



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: September 28, 2010
Placement: Administrative
Estimated Tme: n/a
Continued Item: n/a
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Susan Paul, Assistant CEO/HR Director, 568-2817
Director(s)
Contact Info: Andreas Pyper, CEO/HR, 568-2821

SUBJECT: 2011 Health Insurance Program Renewal

County Counsel Concurrence

As to form: Select_Concurrence

Other Concurrence: Select_Other

As to form: Select_Concurrence

Auditor-Controller Concurrence

As to form: Select_Concurrence

Recommended Actions:

1. CSAC-EIA Blue Shield Health Plans

Approve the renewal of the CSAC-EIA Blue Shield EPO High, EPO Low, PPO, and HDHP plans for a twelve-month term, at the recommended benefit levels and premium increases ranging between 9.1% - 11.8%, effective January 1, 2011 for all active employees and retirees as shown in **Attachment A1 – A3**;

2. Kaiser Permanente HMO Health Plans

Approve the renewal of the Kaiser Permanente High and Low HMO plans, at existing benefit levels, with a premium increase of 10.6%, effective January 1, 2011, for all active employees and retirees for a twelve-month term, as shown in **Attachment B**;

3. **County Self-Funded Dental PPO Plan**

Accept the annual Actuarial Report for the County Self-Funded Dental Plan shown as **Attachment C**, and continue the existing program benefits at the current premium levels effective January 1, 2011 (see **Attachment D**);

4. **Golden West Pacesetter Dental HMO Plan**

Approve the renewal of the existing Golden West Dental HMO plan, and existing benefit levels, at the current premium levels for active employees and retirees for a twelve-month period, effective January 1, 2011, as shown in **Attachment E**;

5. **Vision Service Provider Plan**

Approve the renewal of the Vision Service Provider Plan at the recommended benefit levels, with a premium **decrease** of 15%, effective January 1, 2011, for all active employees and retirees for a twelve-month term, as shown in **Attachment F**;

6. **CareCounsel Healthcare Assistance Program**

Approve the renewal of the CareCounsel Healthcare Assistance Program for all covered active employees, at the renewal fee of \$1.95 per month, and covered retirees at the renewal fee of \$3.16 per month, for a twelve-month period effective January 1, 2011, as shown in **Attachment G**;

7. **United Healthcare Secure Horizons Medicare Risk HMO Health Plans**

Approve the renewal of the United Healthcare Secure Horizons Medicare Risk HMO Health Plans for County of Santa Barbara retirees, at existing benefit levels, with a premium increase of 13.5% for a twelve-month period, effective January 1, 2011, as shown in **Attachment H**, and authorize Assistant CEO/Human Resources Director to execute any necessary documents; and

8. Direct staff to explore the potential expansion of the Onsite Employee Health Clinics.

Summary Text:

These actions are recommended in order to implement more cost-effective medical programs, continue existing ancillary health programs, maintain current dental plan coverage for employees and retirees, and to assist the County and its workforce in stabilizing future health benefit costs.

Background:

In 2009 the County faced a 48% increase in premiums from its medical carrier, Aetna. The County and its insurance consultant, Alliant Insurance Services (Alliant), worked with the Health Oversight Committee (HOC) to stabilize medical insurance increases and to mitigate the 48% increase faced by the County. (**Attachment I** lists all members of the HOC.) The HOC recommended, and the Board approved, participation in the CSAC-EIA Health pooled risk insurance program. That decision yielded positive outcomes in the first year of the County's participation as the CSAC-EIA Health Program outperformed the 2010 marketplace, which is in keeping with its performance over the last eight years. Medical trend, or medical inflation, is at approximately 14% to 15% this year. With this trend level and the impact of healthcare reform, many employers are seeing renewal increases ranging from 15% to 24% this year.

Since moving to CSAC-EIA Health and implementing the County's Employee Health Clinic Program, the County's health plan loss ratio has dropped to less than 100% for the first time in many years. This means that prior to this year, employees used the health plans beyond what was covered by premium payments. Last year the loss ratio averaged approximately 120%. In large part improvement to the loss ratio this year is a result of employees obtaining health care services from the Employee Health Clinics, which are operating at near full capacity and employees are asking for increased services, hours, and clinics.

