

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



819

FROM: Human Resources Department

SUBMITTAL DATE:
August 06, 2015

SUBJECT: 2016 Medical, Dental, and Vision Plan Rates; Benefit Changes for Active Employees and Early Retirees [District- ALL] [Total Cost - \$151,108,879 [SOURCE OF FUNDS - Employees and Retiree Health Premiums]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the 2016 Medical, Dental, and Vision plan rates listed in Attachment A through D for active employees and early retirees; and proposed plan changes 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	\$ 74,208,103	\$ 76,900,776	\$ 151,108,879	\$	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: 2015/16-16/17	

C.E.O. RECOMMENDATION:

APPROVE

County Executive Office Signature

BY:
Lari Sison

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Tavaglione, seconded by Supervisor Jeffries and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Washington and Benoit
Nays: None
Absent: Ashley
Date: August 18, 2015
xc: H.R.

Kecia Harper-Ihem
Clerk of the Board
By:
Deputy

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

3-34

Departmental Concurrence

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: 2016 Medical, Dental, and Vision Plan Rates; Benefit Changes for Active Employees and
Early Retirees [District- ALL] [Total Cost - \$151,108,879 [SOURCE OF FUNDS - Employees and
Retiree Health Premiums]**

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Rates and Benefit Changes

Active Employee Medical Rates

The 2016 Plan Year rate renewals are based on the County's group-specific claims experience and anticipated market trends and medical costs. AON Hewitt reports the national market trend rates for 2016 is expected to average 7.1% for HMOs and 7.6% for PPOs.

Exclusive Care

In recent years, Exclusive Care has become the most popular health plan choice for County employees with 7,439 participants (approximately 50% of the eligible population) enrolled in the active employee plan. For 2016, a few benefit plan design changes were made and will be communicated during the County's annual enrollment period. Currently, there are 47 participants enrolled in the early retiree plan. See Attachment F for proposed plan design changes.

United Health Care (UHC)

UHC provides 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. Additionally, UHC has instituted alternatives to visit a physician other than traditional in-person visits. Some of these alternatives include: online nurse chat, and virtual visits for the PPO plan.

UHC has provided a 7% renewal for its HMO plan, which is 3.6% lower than their previously negotiated 10.6% second year rate cap.

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, retail clinic, and a mobile health clinic. There are currently 4,454 active employees and 153 early retirees enrolled in the plan. See Attachment E for proposed plan design changes.

Specific rates for Exclusive Care, UHC, and Kaiser medical plans for the 2016 plan year are listed in Attachment A and Attachment B.

CalPERS

On June 17, 2015, California Public Employees' Retirement System (CalPERS) released its 2016 medical plan rates. The CalPERS medical plan rates are listed in Attachment F for information and comparative purposes only.

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.

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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 7,626 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 5,816 participants enrolled in the Delta PPO plan.

No plan design or rate changes are recommended for the Delta Dental HMO and PPO plans for 2016.

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 831 employees enrolled in Local Advantage Plus and 27 employees enrolled in the Local Advantage Blythe plan. No benefit or rate changes for the Local Advantage plans in 2016.

Specific rates for all County dental plans for 2016 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 2,238 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 9,937 employees and retirees enrolled in the MES plans.

VSP will have a plan change to the benefits for exams, lenses and frames. The current plan design permits new frames and lenses every 24 months. The improved benefit will allow employees and their dependents to receive new frames and lenses every 12 months. The additional benefit will be provided to eligible employees and their dependents with no rate change for the 2016 plan year. The MES vision plan already provides the same 12 month benefit level being proposed for the VSP plan.

Rates for the 2016 County visions plans are listed in Attachment D.

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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 visions plans for active employees and early retirees is estimated to increase from \$138.4 million in 2015 to an estimated \$151 million in 2016, an increase of \$12.6 million or 9.1%. 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 and benefit changes will be communicated to employees and retirees during the Annual Enrollment period, which is scheduled for September 14, 2015 through October 2, 2015, for active employees and October 5, 2015 through October 23, 2015 for retirees. CalPERS Annual Enrollment is scheduled to run concurrently with the County's annual enrollment period.

