

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



ITEM
3.24
(ID # 7403)

MEETING DATE:
Tuesday, July 31, 2018

FROM : HUMAN RESOURCES:

SUBJECT: HUMAN RESOURCES: Medical, Dental, and Vision Plan Rates; Benefit Changes for Active Employees and Early Retirees for the 2019 Calendar Year, All Districts. [Total Cost - \$169,329,412] [Source of Funds - Employee and Retiree Health Premiums]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the 2019 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 Bowers, Interim HR Director 7/17/2018

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Tavaglione, Washington and Perez
Nays: None
Absent: Ashley
Date: July 31, 2018
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	\$84,664,706	\$84,664,706	\$169,329,412	\$
NET COUNTY COST	\$	\$	\$	\$
SOURCE OF FUNDS: Employee and Retiree Health Premiums			Budget Adjustment:	No
			For Fiscal Year:	18/19 – 19/20

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 2019 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 2019 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 3.5% for actives employees and an average of 6.5% for early retirees. This expected increase includes Affordable Care Act (ACA) fees, which account for 2% to 3% on average for fully insured plans. Since Exclusive Care is a self-funded plan, the ACA fees are not applicable.

Exclusive Care (EPO)

Exclusive Care is a premier health plan choice offered to County employees and has 7,313 participants (approximately 48% of the eligible employee population) enrolled in the active employee plan. There are 19 participants enrolled in the early retiree plan. No plan design changes will be proposed for the 2019 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 2.7%. Due to review of new claims experience, continued provider negotiations, and a potential release of plan

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reserves, new pharmacy benefit manager rates, and no changes in plan design, the final recommended rate increase resulted in an average premium increase of 2% 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 currently offers County employees and retirees a choice between their Signature Value Advantage HMO plan and their national PPO plan which provides greater access and lower costs on national and local levels. It is proposed for the 2019 Plan Year that UHC will be moving HMO networks, from their Advantage HMO network to their Alliance HMO network. The Alliance plan is a distinct sub-network of UHC's full HMO network of participating medical groups. The Alliance network comes with health and wellness features that support members as well as the physicians who care for them by providing better information to help members make better decisions, helping those with chronic diseases experience a better quality of life, and adding more value with wellness programs. Currently, 45.9% of Signature Value HMO members are assigned to an Alliance HMO provider and will experience no disruption. In the existing Signature Value HMO plan, there are currently 1,672 active employees and 35 early retirees enrolled in the plan.

The PPO network offers: 328 hospitals, 73,268 preferred providers, and 46,681 specialists. The Alliance HMO network offers: 120 hospitals, 20,000 preferred providers, and 38,310 specialists. There are 76 active employees and zero early retirees enrolled in the UHC PPO plan.

With the exception of changing the HMO network, no plan design changes will be proposed for the 2019 Plan Year. UHC has provided a -2% renewal increase for its Alliance HMO plan, a decrease from the initial proposed 8% renewal increase for the Advantage network option. For the PPO plan, the premium increase is 24.43%.

Kaiser Permanente HMO

For the Kaiser Permanente HMO plan, there are currently 5,324 active employees and 111 early retirees. Kaiser Permanente has provided a 0.18% increase for active employees, and a 1.7% increase for early retirees. No plan design changes will be proposed for the 2019 Plan Year.

Specific rates for Exclusive Care, UHC, and Kaiser medical plans for the 2019 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.

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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 7,012 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 and local service providers throughout Riverside County. Currently, there are 6,781 participants enrolled in the Delta PPO plan option.

No plan design changes are recommended for the Delta Dental HMO and PPO plans for the 2019 Plan Year. Actuaries recommend a 7% rate increase for the self-funded PPO plan. Plan reserves will be used to cover the recommended increase, which will result in a rate pass to participants.

Local Advantage Plus and Local Advantage Blythe

The Local Advantage Plus and Local Advantage Blythe self-funded EPO plans utilize local providers including Riverside Dental Group and Hospitality Dental group. Presently, there are 701 participants enrolled in the Local Advantage Plus and 25 participants enrolled in the Local Advantage Blythe plans.

No plan design changes are recommended for the Local Advantage plans for the 2019 Plan Year. Actuaries recommend a 3% rate increase for these self-funded plans. Plan reserves will be used to cover the recommended increase, which will result in a rate pass to participants.

Vision Plans

The Vision Services Plan (VSP) is an employer paid self-funded program available to Elected Officials, Management, Confidential, 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 2,362 employees enrolled in the VSP plan.

This vision benefit is paid by the County (no employee contribution). All County departments are charged a rate of \$13.36 per eligible employee per month to cover the cost, a rate that has been in effect since 2013. Human Resources has utilized plan reserves to offset claim cost increases since 2013. Actuaries recommend a rate increase from \$13.36 to \$16.48. This rate increase will take effect beginning fiscal year 18/19 and will immediately be charged to County departments upon Board approval.