In keeping with the manner in which the health insurance renewal has typically been handled, when staff received the notice of the 11.8% increase, the HOC met to analyze claims experience of the various plans, review options to reduce cost increases for both the County and its employees, collaboratively develop recommendations to ensure any increases affected the least number of employees, and mitigate impacts by reducing monthly premiums paid by employees and the County. In order to offer benefit plans that both mitigate the out-of-pocket expenses of employees and are within the amount budgeted by the County, the HOC agreed to make plan design changes, and to recommend that the Board adopt the recommendations described below.

1. CSAC EIA Blue Shield Health Plans

To achieve a reduction in the originally proposed 11.8% rate increase, the HOC recommended the changes on the table below. With these changes, the County's costs for health plan premiums would be reduced to 9.8%, a savings of approximately \$329,956 annually (the County pays 100% of the lowest cost employee only EPO Low premium.)

| Plan | Percentage Premium Increase | Recommended Benefit Changes |
|-------------|------------------------------------|--|
| EPO – Low | 9.8% | <ul style="list-style-type: none"> • Calendar Year Deductable from \$200 to \$300 • Specialist Copay from \$25 to \$40 • ER Copay from \$200 to \$250 |
| EPO – High | 10.6% | <ul style="list-style-type: none"> • Specialist Copay from \$20 to \$30 |

| | | |
|------|-------|---|
| | | <ul style="list-style-type: none"> • ER Copay from \$1000 to \$150 • Inpatient Hospital Copay from \$250 + 20% to \$300 + 20% |
| PPO | 9.1% | <ul style="list-style-type: none"> • Calendar Year Deductible from \$500/\$1,500 to \$750/\$2,250 |
| HDHP | 11.8% | <ul style="list-style-type: none"> • No Benefit Changes |

The proposed premiums for active employees and retirees as shown in **Attachment A1 – A3** are for a twelve-month period.

2. Kaiser Permanente Health HMO Plans

The Kaiser Permanent HMO Plan remains a cost-effective option for employees and retirees, and the premium increases are well within planned and budgeted amounts. Although there is no change to the current benefit level, Kaiser has opened enrollment in their plans to all active employees of the County of Santa Barbara residing in Kaiser Permanente's Southern California zip code service area, and to retirees residing in both the Southern and Northern California Kaiser Permanente service areas. The proposed premiums shown in **Attachment B** are for a twelve-month period.

3. County Self-Funded Dental PPO Plan

Annually, an actuarial evaluation is made in order to review the status of the Dental PPO Plan fund and to project required premium changes to maintain the stability of the fund (see **Attachment C**). While this actuarial evaluation recommends a rate increase of 7.8%, this recommendation was based primarily on the level of current dental trend and not the plan's recent claims experience. Last fiscal year, and to date in the current fiscal year, the plan's premiums have fully supported all claims and administrative expenses. The reserves in this fund currently exceed the target level and are sufficient to absorb any claims fluctuations during the coming fiscal year; therefore, no rate increase is recommended for the County Self-Funded Dental PPO Plan. **Attachment D** provides rate information for active employee and retiree plans for a twelve month period.

4. Golden West Pacesetter DMO Plan

The Golden West Pacesetter DMO Plan remains a cost-effective option for employees and retirees. With aggressive negotiations on behalf of the County by its insurance broker, and lower-than-anticipated plan utilization, the County and its employees will receive **no** rate increase for 2011. There is no change to the current benefit level. The proposed premiums shown in **Attachment E** are for a twelve-month period.

5. Vision Service Provider Plan

As a result of good claims management and usage of this plan, a rate **reduction** has been recommended by the HOC. The recommended 15% rate reduction includes enhancements to plan benefits – increased coverage for eyeglass frames and contact lenses. The proposed plan changes and premiums shown in **Attachment F** are for a twelve-month period.

6. CareCounsel Healthcare Assistance Program

The CareCounsel Healthcare Assistance Program is available to all covered employees and retirees and provides valuable assistance with questions about benefits coverage, plan selection, and claims and eligibility issues. The Program also provides consumer education, and has been very successful in resolving challenging medical plan issues for active employees and retirees. Since its inception, employee and retiree feedback continues to show a very high level of satisfaction with this program. The proposed renewal fee of \$1.95 per month for active employees and \$3.16 per month for covered retirees, effective January 1, 2011 is shown in **Attachment G**.

