



**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: September 17, 2019

Placement: Administrative
Estimated Tme: N/A
Continued Item: N/A
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Maria Elena De Guevara, Human Resources Director, 568-
Director(s): 2816
Contact Maya Barraza, Benefits and Wellness Division Chief: Human
Info: Resources, 568-2821
SUBJECT: 2020 Employee Benefit Insurance Program Renewal

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

- a) In the matter of setting health plan rates for 2020, that the Board of Supervisors approve the following:

i. CSAC-EIA Blue Shield Health Plans

The renewal of the California State Association of Counties - Excess Insurance Authority (CSAC-EIA) 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 premium increase of 2.5%, effective January 1, 2020, 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) for a twelve-month period at the existing benefit levels, with a 2.5% increase in premiums, effective January 1, 2020, and for all Medicare eligible retirees, with an increase between 1% to 1.1% in premiums, depending on the plan type within the Senior Advantage Plan, at the existing benefit levels, as shown in Attachment B.

iii. County Self-Funded Delta Dental PPO Plan

The annual Actuarial Underwriting Report for the County Self-Funded Dental Plan shown in Attachment C, and continue the existing program benefits with a zero premium increase for both actives and retirees for a twelve-month period, effective January 1, 2020, as shown in Attachment D.

iv. Dental HMO Plan - DeltaCare USA

The renewal of the existing DeltaCare USA Dental Health Maintenance Organization (DHMO) plan, and continue the existing benefit levels for active employees and retirees, with a zero premium increase for a twelve-month period, effective January 1, 2020, as shown in Attachment E;

v. Vision Service Provider Plan

The renewal of the existing Vision Service Provider Plan, and continue the existing benefit levels for active employees and retirees, with a zero premium rate increase with three more years of a four year rate guarantee, effective January 1, 2020, as shown in Attachment F;

vi. CareCounsel Healthcare Assistance Program

The renewal of the CareCounsel Healthcare Assistance Program with a 2% increase for all covered active employees and retirees, for a twelve-month period effective January 1, 2020, as shown in Attachment G;

vii. 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 premium increase of 2%, for a twelve-month period, effective January 1, 2020, as shown in Attachment H.

- b) Approve the implementation of a Limited Purpose Flexible Spending Account (FSA), available to High Deductible Health Plan members effective January 1, 2020. This is a voluntary pre-tax plan for eligible expenses limited to qualifying dental and vision expenses for employees, their spouses, and their eligible dependents. The Limited Purpose FSA can only be used for members enrolled in the Blue Shield High Deductible Health Plan.
- c) 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 (i) through (vii) above; and
- d) Determine that these activities are exempt from California Environmental Quality Act (CEQA) review per CEQA Guidelines Section 15378(b)(4) since the recommended actions are government funding mechanisms or fiscal activities 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, and assist the County and its workforce in further managing and stabilizing costs related to employee benefits.

County medical insurance premiums for most plans will increase 2.5% with no change in benefit levels; the exceptions are slightly lower increases of 2% for the Medicare Risk HMO Health Plans. Premium renewal increases for all County plans are significantly below medical inflation (PPO trend) in California, which increased 9.8% this year. In addition, there were no increases in County dental or vision premiums for the same benefit levels as are provided in the current plans.

Staff is also recommending the implementation of a Limited Purpose Flexible Spending Account, which is an optional voluntary benefit that will provide a vehicle for employees enrolled in the High Deductible Health Plan to use pre-tax dollars to pay for qualifying dental and vision expenses. There is no cost to the County for offering this benefit.

Background:

Since 2010 the County has participated in the CSAC-EIA Health pooled risk insurance program. Participating in the pooled risk program has yielded positive results and continues to help the County manage costs. This year, the California PPO trend showed a 9.8% increase from last year; the CSAC EIA overall pool increase was 2.83%, and the County's premium increase came in at just 2.5%.

In the CSAC-EIA 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 an employer group increase is equivalent to that of the pool, regardless of their performance. In subsequent years an employer's actual claims experience over the previous period is used to establish rates.

Over the years under Board of Supervisors' direction, the County has taken proactive steps to manage County health insurance cost increases:

- Moving to the CSAC-EIA Health Insurance pool,
- Establishing the County's Employee Health Clinic Program,
- Implementing the domestic surgical travel model through Carrum Health and
- Introducing a Prescription Clinical Management Program available to CSAC-EIA Health Risk Pool members only.

These steps have enabled the County to realize lower rate increases over the last 5 years than had been the case previously. For example, in 2016 there was a 15% increase, which has dropped to 2.5% in 2020.

County of Santa Barbara Health Insurance Premium Rate Increases by Plan Year				
2016	2017	2018	2019	2020
15.2%	7.4%	3.7%	3.3%	2.5%

After the County was notified of the 2020 premium renewal rates, staff convened the Health Oversight Committee (HOC), a body that enables the County to meet with unions in a collective manner on common insurance benefits provided to the entire workforce. Attachment I lists the members of the HOC. As a result of meeting and reviewing and discussing options, the HOC recommends that the 2020 rates and the implementation of the Limited Purpose Flex Medical Account be approved with no changes in benefit levels.

Open Enrollment for 2020 Benefits Plan Year

If the Board approves the recommended actions, an open enrollment period for the 2020 Benefits Plan year will be held from October 14, 2019 through November 1, 2019.

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

Impacts:

Budgeted: Yes

Fiscal Analysis:

- a) Changes to health insurance premiums occur in January; thus, when preparing the next fiscal year's budget, the rate is known for the first half of the fiscal year, but estimated for the second half of the year. A 5% health insurance premium increase effective January 2020 was factored into the health insurance contribution budgeted for FY 2019-20. As the County's actual premium increase will be 2.5% effective January 2020 the net savings to the County, after accounting for the 2% rate increase in the CareCounsel Healthcare Assistance Program, will be approximately \$525,000, which may be realized as salary savings to departments. There is no cost to implement or administer the Limited Purpose Flex Spending Account.
- b) The estimated total cost for the County's contribution to dental insurance premiums is \$1,420,088 for Fiscal Year 2019-2020 which is within the overall 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: County Self-Funded Dental Actuarial Report
Attachment D: County Self-Funded Delta Dental PPO Plan Rates for Active Employees and Retirees
Attachment E: Delta Dental DentalCare USA DMO Plan 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 Medicare Risk HMO rate
Attachment I: Health Oversight Committee Member List

Authored by:

Maya Barraza, Benefits and Wellness Division Chief