

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

988



FROM: Human Resources Department

SUBMITTAL DATE:
July 2, 2014

SUBJECT: 2015 Medical Carrier Change for Riverside County Employees and Early Retirees [District-All] [Total Cost - \$0] [SOURCE OF FUNDS- Employee and Retiree Health Premiums]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the offering of United Healthcare HMO and PPO plan for active employees and retirees as a replacement of the Health Net HMO and PPO plans, effective January 1, 2015.

BACKGROUND:

Summary

On April 22, 2014, the Board of Supervisors directed the Human Resources Department to conduct a Request For Proposal (RFP) to review current medical plans in the market to ensure the most competitive options are being offered to County employees and retirees.

In response to the Boards direction, Human Resources collaborated with Aon, our benefits consultant, to solicit offers from qualified medical organizations to provide comparable Health Maintenance Organizations (HMO) and Preferred Provider Organizations (PPO) programs for County of Riverside active employees and retirees.

Michael T. Stock
Asst. County Executive Officer/
Human Resources Director

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0	\$ 0	\$ 0	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

SOURCE OF FUNDS: Employee and Retiree Health Premiums	Budget Adjustment: No
	For Fiscal Year: 2014/15-15/16

C.E.O. RECOMMENDATION:

APPROVE

BY:  7/9/14
Samuel Wong

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

- A-30
- Positions Added
- 4/5 Vote
- Change Order

Prev. Agn. Ref.:

District: All

Agenda Number:

3-44

BACKGROUND:

Summary (continued)

The RFP was sent to the following medical plan providers: Aetna, Anthem Blue Cross, Blue Shield, Cigna, Health Net, United Healthcare, and University of California (UC) Health Systems. The County received five (5) responses to the medical RFP.

The RFP responses were evaluated on the following criteria: 1) Provider Disruption; 2) Comparable Plan Design; 3) Premiums; 4) Performance Guarantees; 5) Wellness Credits; 6) Healthcare Effectiveness Data and Information Set (HEDIS) scores; and 7) Rate Cap Guarantee. Additional considerations were evaluated to ensure each vendor would effectively manage: 1) Affordable Care Act (ACA) requirements; 2) Technology; 3) Administration; 4) Pharmacy; 5) Strategic-Partnerships with Optimal Cost Strategies; and 6) Communication and Marketing Expertise.

United Healthcare (UHC) offered the most competitive plan design, premiums and innovative solutions. The selection of UHC as a replacement to Health Net will provide County employees and retirees' greater network access and lower costs on national and local levels. The PPO network offers: 316 hospitals, 72,774 preferred providers, and 41,262 specialists. The HMO network offers: 226 hospitals, 19,469 preferred providers, and 39,258 specialists.

In addition to patient network access, UHC understands the County's need to have a strategic partner to assist County employees and retirees in order to achieve a healthier lifestyle and to aggressively manage cost.

UHC's proven innovative solutions include: 1) clinical effectiveness, using evidence-based medicine which costs less and consistently delivers better health results; 2) information and technology, providing access to electronic health records, mobile technology, and live nurse chats; and 3) diverse products, to ensure County employees and retirees receive a broad range of customer-focused products and programs.

Impact on Residents and Businesses

There is no direct impact to private residents or private businesses in the County of Riverside.

Contract History and Price Reasonableness

UHC is a Fortune 500 company and named World's Most Admired Company in the Insurance and Managed Care sector, from 2011 through 2014. UHC provides health benefits and services to more than 85 million individuals worldwide.

According to Aon, the current average market trend premium increase for active employees is 8% for HMO plans, and 8.6% for PPO plans. The 2015 UHC proposed rates are well below the market trend cost based on our plan designs.

If this recommendation is approved by the Board, the January 1, 2015 through December 31, 2015 final plan rates and plan designs will be brought to the Board later this month. The terms of the UHC agreement are under review by County Counsel and Human Resources. Once finalized, the agreement will be brought to the Board for approval.