



**Contra
Costa
County**

To: Board of Supervisors
From: Dianne Dinsmore, Human Resources Director
Date: September 24, 2019

Subject: 2020 Renewals for NonPERS Health Plans

RECOMMENDATION(S):

AUTHORIZE the County Administrator, or Designee, to execute contract renewals with the NonPERS Medical, Dental, Vision, Computer Vision Care Program and Life Insurance Plan carriers, including new Health Net medical plans for the period of January 1, 2020 - December 31, 2020.

FISCAL IMPACT:

Premiums for active, retired and survivor enrollees are funded by a combination of charges to County Departments, Special Districts, and employee/retiree/survivor contributions. The fiscal impact is based on projections of 2020 using 2019 census data with no adjustment for future migration between plans. The 2020 projected total premium cost for active employees is approximately \$118.0 million; 2019 is expected to reach \$115.0 million by year end. The currently negotiated cost to the County is \$99.9 million of that total (\$93.8 million in 2019). Due to negotiated increases in County subsidy for the majority of active employees, the projected County cost increase for 2020 is more than the total increased premium cost.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **09/24/2019** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor

Candace Andersen, District II
Supervisor

Diane Burgis, District III
Supervisor

Karen Mitchoff, District IV
Supervisor

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: September 24, 2019

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

By: June McHuen, Deputy

Contact: 925-335-1776

cc: All County Departments (via CAO)

FISCAL IMPACT: (CONT'D)

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Premiums for existing Health Net plans will increase by 5.0%. Additionally, there will be new medical plans offered through Health Net. Premiums for Kaiser Plans will increase by .22%, and premiums for CCHP Plans will increase by 9.866%. The Delta Dental PPO Plan premium equivalency will increase by 1.0%. There will be a decrease to the Computer Vision Care plan rates of 18.56%. There were no increases to the Delta Care HMO plan, the VSP Voluntary Vision, the Voya Basic Life/AD & D or Supplemental Life Insurance plans.

New Health Net plans will replace the existing Health Net plans for active employees represented by AFSCME Local 2700, AFSCME Local 512, SEIU Local 1021, Public Employees Union Local 1, Contra Costa Public Defenders Association, Deputy Sheriffs Association Probation and Probation Supervisors Units, Deputy District Attorneys Association, IFPTE Local 21, Western Council of Engineers, Teamsters Local 856 and for unrepresented employees. Both the new and existing Health Net plans will be available to retirees in 2020.

BACKGROUND:

Insurance coverage is an important benefit and a valuable recruitment and retention tool. To ensure that high quality insurance is available for eligible Contra Costa County employees and retirees, the County contracts for group medical, dental, life insurance, voluntary vision 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 the calendar year and expire December 31, 2019.

To assist the County in negotiating the best possible health care terms for our active and retired employees, the County contracts with a consultant, who has expertise in public sector employee benefit plan design and rate structure. All medical insurance contracts continue to offer essential medical benefits and coverage compliant with the requirements of the Affordable Care Act (ACA).

In 2018, the County received a formal request to bargain as a Union Coalition over healthcare by AFSCME Local 512, AFSCME Local 2700, Contra Costa Public Defenders Association, Deputy District Attorneys Association, IFPTE Local 21, Physicians & Dentists Organization of Contra Costa, Public Employees Union Local 1, SEIU Local 1021, and Western Council of Engineers. The County agreed to discuss the issue in the context of a contract extension. Like the Coalition, the County wanted to explore options that would meet the needs of our employees and provide financial stability for the County.

After successful bargaining, the County and Union Healthcare Coalition reached agreement on changes to healthcare subsidies described below. Additionally, agreement was reached to expand the purview of the Joint Labor/Management Benefit Committee.

