

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



FROM: Human Resources

SUBMITTAL DATE:
September 20, 2016

SUBJECT: 2017 Medicare Medical Plan Rates for County of Riverside Retirees

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the 2017 Medicare retiree rates (Attachment A), effective January 1, 2017 – December 31, 2017.

Policy

BACKGROUND:

Summary

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

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$	\$	\$	\$
NET COUNTY COST	\$	\$	\$	\$
SOURCE OF FUNDS: Retiree Health Premiums			Budget Adjustment:	No
			For Fiscal Year:	2016/17

C.E.O. RECOMMENDATION:

Continued on Page 2

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Tavaglione, Washington, Benoit and Ashley
 Nays: None
 Absent: None
 Date: October 4, 2016
 xc: HR

Kecia Harper-Ihem
 Clerk of the Board
 By: *[Signature]*
 Deputy

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

Page 2

BACKGROUND (Continued):

Summary

Retiree Plans and Rates

Medicare reimbursement rates for all plans have been received. The Human Resources Department was successful in obtaining competitive rates for the Medicare retiree medical plans.

Exclusive Care

Exclusive Care is a health plan specifically designed and administered by the County of Riverside. Exclusive Care offers two plan options for Medicare eligible retirees.

- **Option 1:** Exclusive Care Medicare Coordination Plan (COB) utilizes Exclusive Care's Select Network and National Provider Network to provide members with an extensive selection of providers, hospitals and facilities. The plan provides additional benefits including services that Medicare doesn't cover, such as yearly physical exams and prescription drug coverage.
- **Option 2:** Exclusive Care Medicare Supplement Plan requires the retiree to enroll in Part A and Part B of Medicare. Under the Medicare Supplement Plan, retirees may receive covered services from any licensed provider; however, utilizing providers who accept Medicare assignment will reduce a retiree's out of pocket expenses.

Exclusive Care is available to retirees and their eligible dependents. There are currently 8 retirees enrolled in the COB Plan and 72 retirees enrolled in the Medicare Supplement Plan.

A Medicare eligible retiree plan participant will experience a 7% increase from last year's rates.

Kaiser

Kaiser Permanente HMO offers County retirees 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.

In 2017, Kaiser will continue to offer two plan options for County of Riverside Medicare eligible retirees.

- **Option 1:** Kaiser Permanente Senior Advantage – Original Plan offers Medicare eligible retirees a competitive plan design and lower copays.
- **Option 2:** Kaiser Permanente Senior Advantage – Low Plan offers Medicare eligible retirees a lower monthly rate, with slightly higher out-of-pocket costs.

There are currently 695 retirees enrolled in the Kaiser Permanente Senior Advantage Original Plan and 42 retirees enrolled in the Kaiser Permanente Senior Advantage Low Plan.

A Medicare eligible retiree plan participant will experience a 7% increase from last year's rates.

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

Page 3

United Healthcare

UHC offers Medicare eligible retirees three Medicare Coordination-of-Benefits (COB) plan designs and 1 Medicare Advantage (Part C) plan. Currently, there are 16 participants enrolled in Medicare COB plans and 229 participants enrolled in the Medicare Advantage plan.

A Medicare eligible retiree plan participant in the Medicare COB plan will experience a 13% increase from last year's rates. While a participant in the Medicare Advantage (Part C) plan will experience a 15% increase as compared to last year's rates.

SCAN

The SCAN Health Plan is a fully insured Medicare Advantage plan. Medicare Advantage plans require participants to assign their Medicare A and B to SCAN Health Plan in exchange for coverage under the plan. The plan offers unique in-home services, known as Independent Living Power, to help keep participants healthy and being self-sufficient when living without a caregiver. There are currently 90 participants enrolled.

A Medicare eligible retiree plan participant will experience a 6% rate increase from last year's rates.

