

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

356



FROM: Human Resources Department

SUBMITTAL DATE:
August 9, 2016

SUBJECT: 2017 Medical, Dental, and Vision Plan Rates; Benefit Changes for Active Employees and Early Retirees [District- ALL] [Total Cost - \$160,058,124] [SOURCE OF FUNDS - Employee and Retiree Health Premiums]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the 2017 Medical, Dental, and Vision plan rates listed in Attachments A through D for active employees and early retirees. CalPERS monthly plan rates are provided for informational purposes only in Attachment E;

BACKGROUND:

Summary

Since January 2003, the County has contracted directly with health plan carriers to provide healthcare coverage for the majority of County employees and retirees. To assist employees and retirees with the cost of health benefits, the County provides Flexible Benefit Credits and a retiree medical contribution. The Flexible Benefit Credit amount is determined by the applicable Memorandum of Understanding (MOU) governing each bargaining unit, or for unrepresented employees, the Resolution for Exempt Management, Management, and Confidential and other Unrepresented Employees. The retiree medical contribution is based on the retiree's bargaining or employee unit at the time of retirement.

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	\$ 77,372,948	\$ 82,685,176	\$ 160,058,124	\$	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$	\$	\$	\$	

SOURCE OF FUNDS: Employee and Retiree Health Premiums

Budget Adjustment: No
For Fiscal Year: 2016/17-17/18

C.E.O. RECOMMENDATION:

APPROVE

BY:
Ivan M. Chand

8/16/2016

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

Departmental Concurrence

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

Prev. Agn. Ref.: 08/18/2015, 3-34 | District: All | Agenda Number:

3-44

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: 2017 Medical, Dental, and Vision Plan Rates; Benefit Changes for Active Employees and
Early Retirees [District- ALL] [Total Cost - \$160,058,124] [SOURCE OF FUNDS - Employee and
Retiree Health Premiums]**

DATE: August 9, 2016

PAGE: 2 of 4

Rates and Plan Design

Active and Early Retiree Employee Medical, Dental, and Vision Rates

The 2017 Plan Year rate renewals are based on the County's group-specific claims experience, anticipated market trends, and medical costs. AON Hewitt reports the national market trend rates for 2017 is expected to increase an average of 7.1% for HMO and 7.6% for PPO medical plans.

Exclusive Care

Exclusive Care is a popular health plan choice for County employees with 7,368 participants (approximately 46% of the eligible population) enrolled in the active employee plan. There are 22 participants enrolled in the early retiree plan. No plan design changes will be proposed for 2017.

Exclusive Care plan premiums are set by actuarial evaluation and the recommended increase for active employees and early retirees was 14.9%. Plan reserves will be used to partially offset the recommended rate increase, resulting in a net employee premium increase of only 7.5% versus the proposed increase of 14.9%.

United Health Care (UHC)

UHC offers County employees and retirees a choice between their Signature Value HMO plan and their national PPO plan which provides greater network access and lower costs on national and local levels. The PPO network offers: 327 hospitals, 72,894 preferred providers, and 43,470 specialists. The HMO network offers: 212 hospitals, 20,005 preferred providers, and 38,679 specialists. In the HMO plan, there are currently 2,295 active employees and 50 early retirees enrolled in the plan. For the PPO plan, there are 112 active employees and 4 early retirees. No plan design changes will be proposed for 2017.

UHC has provided a 5.5% renewal increase for its HMO plan. For the PPO plan, the recommended increase is 13%.

Kaiser Permanente HMO

Kaiser Permanente HMO offers County participants comprehensive medical services with affiliated health care providers within the Kaiser network. Kaiser continues to provide quality service, personalized care, and a wide selection of skilled physicians. Furthermore, Kaiser has instituted alternatives to visiting a physician other than traditional in-person visits. Some of these alternatives include: online chat with your physician, virtual visits, and a mobile health clinic. There are currently 4,726 active employees and 162 early retirees enrolled in the plan. No plan design changes will be proposed for 2017.

Kaiser Permanente has provided an 8.1% increase for active employees, and 19.4% increase for early retirees.

Specific rates for Exclusive Care, UHC, and Kaiser medical plans for the 2017 plan year are listed in Attachment A and Attachment B.