The agreement was to work together as equal partners to 1) identify a new medical plan carrier to replace Health Net, 2) explore the costs of other plan options as possible future replacements with the goal of beginning with the 2020 plan year (any replacement plans selected must not increase the County's retiree health costs):

- The new medical plan carrier that will replace Health Net must include an HMO plan and one plan providing out-of-network provider coverage. All nine (9) Coalition Union/Association representatives on the Benefit Committee and the County have agreed on the new medical plan carrier to replace Health Net, the new medical plan will replace Health Net for all Coalition Unions/Associations the following January 1.
- Each year, County will coordinate a team composed of the County, the County's benefits consultant, and Union/Association Benefit Committee representatives, to work as equal partners to provide input for the annual negotiations with the medical plan providers over the plan premiums for the next plan year. The team will have authority to make information requests, request and observe presentations by the County's healthcare consultant regarding premium rates and ask questions, and help guide the strategy of the County in the annual negotiations.
- County and Unions/Associations of the Coalition will jointly work to educate employees regarding the cost benefits of lower cost plans, including the Kaiser High Deductible Health Plan.
- County and Union/Association Benefit Committee representatives will jointly work as equal partners to seek plan design changes across all plans that would reduce costs and improve quality of care.

On December 4, 2018, the County adopted Resolution No. 2018/576 approving Side Letters between the County of Contra Costa and AFSCME Local 512, AFSCME Local 2700, IFPTE Local 21, Public Employees Union Local 1, SEIU Local 1021, and Western Council of Engineers providing, for MOU extensions, wages, healthcare, and reopener. Subsequently, the County reached similar agreement with the Contra Costa Public Defenders Association, the Deputy District Attorneys Association, Teamsters 856, and the DSA Probation and Probation Supervisors Units. the County is currently in negotiations with the Physicians and Dentists Organization of Contra Costa County.

As the result of the exhaustive work of the JLMBC over eight months, there will be new medical plans available for the majority of County employees and all non-PERS retirees through Health Net as of January 2020. The new Health Net plans have a revised "narrow network" provider list and modified plan design, resulting in reduced premiums compared to the existing Health Net plans .

Beginning January 1, 2020, the County subsidy, for the majority of employees eligible for NonPERS medical plans, will be an amount up to 75% of the second lowest priced non-deductible HMO plan for Employee and Employee +1, and 76.5% for Employee +2 or more. Based on the 2020 proposed rates, CCHP Plan A will be used for subsidy calculations:

<u>Coverage Type</u>	<u>CCHP Plan A Premium</u>	<u>%County Subsidy</u>	
Employee Only	\$892.18	75%	\$669.14
Employee +1	\$1,784.34	75%	\$1,338.26
Employee +2/More	\$2,676.54	76.5%	\$2,047.55

In order to ensure uninterrupted coverage for enrolled members (eligible active employees, retired employees and survivors of retired employees) staff requests authorization from the Board of Supervisors to renew existing insurance coverage and implement the new Health Net plan at the rates provided in the Attachment. The chart reflects the different premium structures - either Two Tier or Three Tier - based on what has been negotiated with various bargaining groups. Rate sheets, by bargaining group for actives and retirees, for the 2020 plan year reflecting County subsidies and employee/retiree costs will be available within the next two weeks. These sheets will be posted on the Employee Benefit website.

In summary for 2020, there will be new narrow network medical plans offered by Health Net, an increase of 1% will be applied to the Delta PPO premium equivalency and the Computer Vision Care (CVC) Plan premium will decrease. There is no increase to Supplemental & Basic Life insurance, the Delta Care HMO plan premiums or the VSP Voluntary Vision plan.

CONSEQUENCE OF NEGATIVE ACTION:

In order to prevent the disruption of services for group benefits that are offered to eligible employees, retirees and dependents, it is necessary to execute contract renewals prior to open enrollment which is planned for October 2019 for the 2020 plan year. Additionally, Government Code Section 31692 requires that the County notify retirees of any proposed changes 90 days before the beginning of the plan year. If new plans are to be added, these time restrictions require adoption of rates in September 2019

ATTACHMENTS

Attachment - 2020 NonPERS Renewal Rates BOS