



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: CEO/Human Resources
Department No.: 064
For Agenda Of: 11/18/2008
Placement: Administrative
Estimated Tme: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Susan Paul, Assistant CEO/Human Resources Director, 568-2817
Director(s)
Contact Info: Scott Turnbull, 568-2821
Andreas Pyper, 884-8097
SUBJECT: Renewal of the Pacificare Secure Horizons HMO Health Plans for County of Santa Barbara Retirees for Calendar Year 2009

County Counsel Concurrence

As to form: N/A

Other Concurrence: N/A

As to form: Select_Concurrence

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions:

Approve the renewal of the Pacificare Secure Horizons HMO Health Plans for County of Santa Barbara retirees, effective January 1, 2009, for a one-year term and authorize Assistant CEO/Human Resources Director to execute any necessary documents.

Summary Text:

This recommended action will continue the United Healthcare (formerly Pacificare) Secure Horizons HMO health plans for County of Santa Barbara retirees at the current benefit levels as shown on the attached exhibits for the 2009 calendar year.

Background:

Santa Barbara County Employees' Retirement System (SBCERS) currently offers two Secure Horizons Medicare Risk HMOs to retirees residing in California. Their plan year is January 1 through December 1 which coincides with the Medicare plan year. Medicare Risk HMOs differ from other HMOs in that retirees are required to be enrolled in Medicare Parts A & B and must forego the use of their Medicare card outside the Secure Horizons network. With the other HMOs offered by Aetna, retirees may either obtain services through their HMO network or use their Medicare card outside of the HMO network. For this reason, the cost of a Medicare Risk HMO is less expensive. In addition to premiums paid by SBCERS and retirees, Secure Horizons also receives Medicare reimbursement for each enrollee. The High and Low HMO plans being renewed are based on the current plan design.

Secure Horizons has made some benefit enhancements to their plan. These include:

1. Annual physical exam is now covered in full with no co-pay required. This is a change from 2008 where a co-pay was required.
2. Coverage for the following, which are benefits not covered by Medicare:
 - a. Annual hearing exam - \$0 co-pay
 - b. Hearing aid allowance - \$500 every 36 months
3. Senior Fitness program is included at no cost to plan members.
4. All members will now receive a fully expanded suite of wellness and health advisory services.

The monthly premium increases are shown below:

<u>Plan Code</u>	<u>2008 Premium Per Enrollee</u>	<u>2009 Premium Per Enrollee</u>	<u>% increase</u>
Plan OGU (High Option)	\$289.59	\$322.14	11.2%
Plan OGX (Low Option)	\$184.59	\$205.34	11.2%

There are currently 114 retirees in the High Option and 20 in the Low Option plan.

Performance Measure: N/A

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

There are no direct County costs associated with the program. All premiums are paid by SBCERS and retiree contributions.

Staffing Impacts:

Legal Positions:
0

FTEs:
0

Special Instructions:

None

Attachments:

Secure Horizons HMO High and Low Option Renewal Letter
Secure Horizons HMO Retiree Benefits Summary

Authored by:

Andreas Pyper, Program/Business leader
Scott Turnbull, Employee Benefits Manager

cc:



Mr. Scott Turnbull,
Employee Benefits Manager
Santa Barbara County, CEO/HR Department
1226 Anacapa St.
Santa Barbara, CA 93101

October 23, 2008

**Re: County of Santa Barbara– 2009 [AARP] Secure Horizons MedicareComplete HMO
Renewal, Group #'s 523345; 144274**

Dear Scott:

We are pleased to present our renewal for the retiree health care program for Medicare-eligible retirees of County of Santa Barbara. We appreciate the complex challenges that our customers like County of Santa Barbara face in balancing the importance of meaningful health care coverage for their retirees and their families with the pressures to control the escalating costs of those benefits, while optimizing the funding available from federal government programs. We strongly believe that UnitedHealthcare's breadth of products, knowledge and expertise and retiree focus will fulfill the needs and objectives of County of Santa Barbara.