CalPERS

On May 17, 2016 California Public Employees' Retirement System (CalPERS) released its 2017 medical plan rates. The CalPERS medical plan rates are listed in Attachment F for information and comparative purposes only.

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: 2017 Medical, Dental, and Vision Plan Rates; Benefit Changes for Active Employees and
Early Retirees [District- ALL] [Total Cost - \$160,058,124] [SOURCE OF FUNDS - Employee and
Retiree Health Premiums]**

DATE: August 9, 2016

PAGE: 3 of 4

Medicare Retiree Medical Rates

Retiree rates for the Medicare "Risk" plans offered by UHC, Kaiser, and SCAN will be available after the Centers for Medicare and Medicaid Services (CMS) releases its reimbursement rates to the health plans, which usually occurs in September. These rates will be presented to the Board at that time.

Dental Plans

Delta Dental continues to offer the largest national dental provider network with a full range of dental care programs. Under the Delta Dental plan, employees and retirees have the option to select an HMO or PPO plan design.

Delta Care HMO

DeltaCare is the dental HMO plan that features set copayments, no annual deductibles, and no maximums for in-network benefits. Many diagnostic and preventive services are available at no cost or with very low copayments. Presently, there are 8,991 participants enrolled in the Delta HMO plan.

Delta Dental PPO

Delta Dental PPO and Premier plan feature freedom of choice to visit any dentist and receive lower out-of-pocket cost when services are provided by contracted providers. Delta Dental continues to successfully manage the County's dental plans and continues to expand their network with new and local service providers throughout Riverside County. Currently, there are 7,858 participants enrolled in the Delta PPO plan.

No plan design or rate changes are recommended for the Delta Dental HMO and PPO plans for 2017.

Local Advantage Plus and Local Advantage Blythe

The Local Advantage Plus and Local Advantage Blythe self-funded DHMO plans utilize local providers including Riverside Dental Group and Hospitality Dental group.

Currently, there are 1,000 employees enrolled in Local Advantage Plus and 33 employees enrolled in the Local Advantage Blythe plan. No plan design or rate changes for the Local Advantage plans in 2017.

Specific rates for all County dental plans for 2017 are listed in Attachment C.

Vision Plans

The Vision Services Plan (VSP) is an employer paid self-funded vision program available to Elected Officials, Management, Confidential, and Unrepresented employees; Resident Physicians; and employees in bargaining units of the Riverside County Deputy District Attorney Association (RCDDAA) and Law Enforcement Management Unit (LEMU). There are 2,389 employees enrolled in the VSP plan.

The Medical Eye Services plan (MES) is a voluntary vision program offered to employees in the Service Employees International Union (SEIU), Laborers' International Union of North America (LIUNA), and Riverside Sheriffs' Association Public Safety (PSU) Units. There are 9,738 employees and 1,305 retirees enrolled in the MES plans.

No plan design or rate changes are proposed for the VSP and MES plans.

Rates for the 2017 County visions plans are listed in Attachment D.

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: 2017 Medical, Dental, and Vision Plan Rates; Benefit Changes for Active Employees and
Early Retirees [District- ALL] [Total Cost - \$160,058,124] [SOURCE OF FUNDS - Employee and
Retiree Health Premiums]**

DATE: August 9, 2016

PAGE: 4 of 4

Impact on Residents and Businesses

There is no direct impact to residents or businesses.

Contract History and Price Reasonableness

The annual cost of medical, dental, and vision plans for active employees and early retirees is estimated to increase from \$151 million in 2016 to an estimated \$160 million in 2017, an increase of \$9.0 million or 6%. The County's annual cost is determined by the Flexible Benefit Credits and retiree medical contributions it provides to active employees and retirees. The remaining annual cost for the health plans is paid by employees and retirees.

If approved, plan rates will be communicated to employees and retirees during the Annual Enrollment period, which is scheduled for September 12, 2016 through September 30, 2016, for active employees and October 10, 2016 through October 31, 2016 for retirees. CalPERS Annual Enrollment is scheduled to run from September 12, 2016 through October 7, 2016.

