011 County Medicare Eligible Retiree Medical
 Proposed Plan Change
 Comparison of PacifiCare and Health Net

COUNTY MEDICAL PLANS COMPARISON CHART			
These benefit summaries only highlight benefits. They are not Summary Plan Descriptions (SPDs). If any discrepancy exists between these documents, the official plan documents will prevail.			
Medicare Assigned	Current Plan	Proposed Plan	
	PacifiCare Secure Horizon	Health Net Seniority Plus Medicare HMO	
Choice of physician	Secure Horizons network providers only	Any Health Net network provider	
Deductible	None	None	
Calendar year out-of-pocket maximum	None	None	
Lifetime maximum benefit	None	None	
Pre-existing condition limitation	Fully covered	Fully covered	
Office Visit Benefits			
Diagnostic X-ray & lab	100%	100%	
Physician hospital visits	\$10 copay per admission	\$10 copay per admission	
Immunizations	100% after \$10 copay	100%	
Maternity care	100%	100%	
Periodic health evaluation / physicals	100% after \$10 copay	100%	
Physician office visit	100% after \$10 copay	100% after \$10 copay	
Vision exam	100% after \$10 copay	100% for screening and refraction	
Well-baby care	Not covered	Not covered	
Well-women care	100% after \$10 copay	100%	
Prescription Drugs			
Network retail pharmacies (30-34 day supply)	Generic: \$10 copay Preferred Brand: \$20 copay Nonpreferred Brand: \$40 copay	Generic: \$10 copay Preferred Brand: \$20 copay Nonpreferred Brand: \$40 copay	
Network mail order (90 day supply)	Generic: \$ 20 copay Preferred Brand: \$ 40 copay Nonpreferred Brand: \$ 80 copay	Generic: \$ 20 copay Preferred Brand: \$ 40 copay Nonpreferred Brand: \$ 80 copay	
Hospital and Emergency Room Benefits			
Ambulance (medically necessary)	100%	100%	
Ambulatory surgical center	100%	100%	
Physician hospital visits	100%	100%	
Inpatient hospital	100% after \$10 copay	100%	
Outpatient hospital	100%	100%	
Emergency room services	100% after \$50 copay; waived if admitted	100% after \$50 copay; waived if admitted	
Urgent care	100% after \$10 to copay; waived if admitted	100% after \$50 copay; waived if admitted	
Other Benefits			
Allergy testing & treatment	100% after \$10 copay	100%	
Chiropractic	100% after \$10 copay	100% after \$10 copay	
Durable medical equipment	100%	100%	
Family planning			
- Elective pregnancy termination	Not covered	Not covered	
- Infertility services	Not covered	Not covered	
- Tubal ligation	Not covered	Not covered	
- Vasectomy	Not covered	Not covered	
Home health care	100%, up to 100 visits/Calendar year	100% after \$10 copay	
Hospice - routine home and inpatient respite care	100%, Medicare will coordinate	Administered through Medicare program	
Hospice - 24 hour continuous home care and general inpatient care	100%, Medicare will coordinate	100%	
Physical therapy	100% after \$10 copay	100% after \$10 copay	
Skilled nursing facility	100%, up to 100 days/calendar year	100%, up to 150 days / calendar year	

County of Riverside
 2011 County Medicare Eligible Retiree Medical
 Proposed Plan Change
 Comparison of Blue Shield and Health Net