To further increase the value of the [AARP] Secure Horizons MedicareComplete Group Retiree plans, effective January 1, 2009, the following benefit enhancements have been made at no additional cost.

- 1) To promote preventive care, the annual physical exam will be covered in full, i.e., no office visit copay. (This exam is not covered by Medicare)
- 2) All MedicareComplete Group Retiree plans will include the following coverage – these are additional benefits not covered by Medicare.
 - Annual \$0 copay hearing exam
 - \$500 Hearing Aid Allowance every 36 months
- 3) To help promote physical activity and exercise, a Senior Fitness Program will be included in all Medicare Advantage plans at no additional premium cost to the group or the members.
- 4) All members will now receive a full expanded suite of wellness and health advisory services through OptumHealth including United HealthAllies (health discount programs), Treatment Decision Support and Access Support, along with access to focused disease management programs through OptumHealth, including programs for Congestive Heart Failure (CHF), Coronary Artery Disease, and Diabetes Management.

Please note the following 2009 update and change for our Medicare Advantage plans.

For Secure Horizons Medicare Complete plans, the annual refraction eye exam for glasses will be included as part of the Medical plan benefits. Effective January 1, 2009, vision riders (if purchased) will cover vision hardware only.

Certain assumptions have been made relative to our 2009 illustrative quote. They are:

- County of Santa Barbara will be contributing 100% of the premium
- County of Santa Barbara will provide a signed statement of contribution structure prior to release of final benefits and rates
- \$0 Commissions or commissions included
- Preliminary rates and plan design are subject to change pending approval of our 2009 bid filing by CMS.

If competing plans are to be offered to the retirees alongside our plan, the following predications will apply:

- All competing carriers must be offering a comprehensive Prescription Drug Benefit with no coverage gap
- Out of pocket (premium) cost for each retiree must be equal to or lower for our plan than for any other plan
- Our rates and/or plan design are subject to change pending our final review of all competing carrier offerings.

Please note the following with regard to the drug coverage on this MA-PD plan:

- There is a specific, Part D drug formulary that applies
- Drugs not on the formulary list (or covered as part of Bonus drug included in this renewal proposal) are not covered
- We reserve the right to change our Part D formulary for calendar year 2009. Although the final formulary is pending approval by CMS, it not anticipated that there will be any significant changes in the drugs covered, drug tiers, and in any supplemental drug list. These changes will be provided to members in our annual notification of change materials.
- We reserve the right to change our pharmacy benefit manager and/or our pharmacy network for calendar year 2009
- The plan design includes the standard catastrophic coverage per CMS regulations. Specifically, once a member reaches \$4,350 in True Out of Pocket prescription medication costs in the 2009 calendar year, the member will pay the great of a \$2.40 copay or 5% coinsurance for generic drugs, and the greater of a \$6.00 copay or 5% coinsurance for brand name drugs, regardless of whether these drugs are received at a retail pharmacy or through our mail order program.

- All 2009 MA-PD quotes assume employers will be responsible for administering Low Income Subsidy (LIS) payments to their eligible retirees.

Secure Horizons does not typically release group-specific claims experience or utilization data for its Medicare Advantage products. The rating methodology used for our Medicare Advantage products is an Adjusted Community Rating methodology. As a result, experience and utilization data for specific group accounts are not available.

For all Medicare Advantage products, the annual change in amount of CMS (Medicare) revenue payable to the plan plays a large part in the premium charged to the group. In fact, CMS revenue generally represents over 70% of the revenue for Medicare Advantage products. For your Medicare Advantage retirees, CMS revenue will increase by 3.7% effective 1/1/2009.

Combining this government funding increase with the somewhat higher health care cost trends that are prevailing in the marketplace today, the portion of the plan's cost funded by County of Santa Barbara will increase by 11.2%% effective 1/1/2009. The following illustration will help explain this.

	PRIOR PERIOD	NEXT PERIOD	% INCREASE
CMS REVENUE***	\$798.17	\$827.81	3.7%
GROUP PREMIUM	\$276.47	\$307.54	11.2%
TOTAL REVENUE	\$1074.64	\$1135.35	5.7%

*** CMS revenue is an approximation for illustration purposes only and does not represent the actual revenue received from CMS for this specific group.