ATTACHMENTS

- A. Medical Plan Monthly Rates (Actives)**
- B. Medical Plan Monthly Rates (Early Retirees)**
- C. Dental Plan Monthly Rates (Actives and Retirees)**
- D. Vision Plan Monthly Rates (Actives and Retirees)**
- E. CalPERS Plan Monthly Rates (Informational Purposes Only)**

County of Riverside
 2017 County Medical Plan Monthly Renewal Rates
 Actives

	Enrollment	2016 Current	2017 Rate	Monthly Dollar Increase (Decrease)	Percent Increase
Exclusive Care EPO					
Employee Only	4,900	\$497.08	\$534.02	\$36.94	7.43%
Employee Plus One	1,004	\$1,005.60	\$1,080.66	\$75.06	7.46%
Employee and Family	1,464	\$1,263.04	\$1,357.36	\$94.32	7.47%
Sub-Total	7,368	\$5,294,404.96	\$5,688,855.68	\$394,450.72	7.45%
United HealthCare HMO					
Employee Only	1,494	\$670.90	\$707.56	\$36.66	5.46%
Employee Plus One	354	\$1,329.78	\$1,402.66	\$72.88	5.48%
Employee and Family	447	\$1,725.50	\$1,820.14	\$94.64	5.48%
Sub-Total	2,295	\$2,244,365.22	\$2,367,238.86	\$122,873.64	5.47%
Kaiser					
Employee Only	3,394	\$603.52	\$652.10	\$48.58	8.05%
Employee Plus One	667	\$1,199.02	\$1,296.88	\$97.86	8.16%
Employee and Family	665	\$1,558.96	\$1,686.28	\$127.32	8.17%
Sub-Total	4,726	\$3,884,801.62	\$4,199,622.56	\$314,820.94	8.10%
United HealthCare PPO					
Employee Only	87	\$1,057.00	\$1,194.78	\$137.78	13.04%
Employee Plus One	12	\$2,097.32	\$2,371.20	\$273.88	13.06%
Employee and Family	13	\$2,722.00	\$3,077.58	\$355.58	13.06%
Sub-Total	112	\$152,512.84	\$172,408.80	\$19,895.96	13.05%
Annual Total	14,501	\$138,913,015.68	\$149,137,510.80	\$10,224,495.12	7.36%

County of Riverside
 2017 County Medical Plan Renewal Rates
 Early Retirees

	Enrollment	2016 Current	2017 Rate	Monthly Dollar Increase	Percent Increase
Exclusive Care EPO					
Employee Only	15	\$843.48	\$906.70	\$63.22	7.50%
Employee Plus One	6	\$1,718.90	\$1,847.93	\$129.03	7.51%
Employee and Family	1	\$2,161.94	\$2,324.26	\$162.32	7.51%
Sub-Total	22	\$25,127.54	\$27,012.34	\$1,884.80	7.50%
United HealthCare HMO					
Employee Only	41	\$1,030.87	\$1,087.43	\$56.56	5.49%
Employee Plus One	9	\$2,047.36	\$2,159.78	\$112.42	5.49%
Employee and Family	0	\$2,657.73	\$2,803.70	\$145.97	5.49%
Sub-Total	50	\$60,691.91	\$64,022.65	\$3,330.74	5.49%
Kaiser					
Employee Only	130	\$675.74	\$806.56	\$130.82	19.36%
Employee Plus One	31	\$1,346.06	\$1,609.65	\$263.59	19.58%
Employee and Family	1	\$1,747.18	\$2,090.13	\$342.95	19.63%
Sub-Total	162	\$131,321.24	\$156,842.08	\$25,520.84	19.43%
United Healthcare PPO					
Employee Only	3	\$1,484.42	\$1,678.40	\$193.98	13.07%
Employee Plus One	1	\$2,848.55	\$3,221.03	\$372.48	13.08%
Employee and Family	0	\$3,828.34	\$4,329.00	\$500.66	13.08%
Sub-Total	4	\$7,301.81	\$8,256.23	\$954.42	13.07%
Annual Total	238	\$2,693,310.00	\$3,073,599.60	\$380,289.60	14.12%

