

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



ITEM
3.38
(ID # 4807)

MEETING DATE:

Tuesday, July 25, 2017


FROM : HUMAN RESOURCES:

SUBJECT: HUMAN RESOURCES: Medical, Dental, and Vision Plan Rates; Benefit Changes for Active Employees and Early Retirees for the 2018 Calendar Year, All Districts. [Total Cost - \$172,272,444] [Source of Funds - Employee and Retiree Health Premiums]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the 2018 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.

ACTION: Policy


Michael Stock, Assistant CEO/ Director of Human Resources 7/12/2017

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Tavaglione, Washington, Perez and Ashley
Nays: None
Absent: None
Date: July 25, 2017
xc: HR

Kecia Harper-Ihem
Clerk of the Board

By: 
Deputy

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FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 86,136,222	\$ 86,136,222	\$ 172,272,444	\$
NET COUNTY COST	\$	\$	\$	\$
SOURCE OF FUNDS: Employee and Retiree Health Premiums			Budget Adjustment: No	
			For Fiscal Year: 17/18-18/19	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

The County contracts directly with health plan carriers to provide healthcare coverage for 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, the Resolution for Exempt Management, Management, and Confidential, and other Unrepresented Employees for unrepresented employees, or the Ordinance 440 for the Resident Physicians. The retiree medical contribution is based on the retiree's bargaining unit or employee unit at the time of retirement.

Rates and Plan Design

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

The 2018 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 trend rates for 2018 are expected to increase on average of 8.7% for HMO and 8.8% for PPO medical plans. For dental DHMO and DPPO plans, the national trend rates are expected to increase an average of 3.4% for DHMO plans and 4.0% for DPPO plans. The expected average increase for vision plans is 3.0%

Overall, the medical renewal costs are projected to increase an average of 9.5% for active employees and an average of 13.7% for early retirees. This expected increase includes Affordable Care Act (ACA) fees, which account for 2% to 3% on average for fully insured plans and 0% for Exclusive Care, since it is a self-funded plan.

Exclusive Care (EPO)

Exclusive Care is a premier health plan choice offered to County employees and has 7,783 participants (approximately 46% of the eligible population) enrolled in the active employee plan. There are 34 participants enrolled in the early retiree plan. No plan design changes will be proposed for the 2018 Plan Year.

Exclusive Care plan premiums are set by actuarial evaluation. The initial recommended increase for active employees and early retirees was calculated to be 14.2%. Due to review of

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new claims experience, continued provider negotiations, and a potential release of plan reserves, new PBM rates and no changes in plan design, the final recommended rate increase resulted in an average premium increase of 8% for both active employees and early retirees. Exclusive Care continues to remain the lowest cost health plan offered by the County and one of the lower cost plans offered by any County, while providing high level benefits with a premium plan design.

United HealthCare (UHC)

UHC offers County employees and retirees a choice between their Signature Value HMO plan and their national PPO plan which provide greater access and lower costs on national and local levels. The PPO network offers: 328 hospitals, 73,268 preferred providers, and 46,681 specialists. The HMO network offers: 213 hospitals, 20,119 preferred providers, and 38,310 specialists. In the HMO plan, there are currently 2,267 active employees and 72 early retirees enrolled in the plan. For the PPO plan, there are 105 active employees and 2 early retirees. No plan design changes will be proposed for the 2018 Plan Year.

UHC has provided an 18% renewal increase for its HMO plan. For the PPO plan, the recommended increase is 21.6%.

Kaiser Permanente HMO

For the Kaiser Permanente HMO plan, there are currently 5,066 active employees and 191 early retirees. Kaiser Permanente has provided a 2.4% increase for active employees, and an 18.0% increase for early retirees. No plan design changes will be proposed for the 2018 Plan Year.

Specific rates for Exclusive Care, UHC, and Kaiser medical plans for the 2018 plan year are listed in Attachment A and Attachment B.

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 a DHMO or DPPO 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 preventative services are available at no cost or with very low copayments. Presently, there are 8,862 participants enrolled in the Delta HMO plan option.

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 contract providers. Delta Dental continues to successfully manage the County dental plans and expand their network with new

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and local service providers throughout Riverside County. Currently, there are 7,379 participants enrolled in the Delta PPO plan option.

No plan design or rate changes are recommended for the Delta Dental HMO and PPO plans for the 2018 Plan Year.

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. Presently, there are 855 participants enrolled in the Local Advantage Plus and 28 participants enrolled in the Local Advantage Blythe plans.

No plan design rate changes are recommended for the Delta Dental HMO and PPO plans for the 2018 Plan Year.

