



# County of El Dorado

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## Legislation Details (With Text)

**File #:** 20-1072 **Version:** 1

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

**File created:** 8/11/2020 **In control:** Board of Supervisors

**On agenda:** 8/25/2020 **Final action:** 8/25/2020

**Title:** Human Resources Department recommending the Board take the following actions regarding Health Plan Programs and Ancillary Employee Benefit Programs for the 2021 Plan Year:

- 1) Approve the proposed 2021 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;
- 2) Approve the proposed three year fee schedule for the benefits Third Party Administrator Benefit Coordinators Corporation;
- 3) Authorize the Director of Human Resources, or designee, to execute health and benefit program contract renewals subject to approval by County Counsel; and
- 4) Grant Human Resources the authority to correct any minor clerical errors or adjustments, if necessary, to the approved health plan rate cards for the 2021 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 - 2021 Health Rates 8-25-2020, 2. B - 2021 Master Rates 8-25-2020, 3. C - BCC fee schedule

| Date      | Ver. | Action By            | Action   | Result |
|-----------|------|----------------------|----------|--------|
| 8/25/2020 | 1    | Board of Supervisors | Approved | Pass   |

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### DISCUSSION / BACKGROUND

#### Health Plans

On February 15, 2011 with Legistar 11-0121, the Board of Supervisors entered into a Memorandum of Understanding (MOU) with CSAC-EIA (EIA) to join the CSAC-EIA Health program (EIA Health). The EIA is a Joint Powers Authority (JPA) comprised of California counties, cities, and public agencies organized to jointly develop and fund insurance and related programs with the most favorable terms and costs. As a member of this organization the County has successfully controlled costs of the health plans offered through CSAC-EIA. As a note, in 2020, EIA changed its name to PRISM.

For the 2021 plan year, health plans are scheduled to renew as follows:

|   |                |
|---|----------------|
| Blue Shield PPO 200 Standard              | 3.4% increase  |
| Blue Shield PPO 1400 ABHP Low             | 3.4% increase  |
| Blue Shield PPO 2000 ABHP High (ACA Plan) | 3.5% increase  |
| Kaiser HMO Standard                       | 6.8% increase  |
| Kaiser ABHP                               | 6.8% increase  |
| Kaiser KPSA HMO                           | 0.05% increase |
| United Health Care (UHC)                  | 6.0% decrease  |

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

|   |                                   |
|---|-----------------------------------|
| Health Care Reimbursement Account (HCRA)    | No change*                        |
| Dependent Care Reimbursement Account (DCRA) | No change*                        |
| Health Savings Account (HSA)                | \$3,600 individual/\$7,200 family |

\*Contribution limits adjust to stay in compliance with IRS regulations. Current contribution limits for HCRA (\$2,750) and DCRA (\$5,000) are subject to change for 2021, to be determined by the IRS.

#### **Ancillary Benefit Programs**

|  |                |
|--|----------------|
| Delta Dental                           | 2.4% decrease  |
| VSP Vision                             | 10.3% decrease |
| Lincoln Financial Basis Life           | Rate guarantee |
| Lincoln Financial Long Term Disability | 15.6% increase |
| EAP MHN PRISM                          | 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 -2.4% and to the self-insured vision plan in the amount of -10.3%. The annual funding contribution is used to maintain sufficient funds in the self-insured plans, 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 decreases are based on an anticipated reduction in submitted claims. Human Resources is recommending the suggested funding contribution decreases to the dental and vision dental rates.

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 rates for OE3; therefore will return to the Board at a later date for approval.

Benefits third-party administrators (TPAs) assess a Monthly Ancillary Administration Fee (MAAF) per

participant, with highly discounted rates for PRISM plans; non-PRISM Plans have customarily been assessed much higher fees, which are passed on to those plan participants. For 2021, Benefit Coordinators Corporation (BCC) will assess a \$0.50 MAAF for PRISM medical plans or \$7.50 MAAF for non-PRISM medical plans. The \$0.50 fee has been captured by the EDC admin fee on the recommended rate sheets; as the only non-PRISM medical plan administered by BCC, UHC participants will pay a supplemental \$7.00, reflected on the UHC rates, for the balance of the MAA Fee not captured in the EDC admin fee.

Human Resources recommends the Board approve the BCC Schedule of Fees (Attachment C), which provides for costs of as-needed TPA services effective January 1, 2021, including development hours; development and set up for initial eligibility data load, deduction reporting, and demographic import files are included with BCC's standard data package, but additional development and flexibility in file templates may be identified during the transition process as needed beyond that offered in the standard package.

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 2020, with an effective date of pay period 25 for active employees and December 1, 2020 for all other participants;
2. Human Resources will return to the Board with the 2021 OE3 Health Trust 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 2021 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. The Board adopted 2020 rate cards on August 6, 2019 (Legistar 19-1145) and amended rate cards for retirees August 27, 2019 (Legistar 19-1225), and adopted OE3 health trust rates September 24, 2019 (Legistar 19-1366), and amended rate cards for the then-newly established BD bargaining unit on December 17, 2019 (Legistar 19-1184).

The Board approved the transition of benefits TPA from Employee Benefit Specialists, Inc. (EBS) to Benefit Coordinators Corporation (BCC), and authorized the County to pay BCC for any TPA services received under the Master Agreement between PRISM and BCC, on July 21, 2020 (Legistar 20-0949).

## **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 2020 rates is 4.3%. The overall increase in annual premium from last year is approximately \$1.4 million for all listed benefit programs. Costs are shared between employees and salary and benefits budgets for each County department. Departments are determining the need for additional appropriations to cover health rate increases, and will include any additions into the Adopted Budget presented to the Board in September.

There are currently no anticipated additional costs associated with the transition to BCC for TPA services; however, should any as-needed services be identified (i.e. additional per hour development beyond the hours allowed in the standard data package, or customization of data file templates), they would be charged at the rates identified on the BCC fee schedule.

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

None

## **STRATEGIC PLAN COMPONENT**

Good Governance

## **CONTACT**

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