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. Exclusive Care and Kaiser Health Benefit Plan Changes
- F. CalPERS Plan Monthly Rates (Informational Purposes Only)

County of Riverside
 2016 County Medical Plan Monthly Renewal Rates
 Actives

	Enrollment	2015 Current	2016 Rate	Monthly Dollar Increase (Decrease)	Percent Increase
Exclusive Care EPO					
Employee Only	4,807	\$468.88	\$497.08	\$28.20	6%
Employee Plus One	1,060	\$942.14	\$1,005.60	\$63.46	7%
Employee and Family	1,572	\$1,181.72	\$1,263.04	\$81.32	7%
Sub-Total	7,439	\$5,110,238.40	\$5,440,898.44	\$330,660.04	7%
United HealthCare HMO					
Employee Only	1,676	\$628.34	\$670.90	\$42.56	7%
Employee Plus One	405	\$1,239.20	\$1,329.78	\$90.58	7%
Employee and Family	520	\$1,606.12	\$1,725.50	\$119.38	7%
Sub-Total	2,601	\$2,390,156.24	\$2,560,249.30	\$170,093.06	7%
Kaiser					
Employee Only	3,187	\$616.50	\$603.52	(\$12.98)	-2%
Employee Plus One	635	\$1,221.00	\$1,199.02	(\$21.98)	-2%
Employee and Family	632	\$1,585.50	\$1,558.96	(\$26.54)	-2%
Sub-Total	4,454	\$3,742,156.50	\$3,670,058.66	(\$72,097.84)	-2%
United HealthCare PPO					
Employee Only	89	\$966.24	\$1,057.00	\$90.76	9%
Employee Plus One	11	\$1,910.96	\$2,097.32	\$186.36	10%
Employee and Family	15	\$2,478.24	\$2,722.00	\$243.76	10%
Sub-Total	115	\$144,189.52	\$157,973.52	\$13,784.00	10%
Annual Total	14,609	\$136,640,887.92	\$141,950,159.04	\$5,309,271.12	4%

County of Riverside
 2016 County Medical Plan Monthly Renewal Rates
 Early Retirees

	Enrollment	2015 Current	2016 Rate	Monthly Dollar Increase	Percent Increase
Exclusive Care EPO					
Employee Only	34	\$783.95	\$843.48	\$59.53	7.60%
Employee Plus One	1	\$1,598.45	\$1,718.90	\$120.45	7.50%
Employee and Family	12	\$2,010.67	\$2,161.94	\$151.27	7.50%
Sub-Total	47	\$52,380.79	\$56,340.50	\$3,959.71	7.60%
United HealthCare HMO					
Employee Only	82	\$955.41	\$1,030.87	\$75.46	7.90%
Employee Plus One	15	\$1,897.83	\$2,047.36	\$149.53	7.90%
Employee and Family	1	\$2,463.75	\$2,657.73	\$193.98	7.90%
Sub-Total	98	\$109,274.82	\$117,899.47	\$8,624.65	7.90%
Kaiser					
Employee Only	122	\$934.00	\$675.74	(\$258.26)	-27.70%
Employee Plus One	30	\$1,862.50	\$1,346.06	(\$516.44)	-27.70%
Employee and Family	1	\$2,418.00	\$1,747.18	(\$670.82)	-27.70%
Sub-Total	153	\$172,241.00	\$124,569.26	(\$47,671.74)	-27.70%
United Healthcare PPO					
Employee Only	15	\$1,347.67	\$1,484.42	\$136.75	10.10%
Employee Plus One	1	\$2,586.43	\$2,848.55	\$262.12	10.10%
Employee and Family	0	\$3,476.18	\$3,828.34	\$352.16	10.10%
Sub-Total	16	\$22,801.48	\$25,114.85	\$2,313.37	10.10%
Annual Total	314	\$4,280,377.08	\$3,887,088.96	(\$393,288.12)	-9.20%

County of Riverside
 2016 Dental Plan Monthly Renewal Rates
 Actives and Retirees

	Total Enrollment	2015 Current	2016 Renewal	Monthly Dollar Increase	Percent Increase
Local Advantage - Plus					
Single	450	\$40.14	\$40.14	\$0.00	0%
Two-Party	166	\$77.92	\$77.92	\$0.00	0%
Family	215	\$114.42	\$114.42	\$0.00	0%
Sub-Total	831	\$55,598.02	\$55,598.02	\$0.00	0%
Local Advantage - Blythe					
Single	10	\$29.22	\$29.22	\$0.00	0%
Two-Party	7	\$51.26	\$51.26	\$0.00	0%
Family	10	\$77.46	\$77.46	\$0.00	0%
Sub-Total	27	\$1,425.62	\$1,425.62	\$0.00	0%
Delta USA DHMO - High Option Plan (10A)					
Single	3734	\$22.84	\$22.84	\$0.00	0%
Two-Party	1662	\$33.80	\$33.80	\$0.00	0%
Family	2230	\$52.00	\$52.00	\$0.00	0%
Sub-Total	7626	\$257,420.16	\$257,420.16	\$0.00	0%
Delta Dental PPO					
Single	2583	43.58	\$43.58	\$0.00	0%
Two-Party	1361	78.02	\$78.02	\$0.00	0%
Family	1872	113.68	\$113.68	\$0.00	0%
Sub-Total	5816	\$431,561.32	\$431,561.32	\$0.00	0%
ANNUAL TOTAL	14300	\$8,952,061.44	\$8,952,061.44	\$0.00	0%