7. United Healthcare Secure Horizons Medicare Risk HMO Health Plans

In addition to the other County health plan options, Medicare-eligible (Post-65) retirees residing in California may also choose from two Secure Horizon Medicare Risk HMOs. Approval of the Secure Horizons Medicare HMO Risk plan by the Board allows retirees to use their retiree medical contribution of \$15 per month/per year of service received from the County towards the payment of the premium for these plans. The plan year is January 1 through December 31 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 and B and must forego the use of their Medicare Card outside the Secure Horizons network. With the other HMOs offered by Kaiser and the EPOs offered by Blue Shield, retirees may either obtain services through their EPO network or use their Medicare Card outside the EPO network. For this reason, the cost of a Medicare Risk HMO is less expensive. In addition to the retiree's payment, Secure Horizons also receives Medicare reimbursement for each enrollee. The monthly premium increases are shown below (also see **Attachment H**):

| <u>Plan Code</u> | <u>2010 Premium Per Enrollee</u> | <u>2010 Premium Per Enrollee</u> | <u>% increase</u> |
|------------------|--------------------------------------|--------------------------------------|-------------------|
| HMO Low Option | \$364.02 | \$413.17 | 13.5% |
| HMO High Option | \$232.03 | \$263.35 | 13.5% |

Open Enrollment for 2011 Benefits Plan Year

Upon the Board's action on the recommendations in this item, an open enrollment period, for the 2011 Benefits Plan year, will be held from October 11, 2010 through November 9, 2010. With the assistance of a professional benefits communications organization, The Farmington Company (Farmington), whose services are provided at no cost through the CSAC-EIA Health program, staff will run an extensive education and communication campaign to educate employees on their health plan choices. In part, this campaign will focus on helping employees save money when making their health plan and healthcare decisions and assist in reducing healthcare costs for the County. SBCERS will conduct its own plan enrollment with retirees with the assistance of the County's consultant.

Fiscal and Facilities Impacts: *

Budgeted: Yes *

Fiscal Analysis: *

Based on the current number of eligible employees enrolled in health insurance plans the estimated County cost for the Fiscal Year 2010-2011 health insurance will be \$17,414,544. County Dental Plan contributions, which are capped at the current contribution levels, are estimated to remain at \$1,174,505 for Fiscal Year 2010-2011.

Staffing Impacts: *

Legal Positions: **FTEs:**

Special Instructions: *

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 |
| Attachment B: | Kaiser HMO Premium Rates for Active Employee and Retirees |
| Attachment C: | County Self-Funded Dental Actuarial Report |
| Attachment D: | County Self-Funded Dental PPO Plan Rates for Active Employees and Retirees |
| Attachment E: | Golden West Pacesetter DMO Plan Renewal Rates for Active Employee and Retirees |

Attachment D: County Self-Funded Dental PPO Plan Rates for Active Employees and Retirees
Attachment E: Golden West Pacesetter DMO Plan Renewal Rates for Active Employee and Retirees
Attachment F: Vision Service Plan and Rates for Active Employees and Retirees
Attachment G: CareCounsel Healthcare Assistance Renewal
Attachment H: United Healthcare Secure Horizons Medicare Risk HMO rate
Attachment I: Health Oversight Committee Member list

Authored by:

Andreas Pyper, Employee Benefits Manager

cc: Health Oversight Committee
All Department Heads
Michael Menerey, Alliant Insurance Services

Attachment A1 - Blue Shield Plan Active Employees

| | |
|--------------------------------------|--------------------------------------|
| BLUE SHIELD EPO Low Option | 2011 Monthly Medical Premium* |
| Employee Only | \$449.02 |
| Employee with 1 Dependent | \$830.48 |
| Employee with Two or more dependents | \$1,303.89 |
| BLUE SHIELD EPO High Option | 2011 Monthly Medical Premium* |
| Employee Only | \$520.44 |
| Employee with 1 Dependent | \$962.61 |
| Employee with Two or more dependents | \$1,511.36 |
| BLUE SHIELD PPO | 2011 Monthly Medical Premium* |
| Employee Only | \$685.19 |
| Employee with 1 Dependent | \$1,267.37 |
| Employee with Two or more dependents | \$1,992.25 |
| BLUE SHIELD HDHP | 2011 Monthly Medical Premium* |
| Employee Only | \$385.97 |
| Employee with 1 Dependent | \$691.48 |
| Employee with Two or more dependents | \$1,088.52 |

