



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Human Resources
Department No.: 064
For Agenda Of: October 4, 2022
Placement: Administrative
Estimated Tme: N/A
Continued Item: N/A
If Yes, date from:
Vote Required: 4/5

TO: Board of Supervisors
FROM: Department Maria Elena De Guevara, Human Resources Director, 568-2816
Director(s):
Contact Info: Katie Torres, Benefits and Wellness Division Chief: Human Resources, 568-2818
SUBJECT: 2023 Employee Benefits Insurance Program Renewal

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: N/A

As to form: N/A

Recommended Actions:

a) In the matter of setting health plan rates for 2023, the Board of Supervisors approves the following renewals:

i. PRISM Health Blue Shield Health Plans

The renewal of the Public Risk Innovation, Solutions, and Management (PRISM) Blue Shield Tandem Narrow Network, Blue Shield Exclusive Provider Organization (EPO) High, Blue Shield EPO Low, Preferred Provider Organization (PPO), and High Deductible Health Plan (HDHP) plans for a twelve-month period, at the existing benefit levels with an 8.8% increase in premiums, effective January 1, 2023, for all active employees and retirees as shown in Attachments A1 through A4.

ii. Kaiser Permanente HMO Health Plans

The renewal of the active employees' and early retirees' Kaiser Permanente High and Low Health Maintenance Organization (HMO) plans for a twelve-month period at the existing benefit levels, with an 8.8% increase in premiums, effective January 1, 2023, and for all Medicare-eligible retirees, with 13.19% decrease in premiums for the Senior Advantage Plans, at the existing benefit levels, as shown in Attachment B.

iii. United Healthcare Medicare Risk HMO Health Plans

The renewal of the United Healthcare Medicare Risk HMO Health Plans for County of Santa Barbara retirees, at existing benefit levels, and a 2.5% increase of premium, for a twelve-month period, effective January 1, 2023, as shown in Attachment C.

iv. County Self-Funded Delta Dental PPO Plan

The annual Actuarial Underwriting Report for the County Self-Funded Dental Plan as shown in Attachment D, and the continuation of the existing program benefits with an increase of 31.34% in premiums for both active employees and retirees, readjusting rates in the Self-Funded plan to help support itself after a number of years of plan buy down to utilize plan surplus. Rates are for a twelve-month period, effective January 1, 2023, as shown in Attachment E.

v. DeltaCare USA - Dental HMO Plan

The renewal of the existing DeltaCare USA Dental Health Maintenance Organization (DHMO) plan, continues the existing benefit levels for active employees and retirees, with a rate pass for 2 years, as shown in Attachment F.

vi. Vision Service Provider – Choice Vision Plan

The renewal of the existing Vision Service Provider Plan, for active employees and retirees, with an .04% premium rate decrease with a vision enhancement benefit, for the first year of a four-year rate guarantee, effective January 1, 2023, through the calendar year 2026, as shown in Attachment G.

vii. CareCounsel - Healthcare Assistance Program

The renewal of the CareCounsel Healthcare Assistance Program with a 3% rate increase for all covered active employees and retirees, for a twelve-month period effective January 1, 2023, as shown in Attachment H.

viii. Empathia Life Matters – Employee Assistance Program

The renewal of the Life Matters Employee Assistance Program with a 5.2% rate increase for all covered active employees and retirees, for a twelve-month period effective January 1, 2023, as shown in Attachment I.

b) Further, authorize the Human Resources Director or designee to execute any necessary third-party administrative agreements and documents required to manage plans listed in recommendations **a.(i.) through a.(viii.) above; and**

c) In the matter of revenues from Public Risk Innovation, Solutions, and Management (PRISM), the Board of Supervisors approves as follows: (4/5 Vote Required)

I. Approve and authorize the Human Resources Department Director to accept revenue from PRISM in the amount of \$8,690 for the implementation of the Mental Health Initiative which supports employee wellbeing; and

- II. Approve Budget Revision Request No. BJE-0008553 to establish one-time appropriations of \$8,690.00 in the Human Resources Department's Wellness Fund to accept revenue from PRISM;
- d) Determine that these activities are not a "Project" under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b)(4) because the actions are the creation of a government funding mechanism or other government fiscal activity, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

Summary Text: The recommended actions will continue the County's employee benefits programs itemized above as well as all the additional programs implemented in the 2022 plan year, (i.e., Amino, Wellvolution, LifeBalance, Hinge Health, and Livango) which will continue to assist the County and the workforce in further managing and stabilizing costs related to employee benefits.