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The Medical Eye Services Plan (MES) is a voluntary vision program offered to employees in the Service Employees International Union (SEIU), Local 721, the Laborers' International Union of North America (LIUNA), Local 777, and the Riverside Sheriffs' Association Public Safety (PSU) Units. There are 10,410 active employees and 558 early retirees enrolled in the MES plans.

No plan design or rate changes (with the exception of VSP rate change) are proposed for the VSP and MES plans for the 2019 Plan Year.

CalPERS

On June 20, 2018, California Public Employees' Retirement System (CalPERS) released its 2019 medical plan rates. CalPERS members can make changes to their health plan choices during the annual Open Enrollment period, scheduled for September 10 to October 5, 2018. The CalPERS medical plan rates are listed in the Attachment E for information and comparative purposes only.

Medicare Retiree Medical Rates

Retiree 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.

Prev. Agn. Ref.: 09/19/2017, Item 3.11 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 2018 to \$170 million in 2019, an increase of \$1.8 million or 1.10%. The County's annual cost is determined by Flexible Benefit Credits and retiree medical contributions that are 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 10, 2018 through September 28, 2018 for active employees and October 8, 2018 through October 28, 2018 for retirees.

ATTACHMENTS

- A. Medical Plan Monthly Rates (Actives)
- B. Medical Plan Monthly Rates (Early Retirees)
- C. Dental Plan Monthly Rates (Actives and Retirees)

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- D. Vision Plan Monthly Rates (Actives and Retirees)
- E. CalPERS Plan Monthly Rates (Informational Purposes Only)



Lani Soson, Principal Management Analyst 7/23/2018

County of Riverside
 2019
 County Medical Plan Monthly Renewal Rates
 Actives

	Enrollment	2018 Current	2019 Rate	Monthly Dollar Increase (Decrease)	Percent Increase
Exclusive Care EPO					
Employee Only	4,907	\$576.66	\$587.76	\$11.10	1.92%
Employee Plus One	1,011	\$1,166.48	\$1,189.76	\$23.28	2.00%
Employee and Family	1,395	\$1,464.80	\$1,493.76	\$28.96	1.98%
Sub-Total	7,313	\$6,052,377.90	\$6,170,780.88	\$118,402.98	1.96%
United HealthCare HMO					
Employee Only	1,156	\$823.00	\$806.64	(\$16.36)	-1.99%
Employee Plus One	245	\$1,673.66	\$1,640.28	(\$33.38)	-1.99%
Employee and Family	271	\$2,171.54	\$2,128.20	(\$43.34)	-2.00%
Sub-Total	1,672	\$1,949,922.04	\$1,911,086.64	(\$38,835.40)	-1.99%
Kaiser					
Employee Only	3,898	\$667.66	\$668.84	\$1.18	0.18%
Employee Plus One	666	\$1,327.16	\$1,329.54	\$2.38	0.18%
Employee and Family	760	\$1,725.18	\$1,728.28	\$3.10	0.18%
Sub-Total	5,324	\$4,797,564.04	\$4,806,104.76	\$8,540.72	0.18%
United HealthCare PPO					
Employee Only	65	\$1,452.18	\$1,806.80	\$354.62	24.42%
Employee Plus One	7	\$2,882.18	\$3,587.14	\$704.96	24.46%
Employee and Family	4	\$3,740.56	\$4,655.84	\$915.28	24.47%
Sub-Total	76	\$129,529.20	\$161,175.34	\$31,646.14	24.43%
Annual Total	14,385	\$155,152,718.16	\$156,589,771.44	\$1,437,053.28	0.93%

