



Legislation Text

File #: 22-1567, Version: 1

Human Resources Department recommending the Board take the following actions regarding Health Plan Programs for the 2023 Plan Year:

- 1) Approve the proposed 2023 retiree health plan rate card (Attachment A) based on the cost sharing of health premiums in the current Memoranda of Understanding with all bargaining units, and the Salary and Benefits Resolution for unrepresented employees;
- 2) Approve the revised 2023 Affordable Care Act - compliant health plan rate card (Attachment B);
- 3) 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
- 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 2023 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 August 16, 2022, the Board of Supervisors adopted the 2023 health plan rate cards for active employees, outside agencies whose benefits are administered through the County, and COBRA continuation of coverage plans (Legistar #22-1240). Medicare Retirees who are sixty-five (65) or older are eligible to purchase Medicare advantage supplement health plans through UnitedHealthcare (UHC) and Kaiser Permanente Senior Advantage (KPSA); the rates for the KPSA and UHC plans were not yet available on August 16, 2022. Therefore, consistent with the Next Steps identified in Legistar item 22-1240, Human Resources is returning to the Board for the adoption of the 2023 Retiree rate card.

As a summary from the August 16, 2022 Board item, for the 2023 plan year, health and retiree-relevant ancillary benefit programs 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
Delta Dental	3.7% decrease
VSP Vision	9.2% increase
EAP MHN PRISM	Rate guarantee (no change)

For the 2023 plan year, the following retiree Medicare advantage supplement plans are scheduled to renew as follows:

Kaiser KPSA	9.61% decrease
UnitedHealthcare	2.5% increase

Affordable Care Act

On August 16, 2022, the Board adopted the 2023 Affordable Care Act (ACA) compliant health plan rate card. The Internal Revenue Service announces the health plan affordability threshold-used to determine if an employer's lowest-premium health plan meets the ACA's affordability requirement. The affordability threshold, which affects employers' potential liability for ACA shared-responsibility penalties, is adjusted annually based on health plan premium growth relative to income growth, using national health expenditure data from the Centers for Medicare & Medicaid Services. The 2023 health plan affordability threshold has been lowered to 9.12% for the 2023 plan year; as the 2023 ACA compliant health plan rate card adopted by the Board is computed on a higher threshold, a revised 2023 rate card meeting the lowered 9.12% affordability threshold is recommended for approval.

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 2023 rate cards for active employees, outside agencies, and COBRA continuation of coverage on August 16, 2022 (Legistar 22-1240).

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

Including the rates adopted by the Board on August 16, 2022, the updated total percentage change from the 2022 rates is 7.2%. The overall increase in annual premium from last year is approximately \$2,265,648 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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