

MINUTES OF THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



16-2

1:00 p.m. being the time set for Human Resources: Workshop on Healthcare.

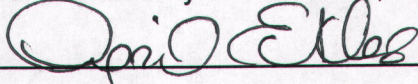
Michael Stock, Human Resources Director opened the Workshop.

Brent Crane and Linda Zitelli, Aon Hewitt Benefits Consultants, gave PowerPoint presentation.

I hereby certify that the foregoing is a full true, and correct copy of an order made and entered on April 22, 2014 of Supervisors Minutes.

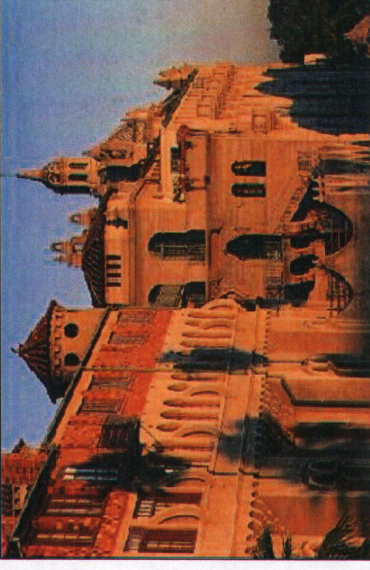
WITNESS my hand and the seal of the Board of Supervisors
Dated: April 22, 2014
Kecia Harper-Ihem, Clerk of the Board of Supervisors, in
and for the County of Riverside, State of California.

(seal)

By:  Deputy

AGENDA NO.
16-2

XC:



County of Riverside – Human Resources Health Care Workshop

April 22, 2014

Michael T. Stock
Asst. CEO/Human Resources Director

Panel Representatives

County Representatives

Stacey Beale – Human Resources Division Manager
Lowell Johnson – RCRMC Administrator

Health Plan Representatives

James Burke – Exclusive Care Plan Manager
Cathleen Bryant – Health Net Account Manager
Richard Cade – Kaiser Account Manager

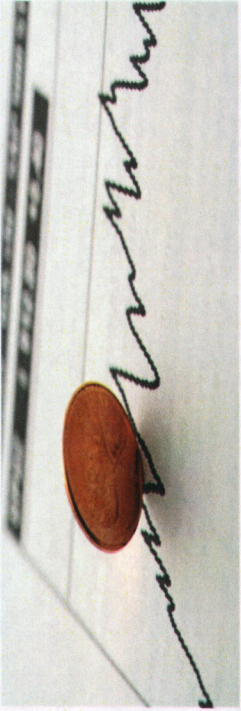
Consultants

Brent Crane – Aon Hewitt Benefits Consultant
Linda Zitelli – Aon Hewitt Benefits Consultant



Agenda

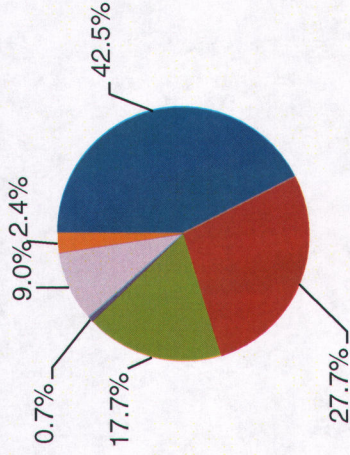
- Health Care Benchmarking
- Affordable Care Act (ACA)
- Medical Request for Proposal (RFP)



Health Care Benchmarking

2014 Enrollment and Cost by Plan

Plan	Enrollment	Percent
Exclusive Care	6,436	42.5%
Kaiser	4,186	27.7%
Health Net HMO	2,697	17.7%
Health Net PPO	107	0.7%
Waiver Medical	1,381	9.0%
Waive All	<u>370</u>	2.4%
	15,177	



