

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



ITEM  
3.13  
(ID # 7713)

MEETING DATE:

Tuesday, September 18, 2018

FROM : HUMAN RESOURCES:

SUBJECT: HUMAN RESOURCES: 2019 Medicare Medical Plan Rates for County of Riverside Retirees, All Districts. [Total Cost - \$6,203,185] [Source of Funds - Retiree Health Premiums]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the 2019 Medicare retiree rates (Attachment A), effective January 1, 2019 - December 31, 2019.

ACTION: Policy

  
Brenda Diederichs, Assistant CEO / Human Resources Director 9/11/2018

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MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Washington, Perez and Ashley  
Nays: None  
Absent: Tavaglione  
Date: September 18, 2018  
xc: HR

Kecia Harper-Ihem  
Clerk of the Board

By:   
Deputy

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<b>FINANCIAL DATA</b>	<b>Current Fiscal Year:</b>	<b>Next Fiscal Year:</b>	<b>Total Cost:</b>	<b>Ongoing Cost</b>
<b>COST</b>	\$3,076,642	\$3,126,543	\$6,203,185	\$
<b>NET COUNTY COST</b>	\$	\$	\$	\$
<b>SOURCE OF FUNDS:</b> Health premiums are charged to County Retirees – No Additional Cost to the County			<b>Budget Adjustment:</b> No	
			<b>For Fiscal Year:</b> 2018/19 and 2019/20	

**C.E.O. RECOMMENDATION:** Approve

**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 9 retirees enrolled in the Medicare COB Plan and 90 retirees enrolled in the Medicare Supplement Plan.

Medicare eligible retiree plan participants will experience a 2% 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 2019, 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 765 retirees enrolled in the Kaiser Permanente Senior Advantage Original Plan and 86 retirees enrolled in the Kaiser Permanente Senior Advantage Low Plan.

Medicare eligible retiree participants in the **Option 1** plan will experience a 2% increase from the prior year's premium rate. Medicare eligible retiree participants in the **Option 2** plan will experience a 3% 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 13 participants enrolled in Medicare COB plans and 221 participants enrolled in the Medicare Advantage plan.

Participants in the Medicare Coordination-of-Benefits (COB) plans will experience a 24% increase over current rates. Medicare COB plans provide rich benefits and a high level of flexibility for participants, but generally at a high cost due to limited cost controls associated with this plan design. Participation in these plans is low, with only 13 County of Riverside Retirees enrolled in all three plans combined. Due to the low participation, the insurance carrier provides a Community Based rating method. Utilization for this rating period has been high, resulting in a higher than average premium increase.

The decrease for the Medicare Advantage plan from the prior year's health premium rates can be attributed to the Affordable Care Act (ACA) Insurer fee that was applied in 2018, but is waived in 2019.

**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 100 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 \$6.1 million in 2018 to an estimated \$6.2 million in 2019.

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 8<sup>th</sup> through October 26, 2018.

The Medicare rates on all plans for the 2019 plan year are listed in Attachment A.

**Contract History and Price Reasonableness**

The retiree medical plan contracts for the 2019 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. 2019 Medical Monthly Rates (Medical Eligible Retirees)

  
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Lani Sioson, Principal Management Analyst 9/11/2018

County of Riverside  
2019  
Medical Monthly Rates  
Medicare Eligible Retirees

Plan/Coverage	Enrollment	2018 Rate	2019 Rate	\$ Change	% Change
<b>Exclusive Care Supplemental</b>					
Retiree Only, Medicare A & B	73	\$459.49	\$468.55	\$9.06	2%
Retiree & Spouse, Medicare A & B	16	\$915.57	\$933.70	\$18.13	2%
<b>Sub-Total</b>	<b>89</b>	<b>\$48,191.89</b>	<b>\$49,143.35</b>	<b>\$951.46</b>	<b>2%</b>
<b>Exclusive Care Medicare COB</b>					
Retiree Only, Medicare A & B	6	\$919.20	\$934.40	\$15.20	2%
Retiree & Spouse, Medicare A & B	1	\$1,834.62	\$1,871.02	\$36.40	2%
<b>Sub-Total</b>	<b>7</b>	<b>\$7,349.82</b>	<b>\$7,477.42</b>	<b>\$127.60</b>	<b>2%</b>
<b>KPSA Original</b>					
Retiree Only with Medicare A & B Assigned	617	\$278.81	\$284.65	\$5.84	2%
Retiree Plus Spouse, Both Medicare A & B Assigned	148	\$553.84	\$565.53	\$11.69	2%
<b>KPSA Low Plan</b>					
Retiree Only with Medicare A & B Assigned	61	\$193.82	\$199.58	\$5.76	3%
Retiree Plus Spouse, Both Medicare A & B Assigned	25	\$383.86	\$395.39	\$11.53	3%
<b>Sub-Total</b>	<b>851</b>	<b>\$275,413.61</b>	<b>\$281,386.62</b>	<b>\$5,973.01</b>	<b>2%</b>
<b>United Health Care PPO - COB</b>					
Medicare PPO COB Retiree Retiree only	5	\$1,237.13	\$1,539.35	\$302.22	24%
Medicare COB Retiree Plus Spouse - Both Medicare	2	\$2,470.51	\$3,074.37	\$603.86	24%
<b>Sub-Total</b>	<b>7</b>	<b>\$11,126.67</b>	<b>\$13,845.49</b>	<b>\$2,718.82</b>	<b>24%</b>
<b>United Health Care Indemnity COB</b>					
Indemnity COB Retiree Retiree only - With Medicare	2	\$1,323.37	\$1,646.68	\$323.31	24%
Indemnity COB Retiree Plus Spouse - Both Medicare	1	\$2,642.99	\$3,289.61	\$646.62	24%
<b>Sub-Total</b>	<b>3</b>	<b>\$5,289.73</b>	<b>\$6,582.97</b>	<b>\$1,293.24</b>	<b>24%</b>
<b>United Health Care EPO - COB</b>					
Retiree Only	2	\$882.08	\$1,097.27	\$215.19	24%
Retiree Plus Spouse - With Medicare	1	\$1,760.41	\$2,190.79	\$430.38	24%
<b>Sub-Total</b>	<b>3</b>	<b>\$3,524.57</b>	<b>\$4,385.33</b>	<b>\$860.76</b>	<b>24%</b>
<b>United Health Care HMO MA</b>					
Retiree only	173	\$474.43	\$450.89	(\$23.54)	-5%
Retiree Plus Spouse - With Medicare	48	\$945.11	\$898.03	(\$47.08)	-5%
<b>Sub-Total</b>	<b>221</b>	<b>\$127,441.67</b>	<b>\$121,109.41</b>	<b>(\$6,332.26)</b>	<b>-5%</b>
<b>SCAN</b>					
Retiree Only with Medicare A & B Assigned	85	\$299.93	\$323.62	\$23.69	8%
Retiree Plus Spouse, Both Medicare A & B Assigned	15	\$596.11	\$643.49	\$47.38	8%
<b>Sub-Total</b>	<b>100</b>	<b>\$34,435.70</b>	<b>\$37,160.05</b>	<b>\$2,724.35</b>	<b>8%</b>
<b>Monthly Total</b>	<b>1,281</b>	<b>\$512,774</b>	<b>\$521,091</b>	<b>\$8,317</b>	<b>2%</b>