County medical insurance premiums for all plans will increase by 8.8% with no change in benefit levels. The County Self-funded Dental PPO Plan received a 42% increase in premiums, which is largely related to requirements by the State of California to subsidize employee premiums to draw down reserve balances during the 2021 and 2022 plan years. Reserve balances are now at appropriate levels, and the HOC recommends some reserves be used to buy down the rate increase to approximately 31%. The County Dental Health Maintenance Organization (DHMO) plan is currently in a rate pass, while the County vision premium received a minor decrease with an enhanced benefit of a \$200 allowance towards contacts and/or frames.

In addition, to help defray the cost of dependent medical coverage, the County reached agreements with 7 of 10 labor organizations as part of successor Memoranda of Understanding for its contribution toward medical premiums to include a \$25 subsidy of employees' twice monthly healthcare premiums for employee + one coverage and a \$155 subsidy of employees' twice monthly healthcare premiums for employee + family coverage, effective with the 2023 plan year. Similar provisions are being discussed with two additional bargaining groups, and the DSA has a supplemental medical allowance which has been in place for many years. These subsidies also apply to unrepresented attorneys and confidential employees and to unrepresented managers and executives, including elected department heads and members of the Board of Supervisors.

After the County was notified of the 2023 premium renewal rates, staff convened the Health Oversight Committee (HOC) (Attachment J), a body that enables the County to meet with unions in a collective manner on common insurance benefits provided to the entire workforce. As a result of meeting and reviewing and discussing options, the HOC recommends that the 2023 plans and rates as set forth in the recommended actions above, be implemented in the 2023 plan year.

In closing, the programs offered in the 2022 plan year will continue in 2023 as part of the ongoing Human Resources' and the Health Oversight Committee's efforts to mitigate health insurance premium increases. The overall benefit to employees and the County is the improved health of employees, reduced employee out-of-pocket health care costs, and reduced health care claim expenses.

Open Enrollment for 2023 Benefits Plan Year

If the Board approves the recommended actions, an open enrollment period for the 2023 Benefits Plan year will be held from October 10, 2022 through October 28, 2022.

The Santa Barbara County Employees' Retirement System will conduct its own plan enrollment with retirees.

Background:

For the past twelve years, the County has participated in the PRISM Health pooled risk insurance program. The most recent available data shows that PRISM membership has expanded to include 95% of California counties, 70% of cities, as well as educational organizations, special districts, housing authorities, fire districts, and 27 other Joint Powers Authorities. Participating in the pooled risk program has yielded positive results and continues to help the County manage costs.

In the PRISM Health program, each participating employer maintains autonomy for its own benefit decisions, plan design, retiree benefits and rules, and administrative choices. The benefit of the pool is that all administrative, reinsurance, and excessive claims costs are shared, and the reserves of the pool are available to buy down rate increases for the pool, which in turn assists in lowering the increases for individual members. For the first two years of participation, employer groups' increases are equivalent to that of the pool, regardless of their performance. In subsequent years an employer's actual claims experience over the previous two-year period is used to establish rates.