Plan	Cost	Tier
Exclusive Care	\$442	Single
\$51.5M	\$890	2-Party
	\$1,116	Family
Kaiser	\$609	Single
\$42.6M	\$1,209	2-Party
	\$1,571	Family
Health Net HMO	\$621	Single
\$29.8M	\$1,234	2-Party
	\$1,602	Family
Health Net PPO	\$969	Single
\$1.6M	\$1,932	2-Party
	\$2,508	Family
Total	\$125.6M	

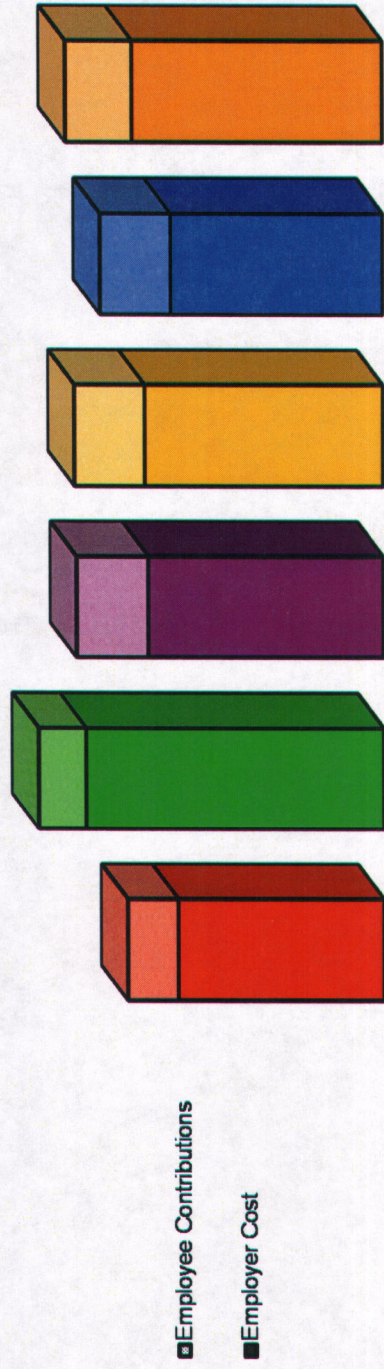
California County Survey

County	2014 Average Premium – All Plans
Orange County	\$552.02
Riverside County	\$586.01
San Diego County	\$631.92
Los Angeles County	\$678.67
San Bernardino County	\$761.40
Santa Clara County	\$764.99
Fresno County	\$703.47
Alameda County	\$1,149.58