County of Riverside
 2016 Vision Plan Monthly Renewal Rates
 Actives

	Active Enrollment	2015 Current	2016 Renewal	Monthly Dollar Increase	Percent Increase
MES - Hardware only (Active Employees)					
Single	417	\$7.80	\$7.80	\$0.00	0%
Two-Party	106	\$12.42	\$12.42	\$0.00	0%
Family	102	\$17.14	\$17.14	\$0.00	0%
Sub-Total	625	\$6,317.40	\$6,317.40	\$0.00	0%
MES - Exam & Hardware (Active Employees)					
Single	4871	\$9.24	\$9.24	\$0.00	0%
Two-Party	1965	\$13.96	\$13.96	\$0.00	0%
Family	2471	\$18.88	\$18.88	\$0.00	0%
Sub-Total	9307	\$119,091.92	\$119,091.92	\$0.00	0%
VSP					
Self-Funded Fee		13% of claims	12% of claims	N/A	N/A
Recommended funding level	2238	\$13.36	\$13.36	\$0.00	0%
Sub-Total	2238	\$29,899.68	\$29,899.68	\$0.00	0%
MES Retiree Plan					
Single	642	\$10.98	\$10.98	\$0.00	0%
Two-Party	405	\$21.04	\$21.04	\$0.00	0%
Family	87	\$27.91	\$27.91	\$0.00	0%
Sub-Total	1134	\$17,998.53	\$17,998.53	\$0.00	0%
Annual Total	13304	\$2,079,690.36	\$2,079,690.36	\$0.00	0%

Proposed Benefit Plan Changes for 2016

Exclusive Care Plan Modifications

- Add \$100 Inpatient Hospital Copay/Admit
- Increase Physician Copay from \$5 to \$15
- Increase Generic Rx Copay from \$5 to \$10 for Retail and \$10 to \$20 for Mail Order
- Increase Brand Formulary from \$15 to \$25 for Retail and \$30 to \$50 for Mail Order
- Increase Brand Non-Formulary from \$35 to \$50 for Retail and \$100 for Mail Order

Kaiser Permanente Plan Modifications

- Increase Emergency Room Copay from \$50 to \$100
- Current Rx change to 30-day supply

Rx Change to 30 Day Supply:

<u>Current Rx:</u>			
Most Generic Items	\$10 for up to a 100-day supply	Most generic items at a Plan Pharmacy	\$10 for up to a 30-day supply
Most Brand-Name Items	\$25 for up to a 100-day supply	Most generic refills through our mail-order service	\$20 for up to a 100-day supply
		Most brand-name items at a Plan Pharmacy	\$25 for up to a 30-day supply
		Most brand-name refills through our mail-order service	\$50 for up to a 100-day supply

County of Riverside
2016 CalPERS Medical Plan Renewal Rates
Actives and Early Retirees