* Excluding \$4.81 monthly premium for Employee Assistance Plan and Care Counsel Healthcare Assistance Plan

Attachment A 2 - Early Retiree Plan (with and without Medicare Dependents)

Non-Medicare (NMC) Retiree with Non-Medicare Dependents

| BLUE SHIELD EPO Low Option | 2011 Monthly Medical Premium |
|------------------------------------|-------------------------------------|
| NMC Retiree only | \$864.56 |
| NMC Retiree + NMC dep | \$1,599.21 |
| NMC Retiree + 2 or more NMC deps | \$2,510.97 |
| BLUE SHIELD EPO High Option | 2011 Monthly Medical Premium |
| NMC Retiree only | \$1,002.11 |
| NMC Retiree + NMC dep | \$1,853.71 |
| NMC Retiree + 2 or more NMC deps | \$2,910.55 |
| BLUE SHIELD PPO | 2011 Monthly Medical Premium |
| NMC Retiree only | \$880.60 |
| NMC Retiree + NMC dep | \$1,628.90 |
| NMC Retiree + 2 or more NMC deps | \$2,560.61 |
| BLUE SHIELD HDHP | 2011 Monthly Medical Premium |
| NMC Retiree only | \$665.93 |
| NMC Retiree + NMC dep | \$1,231.76 |
| NMC Retiree + 2 or more NMC deps | \$1,936.28 |

Non-Medicare Retiree with Medicare (MC) Dependents

| BLUE SHIELD EPO Low Option | 2011 Monthly Medical Premium |
|------------------------------------|-------------------------------------|
| NMC Retiree + 1 MC dep | \$1,326.86 |
| NMC Retiree + 2 MC deps | \$1,789.15 |
| NMC Retiree + 1 MC dep + 1 NMC dep | \$2,061.51 |
| BLUE SHIELD EPO High Option | 2011 Monthly Medical Premium |
| NMC Retiree + 1 MC dep | \$1,479.15 |
| NMC Retiree + 2 MC deps | \$1,956.20 |
| NMC Retiree + 1 MC dep + 1 NMC dep | \$2,330.75 |
| BLUE SHIELD PPO | 2011 Monthly Medical Premium |
| NMC Retiree + 1 MC dep | \$1,405.40 |
| NMC Retiree + 2 MC deps | \$1,930.20 |
| NMC Retiree + 1 MC dep + 1 NMC dep | \$2,153.70 |
| BLUE SHIELD HDHP | 2011 Monthly Medical Premium |
| NMC Retiree + 1 MC dep | \$1,230.69 |
| NMC Retiree + 2 MC deps | \$1,741.45 |
| NMC Retiree + 1 MC dep + 1 NMC dep | \$1,769.52 |

Attachment A 3 - Post 65 Retiree Blue Shield Monthly Medical Plans

Medicare Retiree with Non-Medicare Dependents

| BLUE SHIELD EPO Low Option | 2011 Monthly Medical Premium |
|------------------------------------|-------------------------------------|
| MC Retiree Only | \$462.55 |
| MC Retiree + 1 NMC dep | \$1,197.21 |
| MC Retiree + 2 NMC deps | \$2,108.96 |
| MC Retiree + 1 NMC dep + 1 NMC dep | \$1,659.51 |
| BLUE SHIELD EPO High Option | 2011 Monthly Medical Premium |
| MC Retiree Only | \$477.30 |
| MC Retiree + 1 NMC dep | \$1,328.89 |
| MC Retiree + 2 NMC deps | \$2,385.74 |
| MC Retiree + 1 NMC dep + 1 NMC dep | \$1,805.93 |
| BLUE SHIELD PPO | 2011 Monthly Medical Premium |
| MC Retiree Only | \$525.05 |
| MC Retiree + 1 NMC dep | \$1,273.35 |
| MC Retiree + 2 NMC deps | \$2,205.06 |
| MC Retiree + 1 NMC dep + 1 NMC dep | \$1,798.15 |
| BLUE SHIELD HDHP | 2011 Monthly Medical Premium |
| MC Retiree Only | \$538.01 |
| MC Retiree + 1 NMC dep | \$1,103.84 |
| MC Retiree + 2 NMC deps | \$1,808.36 |
| MC Retiree + 1 NMC dep + 1 NMC dep | \$1,641.60 |