Note: Average County Monthly Core Flexible Contribution is \$816.00

2013 County of Riverside vs. National Benchmarking

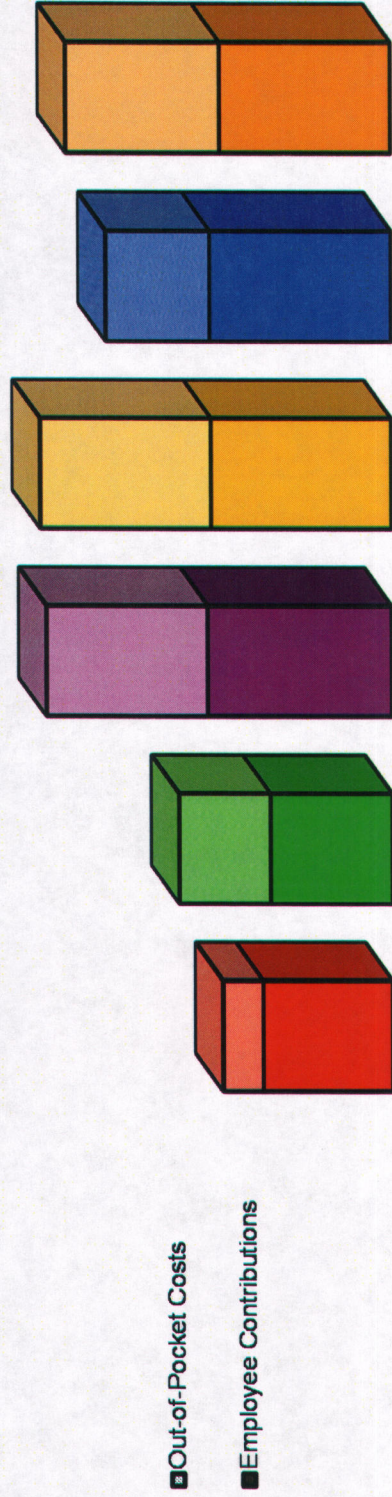
Health Plan Costs Per Employee—Overall



	COR	Gov/Edu	10,000-24,999	Fortune 500	Labor Market	HHVI
Employee Contributions	\$1,736	\$1,633	\$2,468	\$2,416	\$2,430	\$2,294
Employer Cost	\$7,136	\$10,303	\$8,143	\$8,253	\$7,347	\$8,672
Total Health Plan Cost	\$8,872	\$11,936	\$10,611	\$10,669	\$9,777	\$10,966
Employer Subsidy Percent	80%	86%	77%	77%	75%	79%

2013 County of Riverside vs. National Benchmarking

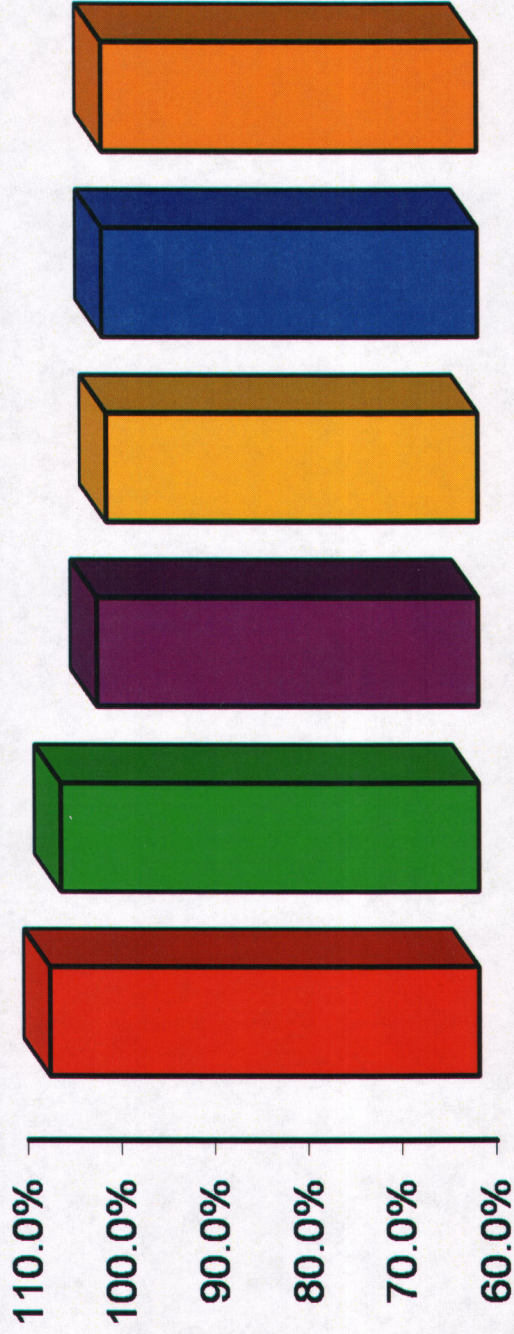
Employee Costs—Overall



	COR	Gov/Edu	10,000-24,999	Fortune 500	Labor Market	HHVI
Out-of-Pocket Costs	\$537	\$1,222	\$2,154	\$2,283	\$1,386	\$2,055
Employee Contributions	\$1,736	\$1,633	\$2,468	\$2,416	\$2,430	\$2,294
Total Employee Costs	\$2,273	\$2,855	\$4,622	\$4,699	\$3,816	\$4,349

2013 County of Riverside vs. National Benchmarking

Financial Efficiency—Overall



	COR	Gov/Edu	10,000- Fortune 500	Market	HHVI
Financial Index	105.7%	104.5%	100.6%	100.0%	100.0%
Enrollment	12,484	932,263	1,314,592	2,725,352	5,174,282

For every COR dollar spent, you receive \$1.06 back in financial efficiency

Affordable Care Act (ACA)

Health Care Reform Update



2014 – Employer Mandates and Penalties

The County is compliant with all ACA required mandates through 2014.