Our 2009 illustrative rate, based on the current 2008 plan, is:

\$205.34 California Low Option 1-OGX Medical Plan, and Drug Plan 9CM

\$322.14 California High Option 1-OGU Medical Plan and Drug Plan 9BE

We have also included alternate plans for your consideration with the following rates:

Plan : \$172.44 Low Option 1-82Q Medical and Rx 9HH

Plan : \$268.32 High Option 2-82C Medical 9EH

Please see the attached Benefit Summary for plan details.

UnitedHealthcare is committed to serving the retirees of County of Santa Barbara. By partnering with UnitedHealthcare, County of Santa Barbara can ensure that it will have easy access to the most progressive retiree health care thinking available at any health plan in 2009 and beyond.

Thank you for allowing us to submit our 2009 renewal to you.

Sincerely,

A handwritten signature in black ink, appearing to read "Maria Suarez", with a long, sweeping underline.

Maria Suarez
Strategic Account Executive

Enclosures:

County of Santa Barbara

Secure Horizons HMO - California Medicare Eligible Retirees

(Effective January 1, 2009 through December 31, 2009)

Medical Benefit	Low Option HMO	High Option HMO
Annual Deductible	None	None
<u>Physician Services</u>		
Primary Care Office Visit (OV) Copay	\$15	\$5
Specialist OV Copay	\$25	\$5
Chiropractic Copay (12 visits annually)	\$5	\$5
<i>Medicare Required (Part B) Drugs</i>	\$0	\$0
<u>Inpatient Hospitalization</u>		
Emergency Room	\$50	\$50
Mental Health and Substance Abuse	\$500 per admission	\$0
Skilled Nursing Facility (SNF)	\$0 per day (days 1 - 20); \$50 per day (days 20 - 100)	\$0 (days 1 - 100)
Ambulance Copay	\$50	\$0
<u>Outpatient Copays</u>		
Urgent Care	\$15	\$5
Lab Services	\$0	\$0
Standard film X-Rays	\$0	\$0
Surgery & Observation	\$250 copay	\$0
All other procedures	\$0	\$0
Occupational Therapy (OT)	\$25	\$5
Physical Therapy (PT)	\$25	\$5
Speech Therapy (ST)	\$25	\$5
Outpatient Rehabilitation	\$25	\$5
<u>Prescription Drugs</u>		
<i>Retail Pharmacy (30 day supply)</i>		
Generic	\$15	\$7
Formulary Brand	\$25	\$14
Non-Formulary Brand	\$40	\$14
<i>Mail-Order Pharmacy (90 day supply)</i>		
Generic	\$30	\$14
Formulary Brand	\$50	\$28
Non-Formulary Brand	\$80	\$28
<u>Behavioral Health</u>		
Inpatient Mental Health and Substance Abuse	\$500 per admission	\$0
Partial Hospitalization	\$50 per day	\$50 per day
Mental Health Group Visit	\$25	\$5
Mental Health Individual Visit	\$25	\$5
<u>Other Benefits</u>		
Home Health Services	\$0	\$0
Durable Medical Equipment (DME)	\$0	\$0
Transplants	\$500 per admission	\$0
Renal Dialysis	\$25	\$5
Podiatry (6 routine visits per year)	Not Covered	Not Covered
Eye Exam (1 exam annually)	\$25	\$5
Frame Allowance (every 24 months)	Not Covered	\$130 Frames or
Contacts Allowance (every 24 months)	Not Covered	\$175 Contacts
<i>Medicare Required Dental</i>	\$25	\$5
<i>Medicare Required Chiro</i>	\$25	\$5
<i>Medicare Required Hearing</i>	\$25	\$5

Note: This summary is for informational purpose only. It does not amend, extend, or alter the current policy in any way. In the event information in this summary differs from the Plan Document, the Plan Document will prevail.