



County of El Dorado

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Legislation Text

File #: 10-0373, **Version:** 1

Human Resources Department, Risk Management Division, recommending the Board approve Fiscal Year 2010-2011 published rates for the County's Health Benefit Program. (Est. Time: 10 Min.)

Fiscal Impact/Change to Net County Cost:

There is no direct fiscal impact in approving the rates. However, upon Board approval, these rates will be used to develop the FY 2010-2011 budget for the health benefits program which is estimated to cost \$ 29 million. These amounts are funded through health premium payments and retiree health cost applied charges from department budgets as well as employee, retiree, affiliated employers, and Cobra participating members.

Background and Reason for Recommendation:

Annually, Human Resources, Risk Management Division staff works with its employee benefits consultant to analyze the health benefits program and to determine the amounts needed to appropriately fund the health benefit program. Alliant Insurance Services, the County's employee benefits consultant works with the providers to determine costs savings and to negotiate the rates.

According to the 2009 California Employer Health Benefits Survey, between 2002 and 2009, health insurance premiums have increased by 117.5%, while California's overall inflation rate increased 23.1% . Alliant estimates for FY 2010-2011 the rates for the program will increase by 14.5%. Initially, the rates were 15.1 % and Alliant was able to reduce the rate through negotiation.

Generally, contributing factors to the higher rates include reduced enrollment in the self-insured plan, increased claim cost for medical and prescription services, increased provider costs, increased utilization, inflation, and compliance with new legislation (Mental Health Parity Act).

The rates were presented to the County Health Plan Advisory Committee (HPAC) and HPAC is recommending the rates to the Board.

Action to be taken following Board approval:

Following Board approval, Human Resources, Risk Management Division will communicate rates and contributions required for FY 2010-2011 to employees, retirees, Cobra participants, and affiliated agencies and return to the Board with the vendor renewal contracts.

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