Medicare Retiree with Medicare Dependents

| BLUE SHIELD EPO Low Option | 2011 Monthly Medical Premium |
|------------------------------------|-------------------------------------|
| MC Retiree + 1 MC dep | \$924.85 |
| MC Retiree + 2 MC deps | \$1,387.15 |
| BLUE SHIELD EPO High Option | 2011 Monthly Medical Premium |
| MC Retiree + 1 MC dep | \$954.34 |
| MC Retiree + 2 MC deps | \$1,431.38 |
| BLUE SHIELD PPO | 2011 Monthly Medical Premium |
| MC Retiree + 1 MC dep | \$1,049.85 |
| MC Retiree + 2 MC deps | \$1,574.64 |
| BLUE SHIELD HDHP | 2011 Monthly Medical Premium |
| MC Retiree + 1 MC dep | \$1,075.77 |
| MC Retiree + 2 MC deps | \$1,613.52 |

Active Employee Monthly Premium Rates

| KAISER HMO LOW | 2011 Monthly Premium |
|--------------------------------------|-----------------------------|
| Employee Only | \$375.45 |
| Employee with 1 Dependent | \$713.12 |
| Employee with Two or more dependents | \$1,088.32 |
| KAISER HMO HIGH | 2011 Monthly Premium |
| Employee Only | \$390.14 |
| Employee with 1 Dependent | \$741.04 |
| Employee with Two or more dependents | \$1,130.94 |

Early Retiree Monthly Premium Rates**Non-Medicare (NMC) Retiree with Non-Medicare Dependents**

| KAISER HMO LOW | 2011 Monthly Premium |
|----------------------------------|-----------------------------|
| NMC Retiree only | \$529.60 |
| NMC Retiree + NMC dep | \$1,006.02 |
| NMC Retiree + 2 or more NMC deps | \$1,535.38 |
| KAISER HMO HIGH | 2011 Monthly Premium |
| NMC Retiree only | \$568.42 |
| NMC Retiree + NMC dep | \$1,079.78 |
| NMC Retiree + 2 or more NMC deps | \$1,647.96 |

Non-Medicare Retiree with Medicare (MC) Dependents

| KAISER HMO LOW | 2011 Monthly Premium |
|----------------------------------|-----------------------------|
| NMC Retiree only | \$665.11 |
| NMC Retiree + NMC dep | \$800.63 |
| NMC Retiree + 2 or more NMC deps | \$1,194.47 |
| KAISER HMO HIGH | 2011 Monthly Premium |
| NMC Retiree only | \$727.51 |
| NMC Retiree + NMC dep | \$886.61 |
| NMC Retiree + 2 or more NMC deps | \$1,295.69 |

Post 65 Monthly Premium Rates**Medicare Retiree with Non-Medicare Dependents**

| KAISER SENIOR ADVANTAGE HMO Low | 2011 Monthly Premium |
|---|-----------------------------|
| MC Retiree Only | \$135.76 |
| MC Retiree + 1 NMC dep | \$612.18 |
| MC Retiree + 2 NMC deps | \$1,141.54 |
| MC Retiree + 1 NMC dep + 1 NMC dep | \$800.63 |
| KAISER SENIOR ADVANTAGE HMO High | 2011 Monthly Premium |
| MC Retiree Only | \$159.34 |
| MC Retiree + 1 NMC dep | \$670.70 |
| MC Retiree + 2 NMC deps | \$1,238.88 |
| MC Retiree + 1 NMC dep + 1 NMC dep | \$886.61 |

Medicare Retiree with Medicare Dependents

| KAISER SENIOR ADVANTAGE HMO Low | 2011 Monthly Premium |
|---|-----------------------------|
| MC Retiree + 1 MC dep | \$271.27 |
| MC Retiree + 2 MC deps | \$406.78 |
| KAISER SENIOR ADVANTAGE HMO High | 2011 Monthly Premium |
| MC Retiree + 1 MC dep | \$318.43 |
| MC Retiree + 2 MC deps | \$477.52 |



September 15, 2010

County of Santa Barbara
Andreas Pyper
1226 Anacapa Street Suite 1
Santa Barbara, CA 93101

Dear Andreas,

Alliant has reviewed the County of Santa Barbara's self-funded dental plan for the 2011 plan year. The below items summarize the dental renewal underwriting, reserve position and income/expenses.

