



Contra Costa County

To: Board of Supervisors
From: David Twa, County Administrator
Date: August 25, 2015

Subject: Contract Renewals with the Non PERS Health Plan and High Deductible Health Plan proposal

RECOMMENDATION(S):

AUTHORIZE the County Administrator or designee to execute contract renewals with the Non PERS Health Plan, Dental Plan and Life Insurance Plan carriers and the Computer Vision Care Program at the percentage of rate increases or decreases listed below, for the period January 1, 2016 through December 31, 2016.

AUTHORIZE the County Administrator or designee to add a High Deductible Health Plan (HDHP) at the rates, benefits and coverage described below, for the period January 1, 2016 through December 31, 2016.

FISCAL IMPACT:

The fiscal impact is based on the Management Resolution, Memoranda of Understanding and employee/retiree census data as of July 1, 2015. Premiums for active and retired members are funded by a combination of employee/retiree/survivor contributions and charges to County Departments and Special Districts. For plan year 2016, the cost/subsidy increase to the County and Special Districts for County (Non PERS) health plans is approximately \$573,026. Also for plan year 2016, the total cost for health and dental

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **08/25/2015** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I
Supervisor
Candace Andersen, District II
Supervisor
Mary N. Piepho, District III
Supervisor
Karen Mitchoff, District IV
Supervisor

ABSENT: Federal D. Glover, District V
Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 25, 2015

David Twa, County Administrator and Clerk of the Board of Supervisors

By: June McHuen, Deputy

Contact: Theresa Speiker
925-335-1096

premium contributions

FISCAL IMPACT: (CONT'D)

for County-sponsored plans and CalPERS plans is projected to be \$174.9 million, of this amount \$122.4 million is the projected County cost; \$52.5 million is the projected cost to employees, retirees and survivors of retired employees.

BACKGROUND:

Insurance coverage is an important benefit and a valuable recruitment and retention tool. To ensure that high quality insurance is available for Contra Costa County's eligible employees, the County contracts for group health, dental and life insurance as well as computer vision care coverage on an annual basis with a number of carriers/providers. The County's existing insurance and coverage contracts are for calendar year January 1 through December 31; current contracts will expire December 31, 2015. In order to ensure uninterrupted coverage for enrolled members (eligible active employees, retired employees and survivors of retired employees) this documentation seeks authorization from the Board of Supervisors (BOS) to renew existing insurance coverage at the percentage rates of increases or decreases listed below.

In addition, the BOS is being requested to authorize the CAO or designee to a new High Deductible Health Plan (HDHP). This new group health insurance plan will cover calendar year January 1, 2016 through December 31, 2016 and be offered to eligible county employees during open enrollment in 2015 for plan year 2016. A summary description of the plan design, copays, deductibles and 2016 rates has been provided by Buck Consultants, the County's insurance and benefits consulting firm and is attached. Offering this coverage helps the County have available a low cost health insurance plan that provides minimum essential health benefits as specified in the Affordable Care Act and meeting the coverage requirements in the law.

Due to its size, Contra Costa County is required to perform other post-employment benefit (OPEB) actuarial evaluations every two years. The most recent evaluations were performed with data gathered in September 2014. These actuarial valuations cover a 30 year period and include several assumptions. One of the assumptions is the medical inflation rate. The actuarial assumed medical inflation rate that will be included in the January valuation for 2016 is 5.75%-6.50%, based on Plan elections; dental costs are assumed to increase 4.0% annually. For more information regarding Contra Costa County's OPEB liability, please visit the County's website at <http://www.co.contra-costa.ca.us>.

Buck Consultants National Healthcare Trend Survey indicates national trends of roughly 8.0% premium increases for HMO plans and 8.6% for PPO plan designs similar to those offered by Contra Costa County and a 4.5% national trend increase for Medicare supplement plans. The survey notes that all amounts reflect national averages and that Northern California trend increases tend to be higher than the national averages.

The County is able, for 2016, to offer employees, retirees and survivors a number of

health insurance plans at rates that will increase below or slightly above the amount that Buck Consultants has identified as the national rate increase averages. Carriers have documented their proposed rate increases or decreases based on actual experience in providing coverage to enrollees/members during 2015. All health insurance contracts continue to offer essential health benefits and coverage compliant with the requirements of the Affordable Care Act (ACA). For comparison purposes, attachment two shows that the average increase in premiums by CCHP in relation to the other carriers for 2001 through the proposed rates for 2016. During these years, the CCHP increase has been within the same range as our other County-Sponsored Health Insurance Providers, and in some cases at a lower percent. Proposed rates for 2016 plan year in the dental, life insurance or computer vision care coverage offered to eligible employees, retirees or survivors of employees are indicated below and are not proposed to increase.

The following coverage is recommended for renewal or authorization at the rate increases or decreases listed below, effective January 1, 2016.

EXISTING PLANS and PERCENTAGE of RATE INCREASE or DECREASE

Non Medicare Plans

Contra Costa Health Plan A 8.3%
Contra Costa Health Plan B 8.3%
Health Net HMO Plan A 9.3%
Health Net HMO Plan B 9.3%
Kaiser Permanente Plan A 1%
Kaiser Permanente Plan B 3%
Health Net CA & Nat'l PPO Plan A 11.8%
Health Net CA & Nat'l PPO Plan B 11.8%

Medicare Coordination of Benefit Plans

Contra Costa COB Health Plan A 4.55%
Contra Costa COB Health Plan B 4.55%
Health Net COB Plan 6.52%
Health Net CA & Nat'l COB PPO Plan A 3.25%
Health Net CA and Nat'l COB PPO Plan B 3.25%

Medicare Senior Advantage Plans

Health Net Seniority Plus Plan A 3.5%
Health Net Seniority Plus Plan B 3.5%
Kaiser Senior Advantage Plan A 2.49%
Kaiser Senior Advantage Plan B 2.49%

Dental

Delta Dental Premier ASO Fees guaranteed
through 1/1/2018 No change
Delta Dental Claims Fees No change

Delta Care (Formerly PMI) guaranteed through
1/1/2018 No change

Life Insurance
ING Basic and Supplemental Life Program
guaranteed through 1/1/2018 No change

Computer Vision Care Program
VSP Computer Vision Care Plan guaranteed
through 1/1/2018 -4% (decrease)

NEW HEALTH INSURANCE PLAN and BASE PREMIUM for 2016

High Deductible Health Plan
Kaiser HDHP Single \$530.12
Family \$1,235.18

CONSEQUENCE OF NEGATIVE ACTION:

In order to prevent the disruption of services for group benefits that are offered to eligible employees and their dependents it is necessary to execute contract renewals for open enrollment, which is planned to be conducted in September and October for the 2016 plan year. Not authorizing the new HDHP coverage with Kaiser will mean that the County will lack one option to comply with several of the requirements or guidelines currently in the Affordable Care Act.

CHILDREN'S IMPACT STATEMENT:

None.

CLERK'S ADDENDUM

Speakers: Sue Guest, IFPTE Local 21; Roylen Stack, IFPTE Local 21; Margie Valdez, IFPTE Local 21; Felix Mario Huerta, Jr., AFSCME Local 512; Cindy Erickson, IFPTE Local 21; Gayle Walls Burns, AFSCME Local 512; Dan Jameyson, SEIU Local 1021; Laura Huerta de Concepcion, AFSCME Local 2700.

ATTACHMENTS

Average Increase Premiums
Kaiser HDHP 2016 Highlights