

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



ITEM
3.11
(ID # 5153)

MEETING DATE:

Tuesday, September 19, 2017

FROM : HUMAN RESOURCES:

SUBJECT: HUMAN RESOURCES: 2018 Medicare Medical Plan Rates for County of Riverside Retirees, All Districts. [Total Cost - \$6,000,000] [Source of Funds - Retiree Health Premiums]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the 2018 Medicare retiree rates (Attachment A), effective January 1, 2018 - December 31, 2018.

ACTION: Policy

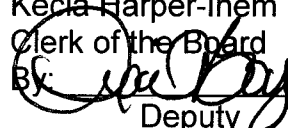

Michael Stock, Assistant Chief Director of Human Resources

9/7/2017

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Jeffries, seconded by Supervisor Washington 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: September 19, 2017
xc: H.R.

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	\$3,000,000	\$3,000,000	\$6,000,000	\$
NET COUNTY COST	\$	\$	\$	\$
SOURCE OF FUNDS: Health premiums are charged to County Retirees – No Additional Cost to the County			Budget Adjustment: No	
			For Fiscal Year: 2017/18 and 2018/19	

C.E.O. RECOMMENDATION: [CEO use]

BACKGROUND:

Summary

Retiree Plans and Rates

Medicare reimbursement rates for all plans have been received. The Human Resources Department was able to obtain 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 7 retirees enrolled in the Medicare COB Plan and 81 retirees enrolled in the Medicare Supplement Plan.

Medicare eligible retiree plan participants will experience a 10% increase in both plans (Option 1 and Option 2) from the prior year's health premium 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.

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In 2018, 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 735 retirees enrolled in the Kaiser Permanente Senior Advantage Original Plan and 71 retirees enrolled in the Kaiser Permanente Senior Advantage Low Plan.

Medicare eligible retiree participants in the **Option 1** plan will experience a 6% increase from the prior year's premium rate. And, Medicare eligible retiree participants in the **Option 2** plan will experience an 8% increase from the prior year's health premium rates.

United Healthcare

UHC offers Medicare eligible retirees three Medicare Coordination-of-Benefits (COB) plan designs and one Medicare Advantage (Part C) plan. Currently, there are 14 participants enrolled in Medicare COB plans and 240 participants enrolled in the Medicare Advantage plan.

A Medicare eligible retiree plan participant in the Medicare COB plans will experience a 22% increase from last year's rates. While a participant in the Medicare Advantage (Part C) plan will experience a 21% increase as compared to last year's rates.

The large increase from the prior year's health premium rates can be largely attributed to the Affordable Care Act (ACA) Insurer fee in 2018, which was waived in 2017. The ACA Insurer fee represented about 15% of the total premium increase from the prior year.

Additionally, the plan experienced significantly larger pharmacy utilization compared to the previous year.

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. Moreover, SCAN members are now able to utilize a SCAN preferred pharmacy and pay lower copays for many of their prescription drugs. There are currently 92 participants enrolled.

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A Medicare eligible retiree plan participant will experience an 8% rate increase from the previous year health premium 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 \$5.09 million in 2017 to an estimated \$6 million in 2018.

There is no direct cost to the County as a result of the recommended action. Medicare eligible retirees pay the full cost of medical premiums, after receiving a County contribution toward their retiree premiums, which can 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 27, 2017.

The Medicare rates on all plans for the 2018 plan year are listed in Attachment A.

Contract History and Price Reasonableness

The retiree medical plan contracts for the 2018 plan year (January 1 – December 31) are being negotiated with each carrier. Once the contracts are finalized, they will be submitted to the Board of Supervisors for approval.

ATTACHMENTS:

- A. 2018 Medical Monthly Rates (Medical Eligible Retirees)**


Ani Sison 9/11/2017