



## Legislation Details (With Text)

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**Type:** Agenda Item      **Status:** Approved

**File created:** 7/18/2019      **In control:** Board of Supervisors

**On agenda:** 8/6/2019      **Final action:** 8/6/2019

**Title:** Human Resources Department recommending the Board take the following actions regarding Health Plan Programs and Ancillary Employee Benefit Programs for the 2020 Plan Year:

- 1) Approve the proposed 2020 health plan rate cards (Attachment A) based on the cost sharing of health premiums in the current Memorandum of Understanding with all bargaining units, the Salary and Benefits Resolution for unrepresented employees and in accordance with the Patient Protection and Affordable Care Act (ACA);
- 2) Authorize the Director of Human Resources, or designee, to execute health and benefit program contract renewals subject to approval by County Counsel; and
- 3) Grant Human Resources the authority to correct any minor clerical errors or adjustments, if necessary, to the approved health plan rate cards for the 2020 health benefits plan year, as needed.

**FUNDING:** County-wide cost, shared between the County Departments (General Fund and Non-General Fund) and employees.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. A - 2020 Published Rate Cards 8-6-19, 2. B - 2020 Master Rates 8-6-19, 3. C - 2020 Renewal Financial Summary 8-6-19

Date	Ver.	Action By	Action	Result
8/6/2019	1	Board of Supervisors	Approved	Pass

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### DISCUSSION / BACKGROUND

#### Health Plans

The County of El Dorado (County) has participated in the California State Association of Counties-Excess Insurance Authority (CSAC-EIA) since 2012. As a member of this organization the County has successfully controlled costs of the health plans offered through CSAC-EIA on a year-over-year basis since 2012. The plans are scheduled to renew as follows:

- Blue Shield PPO 200 2.1% increase
- Blue Shield PPO 1350 ABHP 1.8% increase
- Blue Shield PPO 2000 ABHP (ACA Plan) 1.6% increase
- Kaiser HMO 5.9% increase
- Kaiser ABHP 5.9% increase

**Flexible Spending Arrangement (FSA) and Health Savings Account (HSA)**

- Health Care Reimbursement Account (HCRA) No change
- Dependent Care Reimbursement Account (DCRA) No change
- Health Savings Account (HSA) \$3,550 individual/\$7,000 family
- Contribution limits are increasing to stay in compliance with IRS regulations

**Ancillary Benefit Programs**

- Delta Dental 4.5% decrease
- VSP Vision 20.1% increase
- Lincoln Financial Basis Life Rate guarantee
- Lincoln Financial Long Term Disability Rate guarantee
- EAP MHN (CSAC-EIA) Rate guarantee

The County’s broker, Alliant Insurance Services, Inc., recommended a funding contribution decrease for the County’s self-insured dental plan in the amount of -4.59%. The annual funding contribution is used to maintain sufficient funds in the self-insured plan, and funds are used to pay submitted claims. The annual funding contribution serves as the basis for determining monthly “premium” rates. Alliant has indicated that the recommended contribution decrease is based on an anticipated reduction in submitted claims. Human Resources is recommending the suggested funding contribution decrease of -4.59% to the dental rates.

Mental Health Network (MHN) Mental Health/Substance Abuse currently provides the mental health benefits for all employees enrolled in the Blue Shield plans. Typically, these services are part of the comprehensive health plan; however, since January 2013, the County has provided this service as a “carve out” to the Blue Shield health plan. In 2019, the rates for this benefit increased by 31.8%. For 2020, the rate is expected to increase by 77.3%, equal to \$113,229. Due to these trending increases, the County’s broker, Alliant Insurance Services, Inc., recommended carving the mental health benefits into the Blue Shield plan, which is consistent with industry standards. Initially, carving this benefit back into Blue Shield will result in an increase of \$148,018 for 2020; however, based on the past two-year trend of 31.8% and 77.3% and projected increases for future years, we anticipate for this to be a cost savings to the County. For the first year of the plan, CSAC-EIA underwriting requires a 3.2% load on to the rates to cover the mental health benefit.

The Vision Service Plan (VSP) rate increase is due to enhancements to the current benefit options offered to all bargaining units with the exception of El Dorado County Deputy Sheriff’s Association, Law Enforcement Unit (SA). Presently, SA employees have a greater benefit than all other bargaining units in terms of frequency and co-pays. Human Resources requested a proposal from the broker to provide similar plan design as SA, in order to seek parity for all employees. At this time the recommendation by Human Resources is to align the frequency consistent with SA, which will allow employees to access their vision benefits every twelve (12) months instead of every twenty-four (24) months

Employees in the Operating Engineers, Local 3 (OE3) bargaining units (currently Corrections and Trades & Crafts) are eligible to purchase health plans through the OE3 Health Trust rather than through the County. Human Resources has not yet received or finalized the rates for OE3; therefore will return to the Board at a later date for approval.

Retirees who are sixty-five (65) or older are eligible to purchase health plans through United Health Care (UHC) and Kaiser Permanente Senior Advantage (KPSA). While the UHC retiree rates have been received, the KPSA rates have not; therefore, since these rates are included on the same rate card, Human Resources will return to the Board at a later date for approval.

Upon Board approval, the next steps will consist of the following:

1. Human Resources will post and distribute renewal plans and corresponding rates to employees, retirees, COBRA participants, and affiliated agencies prior to open enrollment in October 2019, with an effective date of pay period 25 for active employees and December 1, 2018 for all other participants;
2. Human Resources will return to the Board with the 2020 OE3 Health Trust, Retiree KPSA and UHC benefits plan rates;
3. Human Resources will secure a health insurance carrier and other ancillary benefit program contract renewals; and
4. The Human Resources Director, or designee, will sign health and other benefit contracts subject to County Counsel's approval.

### **ALTERNATIVES**

The Board could choose to override the recommendation to renew the 2020 Employee Benefits Insurance Program Renewal as recommended; however, if the Board chooses to not approve the recommendations as listed herein, the County would not meet the deadlines required by the vendors for the plan year.

### **PRIOR BOARD ACTION**

Each year, Human Resources brings this item to the Board for approval. Last year: Legistar #18-1292 and #18-1423.

### **OTHER DEPARTMENT / AGENCY INVOLVEMENT**

County Counsel

### **CAO RECOMMENDATION / COMMENTS**

It is recommended that the Board approve this item.

### **FINANCIAL IMPACT**

The total percentage change from the 2019 rates is 3.4%. The overall increase in premium from last year is approximately \$1,088,037 for all listed benefit programs. Costs are shared between employees and salary and benefits budgets for each County department.

### **CLERK OF THE BOARD FOLLOW UP ACTIONS**

None

### **STRATEGIC PLAN COMPONENT**

Good Governance

**CONTACT**

Tameka Usher, Director of Human Resources