- ✓ Provide Affordable Minimum Essential Health Coverage (MEC) for Regular employees
- ✓ Pre-existing Conditions Exclusions Prohibited for all age groups
- ✓ Reporting of Health Insurance Information to Government and Participants (W-2)
- ✓ Transitional Reinsurance Program and Patient-Centered Outcomes Research Institute (PCORI) Contributions – Imposed fees/taxes
- ✓ Automatic Enrollment for Regular employees
- ✓ Limit of 90-Day Waiting Period for Coverage
- ✓ Cost-sharing limits for all group health plans
- ✓ Cap on Rewards of 30% for Participation in Wellness Program

ACA Compliance Update – Beyond 2014

2015 - 2016 – Affordable Care Act Fees

- Transitional Reinsurance Fee –stabilizes the Exchange for risks associated with pre-existing conditions
- Patient Centered Outcomes Research Institute (PCORI) Fee – funds clinical research
- Health Insurer Fee (only applicable to carriers) – funds tax subsidies in the Exchange
 - Self-funded, self-administered plans do not pay fees (Exclusive Care)
 - Fees are included in fully-insured premiums
 - Kaiser (increase premiums approximately 1-2%)
 - Commercial Plans - Health Net, Blue Shield, UnitedHealthcare, etc. (increase premiums approximately 3-5%)
- Pharmaceutical Industry Fee, Medical Device Fee, and Insurer Fee

ACA Compliance Update – Future Concerns

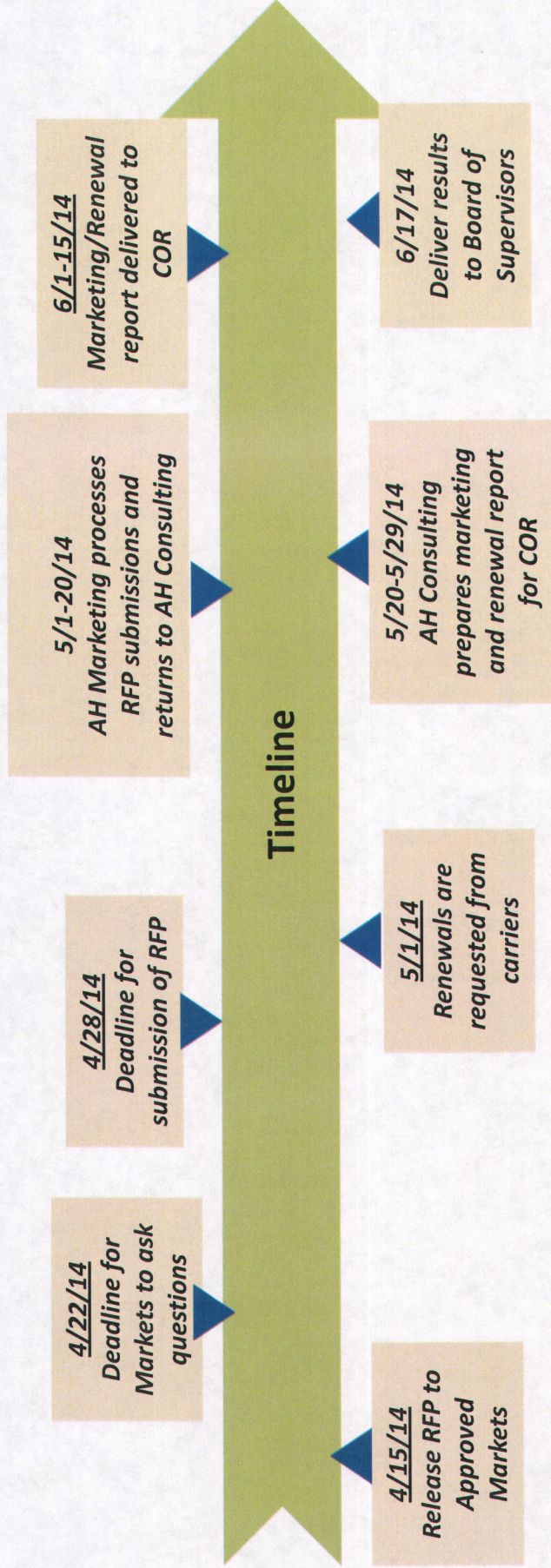
- 2015 – Employer Mandate and Penalties
 - County must offer Minimum Essential Coverage (“MEC”) to at least 70% in 2015 of all FTEs and FTE’s eligible non-spouse dependents.
 - *County is compliant with this mandate*
 - County must offer Affordable Coverage
 - *County may incur possible penalties estimated to cost \$62,000 to \$462,000, if coverage offered through the County is not deemed affordable.*
 - *The penalty is \$3,000 for each active FTE who purchases coverage through the Exchange and receives a Federal subsidy.*
- 2018 Excise Tax on High Cost Plans (also known as the Cadillac Tax)
 - 40% Excise tax is imposed on excess employer health care benefits (\$10,200 self; \$27,500 family)

