



## Legislation Details (With Text)

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**File created:** 7/1/2022      **In control:** Board of Supervisors

**On agenda:** 8/16/2022      **Final action:** 8/16/2022

**Title:** Human Resources Department recommending the Board take the following actions regarding Health Plan Programs and Ancillary Employee Benefit Programs for the 2023 Plan Year:

- 1) Approve the proposed 2023 health plan rate cards (Attachment A) based on the cost sharing of health premiums in the current Memoranda 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) Authorize the Director of Human Resources, or Assistant Director of Human Resources, to execute administrative health and benefit program plan renewals for services that otherwise fall under existing executed master agreements; 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 2023 health benefits plan year, as needed.

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

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. A - 2023 Published Rate Cards 8-16-2022, 2. B - 2023 Master Rates 8-16-2022, 3. C - 2023 Renewal Financial Summary 8-16-2022

Date	Ver.	Action By	Action	Result
8/16/2022	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). In 2020, EIA changed its name to PRISM. PRISM 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 PRISM Health.

For the 2023 plan year, health plans are scheduled to renew as follows:

Blue Shield PPO 200 Standard	8.8% increase
Blue Shield PPO 1500* ABHP Low	8.8% increase
Blue Shield PPO 2000 ABHP High (ACA Plan)	8.8% increase
Kaiser HMO Standard	8.8% increase
Kaiser 1500* ABHP	8.8% increase

\*Account Based Health Plan (ABHP) minimum deductibles increased to stay in compliance with IRS regulations. Minimum deductibles increased per IRS from \$1400 to \$1500.

The primary factors influencing the higher-than-normal renewal increases include:

- High number of high-cost claims in the entire PRISM pool
- High medical and prescription utilization/cost trend by County plan participants
- COVID impact (increase in utilization post-pandemic; pandemic related expenses; and uncertainty in claims prediction post-pandemic)
- Affordable Care Act and/or State mandated fees

### 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)	\$3,850 individual/\$7,750 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 2023, to be determined by the IRS.

### Ancillary Benefit Programs

Delta Dental	3.7% decrease
VSP Vision	9.2% increase
Lincoln Financial Basis Life	Rate guarantee
Lincoln Financial Long Term Disability	Rate guarantee
EAP MHN PRISM	Rate guarantee

The annual funding contribution for dental and vision are 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.

As a member of the PRISM Dental and Vision Programs, we are currently receiving Dental and Vision Program administration services and support from Benefits Coordinators Corporation (BCC). The Per Enrolled Participating Member (PEPM) administration fee will increase from \$1.50 in 2022 to \$1.65 for vision in 2023, and from \$1.60 to \$1.75 for dental, which the County will pay directly to BCC.

Retirees who are sixty-five (65) or older are eligible to purchase health plans through UnitedHealthcare (UHC) and Kaiser Permanente Senior Advantage (KPSA). The UHC and KPSA rates have not been received; therefore, since these rates are included on the same rate card, Human Resources will return

to the Board at a later date for approval. In order to streamline KPSA enrollments, BCC will be reformatting the existing process to reduce administrative steps and add security; the County will pay for this service, estimated at \$500, under the terms of our existing fee schedule (for development hours as quoted per project) with BCC.

### **Next Steps**

Employees in the Corrections and Trades & Crafts bargaining units represented by Operating Engineers, Local 3 (OE3) are eligible to purchase health plans offered through the OE3 Health Trust rather than through the County. Human Resources has not yet received official rates from the OE3 Health Trust, therefore 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 2022, with an effective date of pay period 25 for active employees and December 1, 2022 for all other participants;
2. Human Resources will return to the Board with the 2023 OE3 Health Trust and Retiree KPSA/UHC benefits plan rates;
3. Human Resources will secure health insurance carrier and other ancillary benefit program contract renewals; and
4. The Human Resources Director, or Assistant Director of Human Resources, will sign health and other ancillary benefit contracts for services that otherwise fall under existing executed master agreements.

### **ALTERNATIVES**

The Board could choose to override the recommendation to renew the 2023 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 2022 rate cards on August 31, 2021 (Legistar 21-1071) and adopted OE3 Health Trust 2022 rates October 26, 2021 (Legistar 21-1616).

The Board authorized the County to pay BCC for any Third Party Administrator services received under the Master Agreement between PRISM and BCC, on July 21, 2020 (Legistar 20-0949).

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

N/A

### **CAO RECOMMENDATION / COMMENTS**

Approve as recommended.

### **FINANCIAL IMPACT**

The total percentage change from the 2022 rates (excluding UHC and KSA rates, which are not yet available) is 8.0%. The overall increase in annual premium from last year (excluding the UHC and

KSA plans) is approximately \$2,328,345 for all listed benefit programs. Costs are shared between employees and salary and benefits budgets for each County department. It is anticipated that most departments can cover the six months of increased costs with Salaries and Benefits savings from vacancies. Departments will assess these costs with the mid-year budget report and request a budget transfer to address any increases that cannot be covered with savings.

**CLERK OF THE BOARD FOLLOW UP ACTIONS**

None

**STRATEGIC PLAN COMPONENT**

Good Governance

**CONTACT**

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