Vision Plans

The Vision Services Plan (VSP) is an employer paid self-funded 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 2,349 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), Local 721 and the Laborers' International Union of North America (LIUNA), Local 777 and Riverside Sheriffs' Association Public Safety (PSU) Units. There are 10,599 active employees and 1,432 early retirees enrolled in the MES plans.

No plan design or rate changes are proposed for the VSP and MES plans for the 2018 Plan Year.

CalPERS

On June 22, 2017, California Public Employees' Retirement System (CalPERS) released its 2018 medical plan rates. CalPERS members can make changes to their health plan choices during the annual Open Enrollment period, scheduled for September 11 to October 6, 2017. The CalPERS medical plan rates are listed in the Attachment E for information and comparative purposes only.

Medicare Retiree Medical Rates

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

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Prev. Agn. Ref.: 08/23/2016, Item 3.44 District: All

Impact on Residents and Businesses

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

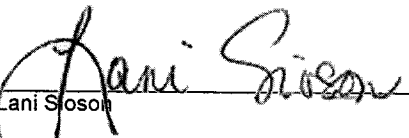
Contract History and Price Reasonableness

The annual cost of medical, dental, and vision plans for active employees and early retirees is estimated to increase from \$160 million in 2017 to \$172 million in 2018, an increase of \$12 million or 7%. The County's annual cost is determined by Flexible Benefit Credits and retiree medical contributions that is provided 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 County's Annual enrollment period, which is tentatively scheduled for September 11, 2017 through September 29, 2017 for active employees and October 10, 2017 through October 31, 2017 for retirees.

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)



Lani Sison 7/17/2017

County of Riverside
2018
County Medical Plan Monthly Renewal Rates
Actives

	Enrollment	2017 Current	2018 Rate	Monthly Dollar Increase (Decrease)	Percent Increase
Exclusive Care EPO					
Employee Only	5,157	\$534.02	\$576.66	\$42.64	7.98%
Employee Plus One	1,071	\$1,080.66	\$1,166.48	\$85.82	7.94%
Employee and Family	1,555	\$1,357.36	\$1,464.80	\$107.44	7.92%
Sub-Total	7,783	\$6,022,022.80	\$6,500,899.70	\$478,876.90	7.95%
United HealthCare HMO					
Employee Only	1,514	\$707.56	\$823.00	\$115.44	16.32%
Employee Plus One	344	\$1,402.66	\$1,673.66	\$271.00	19.32%
Employee and Family	409	\$1,820.14	\$2,171.54	\$351.40	19.31%
Sub-Total	2,267	\$2,298,198.14	\$2,709,920.90	\$411,722.76	17.92%
Kaiser					
Employee Only	3,683	\$652.10	\$667.66	\$15.56	2.39%
Employee Plus One	663	\$1,296.88	\$1,327.16	\$30.28	2.33%
Employee and Family	720	\$1,686.28	\$1,725.18	\$38.90	2.31%
Sub-Total	5,066	\$4,475,637.34	\$4,581,028.46	\$105,391.12	2.35%
United HealthCare PPO					
Employee Only	83	\$1,194.78	\$1,452.18	\$257.40	21.54%
Employee Plus One	12	\$2,371.20	\$2,882.18	\$510.98	21.55%
Employee and Family	10	\$3,077.58	\$3,740.56	\$662.98	21.54%
Sub-Total	105	\$158,396.94	\$192,522.70	\$34,125.76	21.54%
Annual Total	15,221	\$155,451,062.64	\$167,812,461.12	\$12,361,398.48	7.95%

County Medical Plan Renewal Rates
Early Retirees

	Enrollment	2017 Current	2018 Rate	Monthly Dollar Increase	Percent Increase
Exclusive Care EPO					
Employee Only	23	\$909.70	\$982.99	\$73.29	8.06%
Employee Plus One	8	\$1,851.43	\$1,999.51	\$148.08	8.00%
Employee and Family	3	\$2,328.26	\$2,513.95	\$185.69	7.98%
Sub-Total	34	\$42,719.32	\$46,146.70	\$3,427.38	8.02%
United HealthCare HMO					
Employee Only	61	\$1,087.43	\$1,283.96	\$196.53	18.07%
Employee Plus One	8	\$2,159.78	\$2,548.75	\$388.97	18.01%
Employee and Family	3	\$2,803.70	\$3,307.99	\$504.29	17.99%
Sub-Total	72	\$92,022.57	\$108,635.53	\$16,612.96	18.05%
Kaiser					
Employee Only	159	\$806.56	\$952.85	\$146.29	18.14%
Employee Plus One	31	\$1,609.65	\$1,897.85	\$288.20	17.90%
Employee and Family	1	\$2,090.13	\$2,463.09	\$372.96	17.84%
Sub-Total	191	\$180,232.32	\$212,799.59	\$32,567.27	18.07%
United Healthcare PPO					
Employee Only	2	\$1,678.40	\$2,041.73	\$363.33	21.65%
Employee Plus One	0	\$3,221.03	\$3,917.04	\$696.01	21.61%
Employee and Family	0	\$4,329.00	\$5,263.78	\$934.78	21.59%
Sub-Total	2	\$3,356.80	\$4,083.46	\$726.66	21.65%
Annual Total	299	\$3,819,972.12	\$4,459,983.36	\$640,011.24	16.75%