Renewal Underwriting:

- Paid claims reflect the most recent 12 month experience period from: July 1, 2009 through June 30, 2010. The data was obtained from Golden West and assumes accurate information.
- The beginning and ending incurred but not reported (IBNR) reserve was calculated based on assumptions that the reserve is equal to one month of claims over the experience period.
- The annual trend factor used is: 6.6%. Claims were trended over 18 months, to obtain the projected paid claims for the next renewal period.
- Based on dental renewal underwriting, the required increase to current premium is: 17.93%
- The projected required increase to total annual premium is approximately: \$444,349 (given the current enrollment mix).
- The County of Santa Barbara has been advised to hold three months of claims + IBNR in a contingency reserve. The current balance of this contingency reserve is approximately: \$2 million. The required level of reserve, based on this recommendation would be approximately: \$904,560.
- If the County of Santa Barbara decides to use their excess reserve to offset any portion of the renewal increase, there are adequate funds available to do so.
- Our recommendation would be that the County of Santa Barbara apply an increase of 7.8% to their renewal premium. By applying an increase this year, the impact of any required increase in the next renewal will be reduced.



Reserve Position:

- Table 1: shows the estimated reserve position of the County of Santa Barbara's self-funded dental plan as of: June 30, 2010. The contingency reserve balance for Actives as of June 30, 2010 is: \$1,029,156. The contingency reserve balance for Retirees as of June 30, 2010 is: \$435,912.

Income and Expenses:

- Table 2: shows the income and expenses classified by Actives (including COBRA and Superior Court employees) and Retirees. For the period: July 1, 2009 through June 30, 2010 the Active group had an operating addition of: (\$224,903), and the Retiree group had an operating addition in the amount of: (\$45,560).

Sincerely,

Darren Wong
Program Underwriter
Alliant Insurance Services, Inc.

COUNTY OF SANTA BARBARA

SELF FUNDED DENTAL PPO UNDERWRITING ANALYSIS

| | | |
|---------------------------------|-----------------|---------------|
| Renewal Date | January 1, 2011 | |
| Most Recent Experience Through | July 1, 2010 | |
| Current Paid Premium | | Dental |
| Current Enrollment ¹ | | (Current) |
| Current Paid Premium PEPM | | \$2,478,558 |
| | | 3,372 |
| | | \$61.25 |
| <u>Paid Claims</u> | | \$2,524,235 |
| Beginning IBNR Reserve | | (\$197,329) |
| Ending IBNR Reserve | | \$210,353 |
| Adjusted Incurred Claims | | \$2,537,258 |
| Most Recent Month Enrollment | | 3,372 |
| Average Monthly Enrollment | | 3,391 |
| Adjusted Incurred Claims PEPM | | \$62.35 |
| <u>Trend Adjustment</u> | | |
| Annual Trend | | 6.6% |
| Applied Trend Factor | | 1.1006 |
| Trended Claims PEPM | | \$68.62 |
| Plan Change Adjustment Factor | | 0.0% |
| Projected Claims PEPM | | \$68.62 |
| Margin Adjustment | | \$0.00 |
| <u>Program Fixed Costs</u> | | |
| Administration | | |
| Golden West Admin Fee | | \$3.61 |
| Program Fixed Costs | | \$3.61 |
| Net Required Premium | | \$72.23 |
| Annual Required Premium | | \$2,922,907 |
| Net Required Premium Change | | 17.93% |

¹ Most recent enrollment from 6/1/2010

*The projections above are estimates based on claim data and do not represent guaranteed savings.

COUNTY OF SANTA BARBARA

Table 1: Reserve Position of the Self-Funded Dental Plan

| | <u>Active</u> | <u>Retiree</u> | <u>Combined</u> |
|--|---------------|----------------|-----------------|
| Fund Reserves as of June 30, 2010 ¹ | \$1,707,976 | \$682,332 | \$2,390,308 |
| Operating Addition: July 1, 2010 through June 30, 2010 ² | (\$224,903) | (\$45,560) | (\$270,463) |
| Fund Reserves as of June 30, 2010 | \$1,483,073 | \$636,771 | \$2,119,845 |
| Pending/Unrevealed Claims Reserve ³ | (\$150,306) | (\$60,047) | (\$210,353) |
| Estimated Contingency Reserve as of June 30, 2010 | \$1,332,767 | \$576,725 | \$1,909,492 |
| Estimated Renewal Subsidy (to offset 100% of renewal increase) | (\$303,611) | (\$140,813) | (\$444,424) |
| Estimated Contingency Reserve as of June 30, 2010 (reflects renewal subsidy) | \$1,029,156 | \$435,912 | \$1,465,068 |