Request For Proposal (RFP)

County of Riverside – RFP Carrier Marketing

- Aetna
- Anthem Blue Cross
- Blue Shield of California
- Cigna
- Health Net
- UnitedHealthcare

County of Riverside – Marketing Timeline



County of Riverside – Marketing Evaluation

- Competitive Rating
- Network Match
- Disruption Analysis
- Aon Hewitt Market Security
- Quality Index (HEDIS Scores)
- Performance Guarantee
- Multi-Year Rate Cap/Guarantee

Risk Pools (Exchanges)

Risk Pools

Exchanges

- **Public (Covered California)**
 - County not eligible until possibly 2018?
- **Private**
 - Actives/Early Retirees and Medicare Retirees
 - Defined contribution (Flexible Credit)
 - County plans equate to Platinum level

State-Based Exchange Requirements

Plan Designs

- The ACA requires 2014 plans to be offered at one of four actuarial value levels*: 60% (Bronze), 70% (Silver), 80% (Gold), 90% (Platinum)
- Plan designs vary by state and can include co-pays or coinsurance
- Out of pocket (OOP) max can be no higher than HSA limits (Individual: \$6,654; Family:\$13,290)
- Catastrophic plans only available to people under age 30, which only cover 3 PCP visits until cost sharing equaling the maximum deductible is reached

Underwriting

- Underwriting will be eliminated (no pre-existing conditions)
- Younger people will pay no less than 1/3 of what the oldest segment (60-64) population pays; males pay the same amount as females

Federal Subsidies

- Subsidized premiums (tax credits) & cost-sharing credits are available to those with household incomes from 100% and up to 400% of the Federal Poverty Level (FPL)** who don't have affordable coverage through an employer.
- OOP Limits are reduced (more generous plan designs) with the cost-sharing credits (Example: 100 - 200% FPL: The OOP plan max is one third of HSA contribution limit)

* Insurers participating must offer at least one silver and one gold plan

** Current 2013 FPL: \$11,490 for Individual; \$23,550 Family

Required minimum essential benefits and services:

- Ambulatory patient services
- Emergency services
- Hospitalization
- Maternity and newborn care
- MH and SA use disorder services (including behavioral health treatment)
- Prescription drugs
- Rehabilitative services and devices
- Laboratory services
- Preventive and wellness services and chronic disease management
- Pediatric services, including oral and vision care