Please note 2017 totals are based on health insurance enrollment stats as of July 2017.

2018

County Dental Plan Renewal Rates
Actives and Retirees

	Total Enrollment	2017 Current	2018 Renewal	Monthly Dollar Increase	Percent Increase
Local Advantage - Plus					
Single	566	\$40.14	\$40.14	\$0.00	0%
Two-Party	231	\$77.92	\$77.92	\$0.00	0%
Family	222	\$114.42	\$114.42	\$0.00	0%
Sub-Total	1019	\$66,120.00	\$66,120.00	\$0.00	0%
Local Advantage - Blythe					
Single	11	\$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	28	\$1,454.84	\$1,454.84	\$0.00	0%
Delta USA DHMO - High Option Plan (10A)					
Single	4465	\$22.84	\$22.84	\$0.00	0%
Two-Party	2112	\$33.80	\$33.80	\$0.00	0%
Family	2285	\$52.00	\$52.00	\$0.00	0%
Sub-Total	8862	\$292,186.20	\$292,186.20	\$0.00	0%
Delta Dental PPO					
Single	3411	43.58	\$43.58	\$0.00	0%
Two-Party	2009	78.02	\$78.02	\$0.00	0%
Family	1959	113.68	\$113.68	\$0.00	0%
Sub-Total	7379	\$528,092.68	\$528,092.68	\$0.00	0%
ANNUAL TOTAL	17288	\$10,654,244.64	\$10,654,244.64	\$0.00	0%

County of Riverside
2018 County Vision Plan Renewal Rates
Actives and Retirees

	Active Enrollment	2017 Current	2018 Renewal	Monthly Dollar Increase	Percent Increase
MES - Hardware only (Active Employees)					
Single	419	\$7.80	\$7.80	\$0.00	0%
Two-Party	103	\$12.42	\$12.42	\$0.00	0%
Family	114	\$17.14	\$17.14	\$0.00	0%
Sub-Total	636	\$6,501.42	\$6,501.42	\$0.00	0%
MES - Exam & Hardware (Active Employees)					
Single	5275	\$9.24	\$9.24	\$0.00	0%
Two-Party	2098	\$13.96	\$13.96	\$0.00	0%
Family	2590	\$18.88	\$18.88	\$0.00	0%
Sub-Total	9963	\$126,928.28	\$126,928.28	\$0.00	0%
VSP					
Self-Funded Fee		12% of claims	12% of claims	N/A	N/A
Recommended funding level	2349	\$13.36	\$13.36	\$0.00	0%
Sub-Total	2349	\$31,382.64	\$31,382.64	\$0.00	0%
MES Retiree Plan					
Single	818	\$10.98	\$10.98	\$0.00	0%
Two-Party	516	\$21.04	\$21.04	\$0.00	0%
Family	98	\$27.91	\$27.91	\$0.00	0%
Sub-Total	1432	\$22,573.46	\$22,573.46	\$0.00	0%
Annual Total	14380	\$2,248,629.60	\$2,248,629.60	\$0.00	0%

County of Riverside
2018 CalPERS Medical Plan Monthly Renewal Rates
Actives and Early Retirees

