



## Legislation Text

File #: 21-1071, Version: 1

Human Resources Department recommending the Board take the following actions regarding Health Plan Programs and Ancillary Employee Benefit Programs for the 2022 Plan Year:

- 1) Approve the proposed 2022 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 designee, 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 2022 health benefits plan year, as needed.

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

### **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 2022 plan year, health plans are scheduled to renew as follows:

Blue Shield PPO 200 Standard	4.7% decrease
Blue Shield PPO 1400 ABHP Low	4.7% decrease
Blue Shield PPO 2000 ABHP High (ACA Plan)	4.7% decrease
Kaiser HMO Standard	0.2% increase
Kaiser ABHP	0.2% increase
Kaiser KPSA HMO	4.03% decrease
Kaiser KPSA ABHP LOW	*Newly added for 2022*
UnitedHealthcare (UHC)	2.0% 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)	\$3,650 individual/\$7,300 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 2022, to be determined by the IRS.

### **Ancillary Benefit Programs**

Delta Dental	2.2% increase
VSP Vision	3.5% 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 Preferred Benefits Administrators (PBIA). PBIA has been the administrator for these Programs since inception. In May 2021, the PRISM Employees Benefits Committee approved the transition to a new administrative platform through Benefits Coordinators Corporation (BCC). The transition will incur additional costs to the Programs over the next two renewal cycles (2022 and 2023). The baseline implementation fee associated with the transition has been paid for by PRISM using its Program surplus funds. The new Per Enrolled Participating Member (PEPM) administration fee will increase from \$1.35 in 2021 to \$1.50 in 2022 for vision, and from \$1.35 to \$1.60 for dental. There will be an additional \$0.15 PEPM added to 2023 Dental and Vision renewals, which the County will pay directly to BCC.

Given the complexity and size of the PRISM Dental and Vision Programs, the implementation of BCC as the new Dental and Vision Program administrator is occurring through a phased approach; as an existing client of BCC, the County will be in the first phase of the transition, occurring in September 2021. However, the associated administrative fee will not increase to the PRISM approved BCC levels until January 1, 2022.

Retirees who are sixty-five (65) or older are eligible to purchase health plans through UnitedHealthcare (UHC) and Kaiser Permanente Senior Advantage (KPSA). In addition to the standard KPSA plan traditionally available to our retirees, PRISM Health also offers a KPSA account-based deductible plan. This plan provides a lower premium option for retirees and eligibility for a Health Savings Account, which would better meet the need of retirees transitioning from an Early Retiree Kaiser HMO ABHP plan to a Medicare Advantage plan. Therefore the 2022 retiree cards have been updated to reflect this additional plan option.

### **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 2021, with an effective date of pay period 25 for active employees and December 1, 2021 for all other participants;
2. Human Resources will return to the Board with the 2022 OE3 Health Trust plan rates;
3. Human Resources will secure health insurance carrier and other ancillary benefit program contract renewals; and
4. The Human Resources Director, or designee, 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 2022 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 2021 rate cards on August 21, 2020 (Legistar 20-1072) and adopted OE3 Health Trust 2021 rates October 13, 2020 (Legistar 20-1343).

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 2021 rates is a 1.7% decrease. The overall decrease in annual premium from last year is approximately \$578,730 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**

Joseph Carruesco, Director of Human Resources