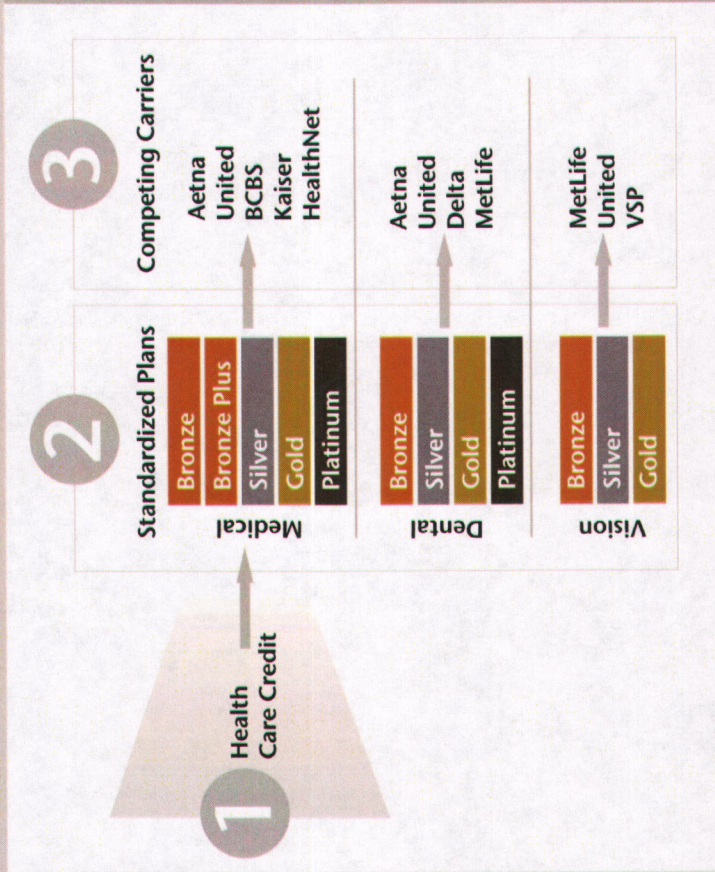


Private Exchange: An Example

DEFINED CONTRIBUTION
SUBSIDY

INSURED PLAN OFFERINGS
FOR PARTICIPANTS

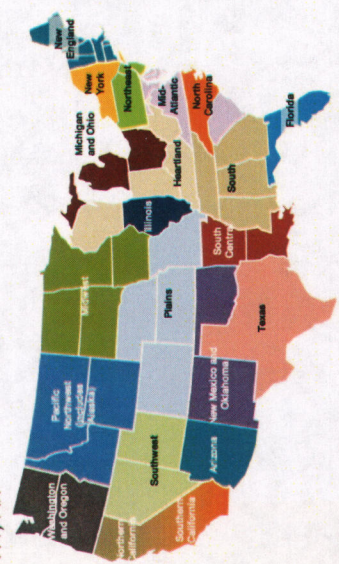
EXCHANGE BACKGROUND
MECHANICS WITH CARRIERS



4

21 Rating Bands

- Heartland: WI, IN, KY, WV
- Midwest: ND, SD, MN, IA
- Mid-Atlantic: SC, VA, MD, DE
- New England: CT, RI, MA, NH, VT, ME
- Northeast: PA, NJ
- Pacific Northwest: ID, MT, WY, AK
- Plains: CO, NE, KS, MO
- South: MS, AL, TN, GA
- South Central: AR, LA
- Southwest: NV, UT
- AZ
- FL
- IL
- MI, OH
- NC
- NM, OK
- NY
- Northern CA
- Southern CA
- TX
- WA, OR



5

Risk Adjustment

Risk Pools

CalPERS

- Larger selection of carriers
- Uncertain if Exclusive Care would be allowed
- Questionable affordability of premiums in the future
- Funding of Mandatory Lifetime Retiree Coverage
 - Governmental Accounting Standards Board (GASB)
 - County GASB Liability increase – approx. \$250M

Questions?