¹Fund reserve balance as of June 30, 2010 was obtained from the Financial Status Report²Operating addition was obtained from Table 2: Income and Expenses of Self-Funded Dental Plan³Pending claims reserve estimates are based on experience from July 1, 2009 through June 30, 2010

COUNTY OF SANTA BARBARA

Table 2: Income and Expenses of Self-Funded Dental Plan

| | Combined | | |
|--|--------------------|--------------------|--------------------|
| | Active | Retiree | Combined |
| | 7/1/09 - 6/30/2010 | 7/1/09 - 6/30/2010 | 7/1/09 - 6/30/2010 |
| Income | | | |
| County Contributions | \$720,985 | | \$720,985 |
| Employee/Retirement Contributions | \$966,213 | \$766,919 | \$1,733,132 |
| COBRA Contributions | \$53,045 | | \$53,045 |
| Superior Court Contributions | \$53,791 | | \$53,791 |
| Miscellaneous Revenue ¹ | \$0 | \$0 | \$0 |
| Interest Income | \$19,014 | \$8,128 | \$27,142 |
| Unrealized Gain/Loss on Investments ² | (\$3,727) | (\$1,593) | (\$5,321) |
| Total Income | \$1,809,321 | \$773,453 | \$2,582,774 |
| Expenses | | | |
| Paid Claims ³ | \$1,824,361 | \$728,827 | \$2,553,189 |
| Golden West Administrative Fees ⁴ | \$101,217 | \$46,443 | \$147,660 |
| Miscellaneous Expenses ⁵ | \$108,646 | \$43,743 | \$152,389 |
| Total Expenses | \$2,034,224 | \$819,013 | \$2,853,238 |
| Operating Addition | (\$224,903) | (\$45,560) | (\$270,463) |

Note: Income and Expenses are obtained from Financial Status Report (by Dept, Fund) and Golden West Claims Report

¹Miscellaneous Revenue and Interest Income are allocated by the share of total contributions from each group

²Unrealized gain/loss on investments was obtained from Budget Financial Status, Use of Money and Property, #3381

³Paid Claims were obtained from Golden West dental paid claims report and reflect the period of July 1, 2009 through June 30, 2010

⁴Golden West Administrative Fees are estimated using enrollment by month, assuming \$3.61 per employee per month

⁵Miscellaneous Expenses include: Services and Supplies and Other Charges, (7050- Communications, 7450- Office Expense, 7510- Contractual Services, 7669- Cost Allocations, 7730- Transportation and Travel, 7895- Liability Insurance, 7897- Telephone Services and 7899- Telephone Toll Charges). Miscellaneous Expenses are allocated by the share of total contributions from each group.

COUNTY OF SANTA BARBARA

SELF-FUNDED DENTAL RATES

Effective Date: January 1, 2011

| Enrollment (as of 6/1/2010) | Actives | COBRA | Retirees | Total |
|--|--------------------|------------------|------------------|--------------------|
| Single | 1,275 | 100 | 756 | 2,131 |
| 2-Party | 427 | 42 | 306 | 775 |
| Family | 438 | 15 | 13 | 466 |
| Total | 2,140 | 157 | 1,075 | 3,372 |
| Current Dental Funding Rates | | | | |
| Single | \$39.02 | \$39.02 | \$46.52 | \$1,065,859 |
| 2-Party | \$74.97 | \$74.97 | \$93.05 | \$763,611 |
| Family | \$115.40 | \$115.40 | \$139.57 | \$649,087 |
| Total Annual Premium | \$1,587,695 | \$105,381 | \$785,482 | \$2,478,558 |
| Proposed Jan 1, 2011 Dental Rates | | | | |
| Single | \$46.02 | \$46.02 | \$54.86 | \$1,257,020 |
| 2-Party | \$88.41 | \$88.41 | \$109.73 | \$900,500 |
| Family | \$136.09 | \$136.09 | \$164.59 | \$765,461 |
| Total Annual Premium | \$1,872,408 | \$124,279 | \$926,295 | \$2,922,981 |