Impact on Residents and Businesses

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

SUPPLEMENTAL:

Additional Fiscal Information

The total annual cost of medical coverage for Medicare retirees will increase from approximately \$4.66 million in 2016 to an estimated \$5.09 million in 2017, an increase of about \$430,000 or an average of 9%. There is no direct cost to the County as a result of this recommended action. Medicare eligible retirees pay the full cost of medical premiums, after receiving a County contribution toward their retiree premiums, which range from \$25 to \$256 per month. Approved plans and premium rates will be communicated to retirees during the retiree Annual Enrollment period, which will occur October 10th through October 31, 2016.

The Medicare rates on all plans for the 2017 plan year are listed in Attachment A.

Contract History and Price Reasonableness

Each carrier has a unique relationship with the County and continues to provide quality services to our retirees. The retiree medical plan contracts for the 2017 plan year (January 1 – December 31) are being finalized with each carrier. Once the contracts are finalized, they will be submitted to the Board for approval.

ATTACHMENTS:

ATTACHMENT A. 2017 Medical Monthly Rates (Medicare Eligible Retirees)

County of Riverside
 2017 Medical Monthly Rates
 Medicare Eligible Retirees

Plan/Cov	Enrollment	2016 Rate	2017 Rate	\$ Change	% Change
Exclusive Care Supplemental					
Retiree Only, Medicare A & B	62	\$388.95	\$417.98	\$29.03	7%
Retiree & Spouse, Medicare A & B	10	\$775.69	\$833.77	\$58.08	7%
Sub-Total	72	\$31,871.80	\$34,252.46	\$2,380.66	7%
Exclusive Care Medicare COB					
Retiree Only, Medicare A & B	7	\$778.26	\$836.57	\$58.31	7%
Retiree & Spouse, Medicare A & B	1	\$1,554.00	\$1,670.63	\$116.63	8%
Sub-Total	8	\$7,001.82	\$7,526.82	\$524.80	7%
KPSA Original					
Retiree Only with Medicare A & B Assigned	550	\$245.62	\$263.72	\$18.10	7%
Retiree Plus Spouse, Both Medicare A & B Assigned	145	\$488.74	\$524.91	\$36.17	7%
KPSA Low Plan					
Retiree Only with Medicare A & B Assigned	32	\$170.57	\$178.62	\$8.05	5%
Retiree Plus Spouse, Both Medicare A & B Assigned	10	\$338.62	\$354.71	\$16.09	5%
Sub-Total	737	\$214,802.74	\$230,420.89	\$15,618.15	7%
United Health Care PPO - COB					
Medicare PPO COB Retiree Only	7	\$899.85	\$1,017.25	\$117.40	13%
Medicare COB Retiree Plus Spouse - Both Medicare	3	\$1,797.20	\$2,032.00	\$234.80	13%
Sub-Total	10	\$11,690.55	\$13,216.75	\$1,526.20	13%
United Health Care Indemnity COB					
Indemnity COB Retiree Only - With Medicare	2	\$962.56	\$1,088.17	\$125.61	13%
Indemnity COB Retiree Plus Spouse - Both Medicare	0	\$1,922.62	\$2,173.84	\$251.22	13%
Sub-Total	2	\$1,925.12	\$2,176.34	\$251.22	13%
United Health Care EPO - COB					
Retiree Only	4	\$641.68	\$725.28	\$83.60	13%
Retiree Plus Spouse - With Medicare	0	\$1,280.86	\$1,448.06	\$167.20	13%
Sub-Total	4	\$2,566.72	\$2,901.12	\$334.40	13%
United Health Care HMO MA					
Retiree only	190	\$341.25	\$391.99	\$50.74	15%
Retiree Plus Spouse - With Medicare	39	\$680.00	\$781.48	\$101.48	15%
Sub-Total	229	\$91,357.50	\$104,958.82	\$13,598.32	15%
SCAN					
Retiree Only with Medicare A & B Assigned	75	\$260.93	\$276.93	\$16.00	6%
Retiree Plus Spouse, Both Medicare A & B Assigned	15	\$519.36	\$551.14	\$31.78	6%
Sub-Total	90	\$27,360.15	\$29,036.85	\$1,676.70	6%
Monthly Total	1,152	\$388,576	\$424,487	\$35,910	9%