

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

945



FROM: Human Resources Department

SUBMITTAL DATE:
August 27, 2012

SUBJECT: 2013 Medical Plan Rates for County of Riverside Early Retirees and Medicare Eligible Retirees

RECOMMENDED MOTION: That the Board of Supervisors approve the 2013 Early Retiree and Medicare eligible retiree plan rates (Attachment A and B), effective January 1, 2013.

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

Department 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:	2012/13

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: _____
 Ivan M. Chand

County Executive Office Signature

- Consent
 Consent
- Policy
 Policy

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

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

3.25

BACKGROUND (continued):

On July 31, 2012, the Board approved the 2013 active employee medical plan rates. At that time, the County's 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 2013 Medicare reimbursement rates. Early retiree (non-Medicare eligible) and Medicare reimbursement rates have since been received.

Human Resources worked with Aon to research available options of utilizing the Early Retiree Reinsurance Program (ERRP) reimbursement funds. The reimbursement provides a temporary premium reduction for the 2013 plan year. In future years the ERRP reimbursement funds will be exhausted and rate renewals will be based on group-specific claims experience and anticipated market trend of medical cost.

Early Retiree Medical Rates (non-Medicare)

In response to the increased cost of early retiree medical premiums, Human Resources established a Joint Health Care Retiree Sub-Committee (the "Retiree Sub-Committee") to explore options to reduce early retiree premium rates. The Retiree Sub-Committee met for a period of three (3) months, and during that time the committee members researched plans offered by local public entities.

Based on its findings, the Retiree Sub-Committee recommended that Human Resources maintain its current health plan offerings, continue to evaluate new options to lower cost and to provide educational health coverage workshops for early retirees approaching Medicare age.

The initial average rate increase for early retirees was 16.5%. After successfully negotiating a rate reduction to 10.4%, Human Resources applied ERRP reimbursement funds to the early retiree rates for the 2013 plan year, thereby reducing the average proposed rate increase from 10.4% to 6.7%. Actual rate increases vary by plan, ranging from 1.1% to 14.5%. If approved the \$1.1 million reimbursement will be applied to reduce monthly premiums for early retirees as listed in Attachment A.

Medicare Rates

Since the ERRP was instituted to provide organizations like the County partial reimbursement for providing health coverage to retirees between the ages of 55 through 64 (and not Medicare eligible), the ERRP reimbursement funds cannot be applied to the Medicare rates.

The average rate increase for Medicare eligible retirees is 1.5%, with the range from -4.0% to +12.8%. The Medicare rates for the 2013 plan year are listed in Attachment B.

Conclusion

The annual cost of medical coverage for Early and Medicare retirees will increase from \$8.3 million in 2012 to an estimated \$8.6 million in 2013, an increase of \$360,926 or 4.3%. 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 9, 2012 through November 1, 2012.

The Plan contracts for the 2013 plan year are being prepared. Once completed, the final contracts will be submitted to the Board for ratification.

COUNTY OF RIVERSIDE
2013 COUNTY MEDICAL PLAN RENEWAL RATES
EARLY RETIREES

	Enrollment	2012 Current Premium	2013 Premium without ERRP	2013 ERRP Decrease*	2013 Premium with ERRP Decrease	2013 Net Premium Increase from 2012	Percent Increase
Exclusive Care (EPO)							
Retiree Only	68	\$658.58	\$688.13	\$22.64	\$665.49	\$6.91	1.0%
Retiree & Spouse	12	\$1,342.08	\$1,402.88	\$46.21	\$1,356.67	\$14.59	1.1%
Retiree & Family	1	\$1,687.79	\$1,764.65	\$58.13	\$1,706.52	\$18.73	1.1%
Sub-Total	81	\$62,576	\$65,392	\$2,152	\$63,240	\$664	1.1%
Health Net EOA (HMO)							
Retiree Only	125	\$819.56	\$889.05	\$29.27	\$859.78	\$40.22	4.9%
Retiree, Plus One	34	\$1,637.10	\$1,776.58	\$58.54	\$1,718.04	\$80.94	4.9%
Retiree & Family	7	\$2,127.64	\$2,309.32	\$76.11	\$2,233.21	\$105.57	5.0%
Sub-Total	166	\$173,000	\$187,700	\$6,182	\$181,518	\$8,518	4.9%
Kaiser Permanente (HMO)							
Retiree Only	128	\$712.00	\$814.00	\$26.80	\$787.20	\$75.20	10.60%
Retiree, Plus One	9	\$1,421.00	\$1,625.50	\$53.56	\$1,571.94	\$150.94	10.60%
Family	1	\$1,846.00	\$2,110.00	\$69.53	\$2,040.47	\$194.47	10.50%
Sub-Total	138	\$105,771	\$120,932	\$3,982	\$116,950	\$11,179	10.6%
Health Net (PPO) in California							
Retiree Only	12	\$1,033.26	\$1,222.50	\$40.28	\$1,182.22	\$148.96	14.4%
Retiree, Plus One	2	\$1,878.89	\$2,223.80	\$73.30	\$2,150.50	\$271.61	14.5%
Retiree & Family	0	\$2,693.59	\$3,188.50	\$105.12	\$3,083.38	\$389.79	14.5%
Sub-Total	14	\$16,157	\$19,118	\$630	\$18,488	\$2,331	14.4%
Health Net (PPO) Out-of-California							
Retiree Only	17	\$984.56	\$1,164.86	\$38.37	\$1,126.49	\$141.93	14.4%
Retiree, Plus One	1	\$1,790.25	\$2,118.89	\$69.84	\$2,049.05	\$258.80	14.5%
Retiree & Family	0	\$2,566.49	\$3,038.07	\$100.16	\$2,937.91	\$371.42	14.5%
Sub-Total	18	\$18,528	\$21,922	\$722	\$21,199	\$2,672	14.4%
Health Net (PPO) in Blythe, CA							
Retiree Only	0	\$819.56	\$889.05	\$29.27	\$859.78	\$40.22	4.9%
Retiree, Plus One	1	\$1,637.10	\$1,776.58	\$58.54	\$1,718.04	\$80.94	4.9%
Retiree & Family	0	\$2,127.64	\$2,309.32	\$76.11	\$2,233.21	\$105.57	5.0%
Sub-Total	1	\$1,637	\$1,777	\$59	\$1,718	\$81	4.9%
Grand Sub-Total	418	\$377,669	\$416,839	\$13,727	\$403,113	\$25,444	6.7%
Annual Total	418	\$4,532,026	\$5,002,073	\$164,720	\$4,837,354	\$305,328	6.7%