The County has taken proactive steps, under the Board of Supervisors' direction, to manage County health insurance cost increases. The County's most recent efforts include the following:

- Expansion of the Amino Member Tool, which assists employees in finding medical services by finding cost-effective, safe, experienced, in-network providers with Smartmatch technology, for all plans. Since 2022, Amino has had total savings of \$131,500.
- Implementation of the Wellvolution program which supports employees with diabetes, weight loss, mental health, smoking cessation, and other conditions at no cost.
- Implementation of the PRISM Livongo Diabetes Maintenance program to address the County's 3rd highest impactable condition. To date, 499 members are enrolled in the program.
- Implementation of the PRISM Hinge Health program which addresses low back pain, osteoarthritis, chronic pain, and more. To date, 263 employees are enrolled in the program.
- In partnership with the Employee Health & Wellness Centers we conducted a Countywide Health Risk Assessment for all employees. We had a total of 321 employees participate.
- A Delta Dental cost estimator tool was added to enhance the dental PPO Plan at no cost. This enhancement allows PPO members to search for high-quality, lower-cost providers which creates savings for the member and the plan.
- In 2023 Carrum Health will expand its services to include Oncology surgeries.

Impacts:

Budgeted: Yes

Fiscal Analysis:

The County contributes to the cost of eligible employees' medical and dental coverage and group life and long-term disability insurance. In addition, the County offers employees other benefits including County's Employee Health & Wellness Centers, a benefits advocacy program, an employee assistance program, an employee discount program, and the Amino Member tool to all plan members. When developing the FY 2022-23 budget, staff assumed a 3.0% increase in the cost of the onsite healthcare clinics effective July 1,

2022, and a 7% increase in medical plan premiums effective January 2023; staff assumed no change in the cost of all other plans and benefits. The actual medical plan premiums effective January 2023 is an 8.8% increase. For Fiscal Year 2022-23 the estimated increase over the budgeted 7% is approximately \$400,000. It is anticipated that this increase can be absorbed by departments within their existing budget allocations and no additional funding is being requested at this time.

As noted, to help defray the cost of dependent medical coverage, the County reached agreements with 7 of 10 labor organizations as part of successor Memoranda of Understanding for its contribution toward medical premiums to include a \$25 subsidy of employees' twice monthly healthcare premiums for employee + one coverage and a \$155 subsidy of employees' twice monthly healthcare premiums for employee + family coverage, effective with the 2023 plan year. Similar benefits are being discussed with two additional bargaining groups. These subsidies also apply to unrepresented attorneys and confidential employees and to unrepresented managers and executives, including elected department heads and members of the Board of Supervisors.

Staff estimates that there will be a 20% migration from employees enrolled in employee-only coverage to employee + 1 or employee + family coverage in addition to those who are already enrolled at the higher coverage levels. Given those assumptions, the cost of the subsidies is estimated to be approximately \$2.98 million annually, but for Fiscal Year 2022-23 the impact would only be for half of the fiscal year for an estimate of \$1.49 million. Estimates for the cost of these subsidies were built into the FY 2022-23 salary and benefits assumptions, and are already included in the adopted budget.

Attachments:

Attachment A1: Active Employees Blue Shield Health Plans Monthly Premium Rates

Attachment A2: Early Retiree Blue Shield Health Plans Monthly Premium Rates

Attachment A3: Post 65 Blue Shield Health Plans Monthly Premium (no EGWP)

Attachment A4: Post 65 Blue Shield Health Plans Monthly Premium (with EGWP)

Attachment B: Kaiser HMO Premium Rates for Active Employee, Early Retirees and Medicare Retirees Advantage Plan Rates

Attachment C: United Healthcare Medicare Risk HMO Rate

Attachment D: County Self-Funded Dental Actuarial Report

Attachment E: County Self-Funded Delta Dental PPO Plan Rates for Active Employees and Retirees

Attachment F: Delta Dental Dental Care USA DMO Plan Rates for Active Employee and Retirees

Attachment G: Vision Service Plan and Rates for Active Employees and Retirees

Attachment H: CareCounsel Healthcare Assistance Renewal

Attachment I: Empathia

Attachment J: Health Oversight Committee Member List

Attachment K: PRISM Wellness Funds BJE # 0008553

Authored by:

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