2018 Plan Rates		Other Southern California Counties*			Los Angeles Region			Out-of-State Region		
		2017	2018	% Difference	2017	2018	% Difference	2017	2018	% Difference
Anthem HMO Select										
Employee Only		\$659.02	\$659.70	0.1%	\$592.78	\$660.18	11.4%			Plan Not Available
Two-Party		\$1,318.06	\$1,319.38	0.1%	\$1,185.56	\$1,320.34	11.4%			Plan Not Available
Family		\$1,713.48	\$1,715.20	0.1%	\$1,541.23	\$1,716.44	11.4%			Plan Not Available
Anthem HMO Traditional										
Employee Only		\$799.15	\$735.08	-8.0%	\$713.69	\$784.72	10.0%			Plan Not Available
Two-Party		\$1,598.30	\$1,470.16	-8.0%	\$1,427.38	\$1,569.44	10.0%			Plan Not Available
Family		\$2,077.79	\$1,911.22	-8.0%	\$1,855.59	\$2,040.28	10.0%			Plan Not Available
Blue Shield HMO										
Employee Only		\$778.45	\$695.98	-10.6%	\$675.98	\$613.30	-9.3%			Plan Not Available
Two-Party		\$1,556.90	\$1,391.94	-10.6%	\$1,351.96	\$1,226.58	-9.3%			Plan Not Available
Family		\$2,023.97	\$1,809.52	-10.6%	\$1,757.55	\$1,594.56	-9.3%			Plan Not Available
Health Net Salud y Mas HMO										
Employee Only		\$473.46	\$461.56	-2.5%	\$414.79	\$404.32	-2.5%			Plan Not Available
Two-Party		\$946.92	\$923.12	-2.5%	\$829.58	\$808.64	-2.5%			Plan Not Available
Family		\$1,231.00	\$1,200.06	-2.5%	\$1,078.45	\$1,051.24	-2.5%			Plan Not Available
Health Net SmartCare										
Employee Only		\$537.20	\$607.68	13.1%	\$526.73	\$577.16	9.6%			Plan Not Available
Two-Party		\$1,074.40	\$1,215.36	13.1%	\$1,053.46	\$1,154.30	9.6%			Plan Not Available
Family		\$1,396.72	\$1,579.98	13.1%	\$1,369.50	\$1,500.60	9.6%			Plan Not Available
Kaiser Permanente										
Employee Only		\$599.54	\$666.80	11.2%	\$573.89	\$642.70	12.0%	\$940.67	\$957.06	1.7%
Two-Party		\$1,199.08	\$1,333.60	11.2%	\$1,147.78	\$1,285.40	12.0%	\$1,881.34	\$1,914.10	1.7%
Family		\$1,558.80	\$1,733.68	11.2%	\$1,492.11	\$1,671.02	12.0%	\$2,445.74	\$2,488.34	1.7%
Sharp										
Employee Only		\$614.46	\$618.14	0.6%		Plan Not Available				Plan Not Available
Two-Party		\$1,228.92	\$1,236.28	0.6%		Plan Not Available				Plan Not Available
Family		\$1,597.60	\$1,607.16	0.6%		Plan Not Available				Plan Not Available
United Healthcare										
Employee Only		\$549.76	\$616.66	12.2%	\$545.71	\$602.78	10.5%			Plan Not Available
Two-Party		\$1,099.52	\$1,233.32	12.2%	\$1,091.42	\$1,205.56	10.5%			Plan Not Available
Family		\$1,429.38	\$1,603.32	12.2%	\$1,418.85	\$1,567.24	10.5%			Plan Not Available
PERSCare PPO										
Employee Only		\$802.24	\$733.50	-8.6%	\$715.88	\$673.74	-5.9%	\$758.69	\$718.98	-5.2%
Two-Party		\$1,604.48	\$1,467.00	-8.6%	\$1,431.76	\$1,347.46	-5.9%	\$1,517.38	\$1,437.96	-5.2%
Family		\$2,085.82	\$1,907.10	-8.6%	\$1,861.29	\$1,751.70	-5.9%	\$1,972.59	\$1,869.36	-5.2%
PERSChoice PPO										
Employee Only		\$714.43	\$698.96	-2.2%	\$637.53	\$620.40	-2.7%	\$675.61	\$661.46	-2.1%
Two-Party		\$1,428.86	\$1,397.92	-2.2%	\$1,275.06	\$1,240.80	-2.7%	\$1,351.22	\$1,322.90	-2.1%
Family		\$1,857.52	\$1,817.30	-2.2%	\$1,657.58	\$1,613.02	-2.7%	\$1,756.59	\$1,719.78	-2.1%
PERSSelect										
Employee Only		\$633.46	\$654.74	3.4%	\$565.33	\$573.22	1.4%			Plan Not Available
Two-Party		\$1,266.92	\$1,309.48	3.4%	\$1,130.66	\$1,146.42	1.4%			Plan Not Available
Family		\$1,647.00	\$1,702.32	3.4%	\$1,469.86	\$1,490.36	1.4%			Plan Not Available
Average Percent Increase		Average Percent Increase		0.79%	Average Percent Increase		3.45%	Average Percent Increase		-1.87%

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

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