17.93%

Attachment D - Self-funded Dental PPO**County Self-funded Dental PPO**

| ACTIVE EMPLOYEES | 2011 Monthly Premium |
|--------------------------------------|-----------------------------|
| Employee Only | \$39.02 |
| Employee with 1 Dependent | \$74.97 |
| Employee with Two or more dependents | \$115.40 |
| EARLY RETIREES | 2011 Monthly Premium |
| Retiree Only | \$39.02 |
| Retiree + 1 dep | \$74.97 |
| Retiree + 2 dep | \$115.40 |
| POST - 65 RETIREES | 2011 Monthly Premium |
| Retiree Only | \$46.52 |
| Retiree + 1 dep | \$93.05 |
| Retiree + 2 dep | \$139.57 |

Goldenwest Pacesetter DMO

| ACTIVE EMPLOYEES | 2011 Monthly Premium |
|--------------------------------------|-----------------------------|
| Employee Only | \$33.95 |
| Employee with 1 Dependent | \$55.81 |
| Employee with Two or more dependents | \$84.73 |
| EARLY RETIREES | 2011 Monthly Premium |
| Retiree Only | \$33.95 |
| Retiree + 1 dep | \$55.81 |
| Retiree + 2 dep | \$84.73 |
| POST - 65 RETIREES | 2011 Monthly Premium |
| Retiree Only | \$33.95 |
| Retiree + 1 dep | \$55.81 |
| Retiree + 2 dep | \$84.73 |

Vision Service Plan (VSP)

| ACTIVE EMPLOYEES | 2011 Monthly Premium |
|-----------------------------------|-----------------------------|
| Employee Only | \$5.91 |
| Employee with 1 Dependent | \$8.51 |
| Employee with Two or more depende | \$15.27 |
| EARLY RETIREES | 2011 Monthly Premium |
| Retiree Only | \$5.91 |
| Retiree + 1 dep | \$8.51 |
| Retiree + 2 dep | \$15.27 |
| POST - 65 RETIREES | 2011 Monthly Premium |
| Retiree Only | \$5.91 |
| Retiree + 1 dep | \$8.51 |
| Retiree + 2 dep | \$15.27 |

| Enhanced Benefit | 2011 |
|-------------------------|-------------|
| Frame Allowance | \$130 |
| Contact Lense Allowance | \$130 |

Attachment G - CareCounsel Healthcare Assistance Plan

| Care Counsel * | 2011 Monthly Premium |
|--|----------------------|
| Active employees enrolled in a health plan | \$1.95 |
| Retirees enrolled in a health plan | \$3.16 |

Attachment H - Secure Horizons Medicare Plan

Medicare (MC) Retiree with Non-Medicare Dependents

| SecureHorizons Medicare Risk Plan HMO Low Option | 2011 Monthly Medical Premium |
|--|-------------------------------------|
| MC Retiree only | \$263.35 |
| SecureHorizons Medicare Risk Plan HMO High Option | 2011 Monthly Medical Premium |
| MC Retiree only | \$413.17 |

Medicare (MC) Retiree with Medicare Dependents

| SecureHorizons Medicare Risk Plan HMO Low Option | 2011 Monthly Medical Premium |
|--|-------------------------------------|
| MC Retiree + 1 MC dep | \$526.70 |
| MC Retiree + 2 MC deps | \$790.05 |
| SecureHorizons Medicare Risk Plan HMO High Option | 2011 Monthly Medical Premium |
| MC Retiree + 1 MC dep | \$826.34 |
| MC Retiree + 2 MC deps | \$1,239.51 |

Health Oversight Committee Members

CEO/Human Resources

Susan Paul,
Bob MacLeod
Andreas Pyper
Michael Menerey – Alliant Insurance Services

SBCERS

Lila Deeds

Auditor Controller

Toni MacDonald

County Executive Office

Jette Christiansson

Deputy Sheriffs' Assn.

David Brookshire

District Attorneys' Assn.

Mag Nicola

Engineers &

Technicians Assn.

Henry Martinez
David Brummond

Management Assn.

Carol Patrick

Firefighters,

Local 2046

Bob Perez

Probation Peace

Officers Assn.

Tara Presley

Retired Employees' Assn.

Marcello Sarquilla
Zandra Cholmondeley

SEIU, Local 620

Crystal Neal
Cynthia Goena

SEIU, Local 721

Rey Ybarra

Sheriffs' Manager Assn.

Ugo Arnoldi

Union of American

Physicians & Dentists

Mark Kofler, M.D.