County of Riverside
 2019
 County Medical Plan Renewal Rates
 Early Retirees

	Enrollment	2018 Current	2019 Rate	Monthly Dollar Increase	Percent Increase
Exclusive Care EPO					
Employee Only	15	\$975.98	\$1,002.75	\$26.77	2.74%
Employee Plus One	4	\$1,978.69	\$2,038.75	\$60.06	3.04%
Employee and Family	0	\$2,485.82	\$2,563.75	\$77.93	3.13%
Sub-Total	19	\$22,554.46	\$23,196.25	\$641.79	2.85%
United HealthCare HMO					
Employee Only	31	\$1,283.96	\$1,258.36	(\$25.60)	-1.99%
Employee Plus One	4	\$2,548.75	\$2,497.85	(\$50.90)	-2.00%
Employee and Family	0	\$3,307.99	\$3,241.91	(\$66.08)	-2.00%
Sub-Total	35	\$49,997.76	\$49,000.56	(\$997.20)	-1.99%
Kaiser					
Employee Only	92	\$952.85	\$969.02	\$16.17	1.70%
Employee Plus One	18	\$1,897.85	\$1,930.13	\$32.28	1.70%
Employee and Family	1	\$2,463.09	\$2,505.00	\$41.91	1.70%
Sub-Total	111	\$124,286.59	\$126,397.18	\$2,110.59	1.70%
United Healthcare PPO					
Employee Only	0	\$2,041.73	\$2,541.04	\$499.31	24.46%
Employee Plus One	0	\$3,917.04	\$4,875.80	\$958.76	24.48%
Employee and Family	0	\$5,263.78	\$6,552.49	\$1,288.71	24.48%
Sub-Total	0	\$0.00	\$0.00	\$0.00	0.00%
Annual Total	165	\$2,362,065.72	\$2,383,127.88	\$21,062.16	0.89%

Please note 2018 totals are based on health insurance enrollment stats as of July 2018.

County of Riverside
 2019
 County Dental Plan Renewal Rates
 Actives and Retirees

	Total Enrollment	2018 Current	2019 Renewal	Monthly Dollar Increase	Percent Increase
Local Advantage - Plus					
Single	374	\$40.14	\$42.00	\$1.86	5%
Two-Party	143	\$77.92	\$80.00	\$2.08	3%
Family	184	\$114.42	\$117.00	\$2.58	2%
Sub-Total	701	\$47,208.20	\$48,676.00	\$1,467.80	3%
Local Advantage - Blythe					
Single	10	\$29.22	\$30.00	\$0.78	3%
Two-Party	5	\$51.26	\$52.00	\$0.74	1%
Family	10	\$77.46	\$80.00	\$2.54	3%
Sub-Total	25	\$1,323.10	\$1,360.00	\$36.90	3%
Delta USA DHMO - High Option Plan (10A)					
Single	3510	\$22.84	\$22.84	\$0.00	0%
Two-Party	1515	\$33.80	\$33.80	\$0.00	0%
Family	1987	\$52.00	\$52.00	\$0.00	0%
Sub-Total	7012	\$234,699.40	\$234,699.40	\$0.00	0%
Delta Dental PPO					
Single	3141	43.58	\$48.00	\$4.42	10%
Two-Party	1426	78.02	\$82.00	\$3.98	5%
Family	2214	113.68	\$120.00	\$6.32	6%
Sub-Total	6781	\$499,828.82	\$533,380.00	\$33,551.18	7%
ANNUAL TOTAL	14519	\$9,396,714.24	\$9,817,384.80	\$420,670.56	5%

County of Riverside
 2019 County Vision Plan Renewal Rates
 Actives and Retirees

	Active Enrollment	2018 Current	2019 Renewal	Monthly Dollar Increase	Percent Increase
MES - Hardware only (Active Employees)					
Single	381	\$7.80	\$7.80	\$0.00	0%
Two-Party	94	\$12.42	\$12.42	\$0.00	0%
Family	104	\$17.14	\$17.14	\$0.00	0%
Sub-Total	579	\$5,921.84	\$5,921.84	\$0.00	0%
MES - Exam & Hardware (Active Employees)					
Single	5251	\$9.24	\$9.24	\$0.00	0%
Two-Party	2035	\$13.96	\$13.96	\$0.00	0%
Family	2545	\$18.88	\$18.88	\$0.00	0%
Sub-Total	9831	\$124,977.44	\$124,977.44	\$0.00	0%
VSP					
Self-Funded Fee		12% of claims	12% of claims	N/A	N/A
Recommended funding level	2362	\$13.36	\$16.48	\$3.12	23%
Sub-Total	2362	\$31,556.32	\$38,925.76	\$7,369.44	23%
MES Retiree Plan					
Single	372	\$10.98	\$10.98	\$0.00	0%
Two-Party	173	\$21.04	\$21.04	\$0.00	0%
Family	13	\$27.91	\$27.91	\$0.00	0%
Sub-Total	558	\$8,087.31	\$8,087.31	\$0.00	0%
Annual Total	13330	\$2,046,514.92	\$2,134,948.20	\$88,433.28	4%

County of Riverside
 2019 CalPERS Medical Plan Monthly Renewal Rates
 Actives and Early Retirees

