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Title: Human Resources Risk Management Division, recommending the Board of Supervisors approve the migration of the Blue Shield Self-funded PPO to the CSAC-EIAHealth pooled program. (Est. Time: 45 Min.)

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Date	Ver.	Action By	Action	Result
2/15/2011	1	Board of Supervisors	Approved	Pass

Human Resources Risk Management Division, recommending the Board of Supervisors approve the migration of the Blue Shield Self-funded PPO to the CSAC-EIAHealth pooled program. (Est. Time: 45 Min.)

The CSAC-EIAHealth Program offers the benefits of a self-funded program combined with the stability and protection of a much larger risk pool. No plan design changes are recommended or required for the Blue Shield PPO Plan and the County will retain control of the benefit plan design under the EIAHealth Program.

Through EIAHealth, the County’s pharmacy benefit program will move from Caremark to Medco. Medco is the nation’s largest Pharmacy Benefit Manager. The change to Medco will require a slight change in the prescription drug formulary, but all other plan benefits and quality programs will remain the same.

Background:

When chosen as the County’s third party administrator for health/medical benefits, Alliant Insurance Services recommended a comprehensive review of our current health/medical plans. Additionally, Alliant recommended that we consider the cost effectiveness of joining CSAC-EIAHealth. Alliant conducted a comprehensive review of our current health/medical programs, rate structures, and contracts, compared to joining EIAHealth. Additionally, they reviewed rates quotes and programs from other insurance providers. Today’s presentation and recommendations are based on this review and the recommendation of the County’s Health Plan Advisory Committee (HPAC).

In order to determine if the County’s health/medical programs were providing comprehensive coverage at the most affordable price, Alliant analyzed and evaluated:

- Joint purchasing options, i.e. CSAC-EIAHealth
- Alternative funding options

Provider networks to ensure deepest savings
Current Caremark Pharmacy Program
Cost savings with merging/consolidating carriers

All of the following components were reviewed with the Risk Management team and the Health Plan Advisory Committee (HPAC) in determining the viability of alternative options:

Technical Analysis

- Claims costs
- Reserves
- Network Access
- Expense Factors
- Governance

Employee Transition/Acceptance

- Access to Providers
- Transition of Care

Based on the results of the analysis, three options were presented to HPAC for consideration:

Option 1 - EIAHealth

Maintain current Blue Shield PPO benefits through the EIAHealth Program (includes a change to Medco PBM)

Maintain current fully-insured options with PacifiCare HMO & Kaiser HMO

Option 2 - Change Pharmacy Benefit Manager

Replace Caremark PBM with Medco PBM for Blue Shield Self-funded PPO

Maintain current fully-insured options with PacifiCare HMO and Kaiser HMO

Option 3 - Maintain current contract and structure with Blue Shield PPO and Caremark Pharmacy

Recommendation:

It is the recommendation of Alliant, HPAC, and the Risk Management Division that the Board approve Option 1 - EIAHealth, and authorize the Director of Human Resources to sign the Memorandum of Understanding to join CSAC-EIAHealth Program, subject to final approval by County Counsel.

Additionally, that Risk Management begins implementing steps to transition to the EIAHealth Program to be effective July 1, 2011.