2016 Plan Rates	Other Southern California Counties*			Los Angeles Region			Out-of-State Region		
	2015	2016	% Difference	2015	2016	% Difference	2015	2016	% Difference
Anthem HMO Select									
Employee Only	\$653.97	\$634.75	-2.9%	\$493.40	\$543.47	10.1%			Plan Not Available
Two-Party	\$1,307.94	\$1,269.50	-2.9%	\$986.80	\$1,086.94	10.1%			Plan Not Available
Family	\$1,700.32	\$1,650.35	-2.9%	\$1,282.84	\$1,413.02	10.1%			Plan Not Available
Anthem HMO Traditional									
Employee Only	\$743.12	\$710.79	-4.4%	\$631.62	\$610.64	-3.3%			Plan Not Available
Two-Party	\$1,486.24	\$1,421.58	-4.4%	\$1,263.24	\$1,221.28	-3.3%			Plan Not Available
Family	\$1,932.11	\$1,848.05	-4.4%	\$1,642.21	\$1,587.66	-3.3%			Plan Not Available
Blue Shield HMO									
Employee Only	\$598.66	\$654.87	9.4%	\$517.87	\$566.53	9.4%			Plan Not Available
Two-Party	\$1,197.32	\$1,309.74	9.4%	\$1,035.74	\$1,133.06	9.4%			Plan Not Available
Family	\$1,556.52	\$1,702.66	9.4%	\$1,346.46	\$1,472.98	9.4%			Plan Not Available
Blue Shield NetValue									
Employee Only	\$561.09	\$666.35	18.8%	\$485.41	\$576.46	18.8%			Plan Not Available
Two-Party	\$1,122.18	\$1,332.70	18.8%	\$970.82	\$1,152.92	18.8%			Plan Not Available
Family	\$1,458.83	\$1,732.51	18.8%	\$1,262.07	\$1,498.80	18.8%			Plan Not Available
Health Net Salud y Mas HMO									
Employee Only	\$520.59	\$535.98	3.0%	\$430.71	\$466.11	8.2%			Plan Not Available
Two-Party	\$1,041.18	\$1,071.96	3.0%	\$861.42	\$932.22	8.2%			Plan Not Available
Family	\$1,353.53	\$1,393.55	3.0%	\$1,119.85	\$1,211.89	8.2%			Plan Not Available
Health Net SmartCare									
Employee Only	\$579.88	\$596.98	2.9%	\$568.47	\$585.39	3.0%			Plan Not Available
Two-Party	\$1,159.76	\$1,193.96	2.9%	\$1,136.94	\$1,170.78	3.0%			Plan Not Available
Family	\$1,507.69	\$1,552.15	2.9%	\$1,478.02	\$1,522.01	3.0%			Plan Not Available
Kaiser Permanente									
Employee Only	\$579.80	\$605.05	4.4%	\$521.18	\$543.83	4.3%	\$922.78	\$930.29	0.8%
Two-Party	\$1,159.60	\$1,210.10	4.4%	\$1,042.36	\$1,087.66	4.3%	\$1,845.56	\$1,860.58	0.8%
Family	\$1,507.48	\$1,573.13	4.4%	\$1,355.07	\$1,413.96	4.3%	\$2,399.23	\$2,418.75	0.8%
Sharp									
Employee Only	\$564.57	\$561.34	-0.6%		Plan Not Available				Plan Not Available
Two-Party	\$1,129.14	\$1,122.68	-0.6%		Plan Not Available				Plan Not Available
Family	\$1,467.88	\$1,459.48	-0.6%		Plan Not Available				Plan Not Available
United Healthcare									
Employee Only	\$449.10	\$493.99	10.0%	\$458.74	\$492.24	7.3%			Plan Not Available
Two-Party	\$898.20	\$987.98	10.0%	\$917.48	\$984.48	7.3%			Plan Not Available
Family	\$1,167.66	\$1,284.37	10.0%	\$1,192.72	\$1,279.82	7.3%			Plan Not Available
PERSCare PPO									
Employee Only	\$657.32	\$761.50	15.8%	\$647.11	\$666.91	3.1%	\$722.74	\$696.49	-3.6%
Two-Party	\$1,314.64	\$1,523.00	15.8%	\$1,294.22	\$1,333.82	3.1%	\$1,445.48	\$1,392.98	-3.6%
Family	\$1,709.03	\$1,979.90	15.8%	\$1,682.49	\$1,733.97	3.1%	\$1,879.12	\$1,810.87	-3.6%
PERSChoice PPO									
Employee Only	\$594.40	\$683.71	15.0%	\$585.18	\$598.75	2.3%	\$653.58	\$625.31	-4.3%
Two-Party	\$1,188.80	\$1,367.42	15.0%	\$1,170.36	\$1,197.50	2.3%	\$1,307.16	\$1,250.62	-4.3%
Family	\$1,545.44	\$1,777.65	15.0%	\$1,521.47	\$1,556.75	2.3%	\$1,699.31	\$1,625.81	-4.3%
PERSSelect									
Employee Only	\$585.58	\$625.20	6.8%	\$576.49	\$547.55	-5.0%			Plan Not Available
Two-Party	\$1,171.16	\$1,250.40	6.8%	\$1,095.10	\$1,095.10	-0.0%			Plan Not Available
Family	\$1,522.51	\$1,625.52	6.8%	\$1,498.87	\$1,423.63	-5.0%			Plan Not Available
		Average Percent Increase	6.52%		Average Percent Increase	5.29%		Average Percent Increase	-2.37%

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

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