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



FROM: Human Resources Department

SUBMITTAL DATE:
October 3, 2011

SUBJECT: 2012 Medicare Plan Rates and Plan Design Changes for County of Riverside Medicare Eligible Retirees

RECOMMENDED MOTION: That the Board of Supervisors approve the 2012 Medicare eligible retiree plan rates (Attachment A), effective January 1, 2012.

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

Departmental Concurrence

Barbara A. Olivier
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:	2011/12

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
Elizabeth J. Olson

County Executive Office Signature

Policy	Policy
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Consent	Consent
<input type="checkbox"/>	<input type="checkbox"/>

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

Prev. Agn. Ref.: 8/16/11, 3.61

District: ALL

Agenda Number:

3.24

BACKGROUND continued:

On August 16, 2011, the Board approved the 2012 active employee and non-Medicare eligible retirees medical rate. At that time, Health Net, Kaiser, 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 the 2012 Medicare reimbursement rates.

Retiree Rates

Medicare reimbursement rates have since been received and the County was successful in obtaining the 2012 renewal rates for the Exclusive Care, Health Net, Kaiser, and SCAN plans. The average rate increase for retirees will be 4.5% for calendar year 2012. Rate renewals are based on group-specific claims experience and anticipated market trend of medical cost. Based on current enrollments, the Exclusive Care Supplement and Medicare Coordination plans underwriting analysis supports an 11.1% and 10.4% rate increase for the 2012 calendar year. After consultation with Aon Hewitt underwriters, Human Resources recommends an offset of plan reserves equivalent to 6.7% and 6% for the Exclusive Care Supplement and Medicare Coordination plans respectively, to reduce the premium increase to 4.4%. The offset of the reserves provides temporary relief to retirees. Human Resources will also recommend prudent utilization of reserves in future years. However, once reserves are exhausted, rates will increase by more than market trend and premiums will return to a level that covers claims and administrative expenses.

The Health Net Medicare plans were first offered to County retirees in 2011. The renewal rates for the Health Net Seniority Plus Medicare HMO will have a 5% increase; the Health Net HMO Coordination of Benefits (COB) will have a 10.2% increase; the Health Net Medicare Preferred Provider Organization (PPO) COB inside California will have a 3.6% increase; and the Health Net Medicare Indemnity COB outside of California will have a 5.3% increase.

The Kaiser Medicare plans will have a 3.4% rate increase; and SCAN plans will have a 10.9% increase. The proposed 2012 rates for Medicare eligible retirees are listed in Attachment A.

Conclusion

The annual cost of medical coverage for retirees will increase from \$3.3 million in 2011 to an estimated \$3.5 million in 2012, an increase of \$150,000 or 4.5%. There is no direct cost to the County as a result of the recommended action. The County provides a fixed contribution towards retiree premiums ranging from \$25 to \$256 per month. Medicare eligible retirees pay the full cost of their medical premiums. Approved rate adjustments will be communicated to retirees during the Annual Enrollment period, scheduled for retirees from October 10, 2011 through November 4, 2011.

The plan contracts for the 2012 plan year are being prepared. Once completed, the final contracts will be brought to the Board for ratification.

County of Riverside
2012 County Medicare Eligible Retiree Medical Plan
Monthly Renewal Rates

Exclusive Care Select Supplement Plan	Enrollment	2011 Current	2012 Proposed	Dollar Increase	Percent Increase
Retiree Only	40	\$266.79	\$278.71	\$11.92	4.5%
Retiree & Spouse, Two Medicare	4	\$533.58	\$555.41	\$21.83	4.1%
Sub-Total	44	\$12,806	\$13,370	\$564	4.4%
Exclusive Care Select Medicare Coordination Plan					
Retiree Only (>65 with Medicare Parts A&B)	15	\$537.48	\$561.58	\$24.10	4.5%
Retiree Only (>65 with Medicare Part B only)	0	\$795.01	\$830.70	\$35.69	4.5%
Retiree + 1(two>65 with Medicare Parts A&B)	2	\$1,074.96	\$1,121.15	\$46.19	4.3%
Retiree + 1(two>65 with Medicare Part B only)	0	\$1,590.02	\$1,659.39	\$69.37	4.4%
Sub-Total	17	\$10,212	\$10,666	\$454	4.4%
Kaiser Senior Advantage					
Retiree only with Medicare Parts A & B	441	\$239.00	\$247.00	\$8.00	3.3%
Retiree only, with Medicare Part B only	0	\$551.00	\$559.00	\$8.00	1.5%
Retiree & spouse, two with Medicare Parts A & B	122	\$476.00	\$492.00	\$16.00	3.4%
Sub-Total	563	\$163,471	\$168,951	\$5,480	3.4%
Health Net Seniority Plus Medicare HMO					
Retiree Only	157	\$257.22	\$269.98	\$12.76	5.0%
Retiree & Spouse, Two Medicare	31	\$512.44	\$537.96	\$25.52	5.0%
Sub-Total	188	\$56,269	\$59,064	\$2,794	5.0%
Health Net Medicare HMO Coordination Of Benefits (COB)					
Retiree Only	4	\$483.49	\$532.92	\$49.43	10.2%
Retiree & Spouse, Two Medicare	1	\$964.98	\$1,063.83	\$98.85	
Sub-Total	5	\$2,899	\$3,196	\$297	10.2%
Health Net Medicare PPO COB - Inside CA only					
Retiree Only	5	\$727.13	\$753.16	\$26.03	3.6%
Retiree + 1 both Medicare	1	\$1,452.26	\$1,504.32	\$52.06	
Sub-Total	6	\$5,088	\$5,270	\$182	3.6%
Health Net Medicare Indemnity COB - Outside CA only					
Retiree Only	1	\$765.84	\$806.28	\$40.44	5.3%
Retiree + 1 both Medicare	0	\$1,529.68	\$1,610.56	\$80.88	
Sub-Total	1	\$766	\$806	\$40	5.3%
SCAN					
Retiree Only	71	\$234.14	\$259.93	\$25.79	11.0%
Retiree + 1 both Medicare	17	\$468.28	\$517.86	\$53.52	10.6%
Sub-Total	88	\$24,585	\$27,259	\$2,674	10.9%
ANNUAL TOTAL	912	\$3,313,147	\$3,462,975	\$149,827	4.5%