County of Riverside
 2017 County Dental Plan Renewal Rates
 Actives and Retirees

	Total Enrollment	2016 Current	2017 Renewal	Monthly Dollar Increase	Percent Increase
Local Advantage - Plus					
Single	553	\$40.14	\$40.14	\$0.00	0%
Two-Party	232	\$77.92	\$77.92	\$0.00	0%
Family	215	\$114.42	\$114.42	\$0.00	0%
Sub-Total	1000	\$64,875.16	\$64,875.16	\$0.00	0%
Local Advantage - Blythe					
Single	16	\$29.22	\$29.22	\$0.00	0%
Two-Party	10	\$51.26	\$51.26	\$0.00	0%
Family	7	\$77.46	\$77.46	\$0.00	0%
Sub-Total	33	\$1,522.34	\$1,522.34	\$0.00	0%
Delta USA DHMO - High Option Plan (10A)					
Single	4581	\$22.84	\$22.84	\$0.00	0%
Two-Party	2152	\$33.80	\$33.80	\$0.00	0%
Family	2258	\$52.00	\$52.00	\$0.00	0%
Sub-Total	8991	\$294,783.64	\$294,783.64	\$0.00	0%
Delta Dental PPO					
Single	3643	43.58	\$43.58	\$0.00	0%
Two-Party	2142	78.02	\$78.02	\$0.00	0%
Family	2073	113.68	\$113.68	\$0.00	0%
Sub-Total	7858	\$561,539.42	\$561,539.42	\$0.00	0%
ANNUAL TOTAL	17882	\$11,072,646.72	\$11,072,646.72	\$0.00	0%

County of Riverside
 2017 County Vision Plan Renewal Rates
 Actives and Retirees

	Active Enrollment	2016 Current	2017 Renewal	Monthly Dollar Increase	Percent Increase
MES - Hardware only (Active Employees)					
Single	423	\$7.80	\$7.80	\$0.00	0%
Two-Party	104	\$12.42	\$12.42	\$0.00	0%
Family	105	\$17.14	\$17.14	\$0.00	0%
Sub-Total	632	\$6,390.78	\$6,390.78	\$0.00	0%
MES - Exam & Hardware (Active Employees)					
Single	5115	\$9.24	\$9.24	\$0.00	0%
Two-Party	2069	\$13.96	\$13.96	\$0.00	0%
Family	2554	\$18.88	\$18.88	\$0.00	0%
Sub-Total	9738	\$124,365.36	\$124,365.36	\$0.00	0%
VSP					
Self-Funded Fee		12% of claims	12% of claims	N/A	N/A
Recommended funding level	2389	\$13.36	\$13.36	\$0.00	0%
Sub-Total	2389	\$31,917.04	\$31,917.04	\$0.00	0%
MES Retiree Plan					
Single	744	\$10.98	\$10.98	\$0.00	0%
Two-Party	486	\$21.04	\$21.04	\$0.00	0%
Family	75	\$27.91	\$27.91	\$0.00	0%
Sub-Total	1305	\$20,487.81	\$20,487.81	\$0.00	0%
Annual Total	14064	\$2,197,931.88	\$2,197,931.88	\$0.00	0%