*2013 Early Retiree Reinsurance Program (ERRP) decrease reflects the 3.3% reimbursement applied to premiums, excluding medical plan administration fees.

COUNTY OF RIVERSIDE
 2013 COUNTY MEDICAL PLAN RENEWAL RATES
 MEDICARE ELIGIBLE

	Enrollment	2012 Current	2013 Renewal	Monthly Dollar Increase	Percent Increase
Exclusive Care (Supplemental)					
Retiree Only, Medicare A & B	50	\$278.71	\$313.95	\$35.24	12.6%
Retiree & Spouse, Medicare A & B	7	\$555.41	\$626.64	\$71.23	12.8%
Sub-Total	57	\$17,823	\$20,084	\$2,261	12.7%
Exclusive Care (Medicare Coordination of Benefits)					
Retiree Only, Medicare A & B	12	\$561.58	\$628.62	\$67.04	11.9%
Retiree & Spouse, Medicare A & B	2	\$1,121.15	\$1,255.73	\$134.58	12.0%
Sub-Total	14	\$8,981	\$10,055	\$1,074	12.0%
Health Net (HMO Coordination of Benefits)					
Retiree Only, with Medicare	6	\$532.92	\$511.75	-\$21.17	-4.0%
Retiree Plus Spouse, with Medicare	2	\$1,063.84	\$1,022.00	-\$41.84	-3.9%
Sub-Total	8	\$5,325	\$5,115	-\$211	-4.0%
Health Net Seniority Plus					
Retiree Only, with Medicare	186	\$269.98	\$269.98	\$0.00	0.0%
Retiree Plus Spouse, with Medicare	35	\$537.96	\$538.46	\$0.50	0.1%
Sub-Total	221	\$69,045	\$69,062	\$18	0.0%
Health Net (PPO Coordination of Benefits) in California					
Retiree Only, with Medicare	5	\$753.16	\$745.24	-\$7.92	-1.1%
Retiree Plus Spouse, Both Medicare	1	\$1,504.32	\$1,488.98	-\$15.34	-1.0%
Sub-Total	6	\$5,270	\$5,215	-\$55	-1.0%
Health Net (PPO Coordination of Benefits) Out-of-California					
Retiree Only, with Medicare	0	\$806.28	\$795.87	-\$10.41	-1.3%
Retiree Plus Spouse, Both Medicare	0	\$1,610.56	\$1,590.24	-\$20.32	-1.3%
Sub-Total	0	\$0	\$0	\$0	-1.3%
Kaiser Permanente (HMO)					
Retiree Only, with Medicare A & B Assigned	474	\$247.00	\$249.00	\$2.00	0.80%
Retiree Plus Spouse, Both Medicare A & B Assigned	131	\$492.00	\$496.50	\$4.50	0.90%
Sub-Total	605	\$181,530	\$183,068	\$1,538	0.8%
SCAN					
Retiree Only, with Medicare A & B Assigned	71	\$259.93	\$259.93	\$0.00	0.00%
Retiree Plus Spouse, Both Medicare A & B Assigned	19	\$517.86	\$518.36	\$0.50	0.10%
Sub-Total	90	\$28,294	\$28,304	\$10	0.0%
Grand Sub-Total	1001	\$316,269	\$320,902	\$4,633	1.5%
Annual Total	1001	\$3,795,230	\$3,850,828	\$55,597	1.5%