COUNTY MEDICAL PLANS COMPARISON CHART			
These benefit summaries only highlight benefits. They are not Summary Plan Descriptions (SPDs). If any discrepancy exists between these benefit documents, the official plan documents will prevail.			
Coordination with Medicare	Current Plan Blue Shield Access+ HMO	Proposed Plan Health Net Medicare Coordination of Benefits	
Choice of physician	Any Blue Shield HMO network provider	Care must be coordinated by assigned PCP	
Deductible	None	None	
Calendar year out-of-pocket maximum	\$1,500 / person \$3,000 / family	\$1,500/person \$3,000/family	
Lifetime maximum benefit	None	None	
Pre-existing condition limitation	Fully covered	Fully covered	
Office Visit Benefits			
Diagnostic X-ray & lab	100%	100%	
Physician hospital visits	100%	\$15 copay	
Immunizations	100%	100%	
Maternity care	100%	100%	
Periodic health evaluation / physicals	100%	100%	
Physician office visit	100% after \$15 copay; 100% after \$30 copay for self-referred specialist visits	100% after \$15 copay; 100% after \$30 copay for self-referred specialist visits	
Vision exam	100%	100% for screening and refraction	
Well-baby care	100% after \$15 copay	100%	
Well-women care	100%	100%	
Prescription Drugs			
Network retail pharmacies (30-34 day supply)	Generic: \$10 copay Preferred Brand: \$25 copay Nonpreferred Brand: \$50 copay	Generic: \$10 copay Preferred Brand: \$25 copay Nonpreferred Brand: \$50 copay	
Network mail order (90 day supply)	Generic: \$ 20 copay Preferred Brand: \$ 50 copay Nonpreferred Brand: \$100 copay	Generic: \$ 20 copay Preferred Brand: \$ 50 copay Nonpreferred Brand: \$100 copay	
Hospital and Emergency Room Benefits			
Ambulance (medically necessary)	100%	100%	
Ambulatory surgical center	100%	100%	
Physician hospital visits	100%	100%	
Inpatient hospital	\$100 copay per admission	\$100 copay per admission	
Outpatient hospital	100%	100%	
Emergency room services	100% after \$100 copay, waived if admitted	100% after \$100 copay, waived if admitted	
Urgent care	100% after \$35 copay, waived if admitted	100% after \$35 copay, waived if admitted	
Other Benefits			
Allergy testing & treatment	100% after \$15 copay	100% after \$15 copay	
Chiropractic	Not covered	Not covered	
Durable medical equipment	50%, up to a maximum benefit of \$2,000 / Calendar year	50%, up to a maximum benefit of \$2,000 / Calendar year	
Family planning	\$100 copay	\$100 copay	
- Elective pregnancy termination	50% of allowed charges	50% of allowed charges	
- Infertility services	\$100 copay	\$100 copay	
- Tubal ligation	\$75 copay	\$75 copay	
- Vasectomy	100% after \$15 copay	100% after \$15 copay	
Home health care	100%	100%	
Hospice - routine home and inpatient respite care	100%	100%	
Hospice - 24 hour continuous home care and general inpatient care	100%	100% after \$15 copay	
Physical therapy	\$100 copay, up to 100 days / calendar year	\$100 copay, up to 100 days / calendar year	
Skilled nursing facility	\$100 copay, up to 100 days / calendar year	\$100 copay, up to 100 days / calendar year	

County of Riverside
2011 Health Net PPO and Indemnity Proposed Plan Options

This plan comparison is only a highlight of the plans benefits. It is not a Summary Plan Description (SPD). If any discrepancy exists between these benefit summaries and the official plan documents, the official plan documents will prevail.	
Plan Services	Health Net Preferred Provider Organization (PPO) Tier 1 In-Network Tier 2 Out-of-Network*
Choice of Physician	Any Licensed Provider
Calendar Year Deductible	\$500/Person \$1,000/Family
Calendar Year Out-of-Pocket Maximum	\$3,000/Person \$6,000/Family
Maximum Lifetime Benefit	\$0
Pre-existing Condition Limitation	6-Month waiting period applies for adults unless proof of previous coverage is provided
Prescription Drug Benefits	WHAT THE PLAN PAYS
Network Retail Pharmacy	In-Network: Generic Drugs: \$5 Copay Brand-Name Formulary: \$15 Copay Nonpreferred Drugs: \$45 copay
Network Mail Order (90 day supply)	In-Network: Generic Drugs: \$10 Copay Brand-name Formulary: \$25 Copay Nonpreferred Drugs: \$75 Copay
Office Visit Benefits	WHAT THE PLAN PAYS
Diagnostic X-Ray & Lab	80% After Deductible
Periodic Health Evaluations/Physicals	No Charge, Deductible Waived
Physician Office Visits	\$20 Copay
Well Baby Care	No Charge, Deductible Waived
Hospital & Emergency Room Service	WHAT THE PLAN PAYS
Ambulance (Medically Necessary)	80% After Deductible
Physician Hospital Visits	80% After Deductible
Hospital Emergency Room	80% After Deductible; a separate \$50 copay applies if not admitted
Urgent Care	80% After Deductible; a separate \$20 copay applies if not admitted
Severe Mental Health Treatment †	WHAT THE PLAN PAYS
Inpatient Benefit	80% After Deductible
Outpatient Benefit	\$20 copay, Deductible Waived
Substance Abuse	WHAT THE PLAN PAYS
Inpatient	80% After Deductible
Outpatient Office Visits	\$20 copay, Deductible Waived
Other Benefits	WHAT THE PLAN PAYS
Allergy Testing & Treatment	\$20 Copay
Chiropractic	80% After Deductible; Limited to 15 visits per calendar year
Durable Medical Equipment	80% of Negotiated Rate max of \$6000/calendar year
Home Health Care	80% After Deductible max of \$110/day, max 120 days/cal year
Physical Therapy	80% After Deductible; Limited to \$5,000 per calendar year
Skilled Nursing Facility	Limited to 100 days per calendar year

FOOTNOTE:
 *Allows participants to access any licensed provider out-of-network that will accept Medicare coverage.
 ** Out-of-Network is the same as the PPO out-of-network pharmacy benefit.
 † - Limited Fee Schedule.