2017 Plan Rates	Other Southern California Counties*			Los Angeles Region			Out-of-State Region		
	2016	2017	% Difference	2016	2017	% Difference	2016	2017	% Difference
Anthem HMO Select									
Employee Only	\$634.75	\$659.02	3.8%	\$543.47	\$592.78	9.1%			Plan Not Available
Two-Party	\$1,269.50	\$1,318.06	3.8%	\$1,086.94	\$1,185.56	9.1%			Plan Not Available
Family	\$1,650.35	\$1,713.48	3.8%	\$1,413.02	\$1,541.23	9.1%			Plan Not Available
Anthem HMO Traditional									
Employee Only	\$710.79	\$799.15	12.4%	\$610.64	\$713.69	16.9%			Plan Not Available
Two-Party	\$1,421.58	\$1,598.30	12.4%	\$1,221.28	\$1,427.38	16.9%			Plan Not Available
Family	\$1,848.05	\$2,077.79	12.4%	\$1,587.66	\$1,855.59	16.9%			Plan Not Available
Blue Shield HMO									
Employee Only	\$654.87	\$778.45	18.9%	\$566.53	\$675.98	19.3%			Plan Not Available
Two-Party	\$1,309.74	\$1,556.90	18.9%	\$1,133.06	\$1,351.96	19.3%			Plan Not Available
Family	\$1,702.66	\$2,023.97	18.9%	\$1,472.98	\$1,757.55	19.3%			Plan Not Available
Health Net Salud y Mas HMO									
Employee Only	\$535.98	\$473.46	-11.7%	\$466.11	\$414.79	-11.0%			Plan Not Available
Two-Party	\$1,071.96	\$946.92	-11.7%	\$932.22	\$829.58	-11.0%			Plan Not Available
Family	\$1,393.55	\$1,231.00	-11.7%	\$1,211.89	\$1,078.45	-11.0%			Plan Not Available
Health Net SmartCare									
Employee Only	\$596.98	\$537.20	-10.0%	\$585.39	\$526.73	-10.0%			Plan Not Available
Two-Party	\$1,193.96	\$1,074.40	-10.0%	\$1,170.78	\$1,053.46	-10.0%			Plan Not Available
Family	\$1,552.15	\$1,396.72	-10.0%	\$1,522.01	\$1,369.50	-10.0%			Plan Not Available
Kaiser Permanente									
Employee Only	\$605.05	\$599.54	-0.9%	\$543.83	\$573.89	5.5%	\$930.29	\$940.67	1.1%
Two-Party	\$1,210.10	\$1,199.08	-0.9%	\$1,087.66	\$1,147.78	5.5%	\$1,860.58	\$1,881.34	1.1%
Family	\$1,573.13	\$1,558.80	-0.9%	\$1,413.96	\$1,492.11	5.5%	\$2,418.75	\$2,445.74	1.1%
Sharp									
Employee Only	\$561.34	\$614.46	9.5%		Plan Not Available				Plan Not Available
Two-Party	\$1,122.68	\$1,228.92	9.5%		Plan Not Available				Plan Not Available
Family	\$1,459.48	\$1,597.60	9.5%		Plan Not Available				Plan Not Available
United Healthcare									
Employee Only	\$493.99	\$549.76	11.3%	\$492.24	\$545.71	10.9%			Plan Not Available
Two-Party	\$987.98	\$1,099.52	11.3%	\$984.48	\$1,091.42	10.9%			Plan Not Available
Family	\$1,284.37	\$1,429.38	11.3%	\$1,279.82	\$1,418.85	10.9%			Plan Not Available
PERSCare PPO									
Employee Only	\$761.50	\$802.24	5.3%	\$666.91	\$715.88	7.3%	\$696.49	\$758.69	8.9%
Two-Party	\$1,523.00	\$1,604.48	5.3%	\$1,333.82	\$1,431.76	7.3%	\$1,392.98	\$1,517.38	8.9%
Family	\$1,979.90	\$2,085.82	5.3%	\$1,733.97	\$1,861.29	7.3%	\$1,810.87	\$1,972.59	8.9%
PERSChoice PPO									
Employee Only	\$683.71	\$714.43	4.5%	\$598.75	\$637.53	6.5%	\$625.31	\$675.61	8.0%
Two-Party	\$1,367.42	\$1,428.86	4.5%	\$1,197.50	\$1,275.06	6.5%	\$1,250.62	\$1,351.22	8.0%
Family	\$1,777.65	\$1,857.52	4.5%	\$1,556.75	\$1,657.58	6.5%	\$1,625.81	\$1,756.59	8.0%
PERSSelect									
Employee Only	\$625.20	\$633.46	1.3%	\$547.55	\$565.33	3.2%			Plan Not Available
Two-Party	\$1,250.40	\$1,266.92	1.3%	\$1,095.10	\$1,130.66	3.2%			Plan Not Available
Family	\$1,625.52	\$1,647.00	1.3%	\$1,423.63	\$1,469.86	3.2%			Plan Not Available
	Average Percent Increase		4.04%	Average Percent Increase		5.77%	Average Percent Increase		6.00%

* Includes Riverside, Orange, San Diego and Imperial counties.

Kaiser Permanente Out-of-State available in: Colorado, Georgia, Hawaii, MidAtlantic and Northwest regions.