2018 Plan Rates	Other Southern California Counties*			Los Angeles Region			Out-of-State Region		
	2018	2019	% Difference	2018	2019	% Difference	2018	2019	% Difference
Anthem HMO Select									
Employee Only	\$659.70	\$625.08	-5.2%	\$660.18	\$627.08	-5.0%			Plan Not Available
Two-Party	\$1,319.38	\$1,250.14	-5.2%	\$1,320.34	\$1,254.14	-5.0%			Plan Not Available
Family	\$1,715.20	\$1,625.18	-5.2%	\$1,716.44	\$1,630.38	-5.0%			Plan Not Available
Anthem HMO Traditional									
Employee Only	\$795.08	\$830.90	13.0%	\$784.72	\$878.48	11.9%			Plan Not Available
Two-Party	\$1,470.16	\$1,661.78	13.0%	\$1,569.44	\$1,756.96	11.9%			Plan Not Available
Family	\$1,911.22	\$2,160.32	13.0%	\$2,040.28	\$2,284.06	11.9%			Plan Not Available
Blue Shield HMO									
Employee Only	\$695.98	\$760.04	9.2%	\$613.30	\$669.76	9.2%			Plan Not Available
Two-Party	\$1,391.94	\$1,520.08	9.2%	\$1,226.58	\$1,339.50	9.2%			Plan Not Available
Family	\$1,809.52	\$1,976.10	9.2%	\$1,594.56	\$1,741.36	9.2%			Plan Not Available
Health Net Salud y Mas HMO									
Employee Only	\$461.56	\$427.82	-7.3%	\$404.32	\$356.50	-11.8%			Plan Not Available
Two-Party	\$923.12	\$855.62	-7.3%	\$808.64	\$713.00	-11.8%			Plan Not Available
Family	\$1,200.06	\$1,112.32	-7.3%	\$1,051.24	\$926.90	-11.8%			Plan Not Available
Health Net SmartCare									
Employee Only	\$607.68	\$642.72	5.8%	\$577.16	\$584.28	1.2%			Plan Not Available
Two-Party	\$1,215.36	\$1,285.42	5.8%	\$1,154.30	\$1,168.54	1.2%			Plan Not Available
Family	\$1,579.98	\$1,671.06	5.8%	\$1,500.60	\$1,519.10	1.2%			Plan Not Available
Kaiser Permanente									
Employee Only	\$666.80	\$628.64	-5.7%	\$642.70	\$618.64	-3.7%	\$957.06	\$964.68	0.8%
Two-Party	\$1,333.60	\$1,257.26	-5.7%	\$1,285.40	\$1,237.28	-3.7%	\$1,914.10	\$1,929.36	0.8%
Family	\$1,733.68	\$1,634.44	-5.7%	\$1,671.02	\$1,608.46	-3.7%	\$2,488.34	\$2,508.17	0.8%
Sharp									
Employee Only	\$618.14	\$593.66	-4.0%		Plan Not Available				Plan Not Available
Two-Party	\$1,236.28	\$1,187.32	-4.0%		Plan Not Available				Plan Not Available
Family	\$1,607.16	\$1,543.52	-4.0%		Plan Not Available				Plan Not Available
United Healthcare									
Employee Only	\$616.66	\$646.66	4.9%	\$602.78	\$669.62	11.1%			Plan Not Available
Two-Party	\$1,233.32	\$1,293.30	4.9%	\$1,205.56	\$1,339.22	11.1%			Plan Not Available
Family	\$1,603.32	\$1,681.30	4.9%	\$1,567.24	\$1,741.00	11.1%			Plan Not Available
PERSCare PPO									
Employee Only	\$733.50	\$907.29	23.7%	\$673.74	\$843.78	25.2%	\$718.98	\$813.47	13.1%
Two-Party	\$1,467.00	\$1,814.58	23.7%	\$1,347.46	\$1,687.56	25.2%	\$1,437.96	\$1,626.94	13.1%
Family	\$1,907.10	\$2,358.95	23.7%	\$1,751.70	\$2,193.84	25.2%	\$1,869.35	\$2,115.02	13.1%
PERSChoice PPO									
Employee Only	\$698.96	\$721.12	3.2%	\$620.40	\$654.50	5.5%	\$661.46	\$630.41	-4.7%
Two-Party	\$1,397.92	\$1,442.22	3.2%	\$1,240.80	\$1,309.00	5.5%	\$1,322.90	\$1,260.82	-4.7%
Family	\$1,817.30	\$1,874.90	3.2%	\$1,613.02	\$1,701.70	5.5%	\$1,719.78	\$1,639.07	-4.7%
PERSSelect									
Employee Only	\$654.74	\$462.72	-29.3%	\$573.22	\$420.78	-26.6%			Plan Not Available
Two-Party	\$1,309.48	\$925.42	-29.3%	\$1,146.42	\$841.54	-26.6%			Plan Not Available
Family	\$1,702.32	\$1,203.06	-29.3%	\$1,490.36	\$1,094.00	-26.6%			Plan Not Available
	Average Percent Increase		0.75%	Average Percent Increase		1.70%	Average Percent Increase		3.07%

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

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