SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

4.27

FROM: Human Resources Department

SUBMITTAL DATE:
August 27, 2014

SUBJECT: 2015 Medical Plan Rates for County of Riverside Retirees [District-All] [Total Cost - $0] [SOURCE OF FUNDS - Retiree Premiums]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the 2015 Medicare eligible retiree plan rates (Attachment A), effective January 1, 2015.
2. Approve the Kaiser Permanente plan options for Medicare eligible retirees, effective January 1, 2015.

BACKGROUND:

Summary

The County contracts directly with health plan insurance carriers for the majority of the County's Medicare eligible retirees. Exceptions include Law Enforcement Management Unit (LEMU), Riverside Sheriff's Association Public Safety Unit (PSU), and the Riverside County Deputy District Attorneys Association (RCDDAA) who remain in the health plans offered through CalPERS. The Riverside Sheriff's Association (RSA) offers coverage for its members through the RSA Medical Trust.

Departmental Concurrence

Michael T. Stock
Asst. County Executive Officer/
Human Resources Director

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	$ 0	$ 0	$ 0	$ 0	Consent ☐ Policy ☒
NET COUNTY COST	$ 0	$ 0	$ 0	$ 0	

SOURCE OF FUNDS: Retiree Health Premiums

Budget Adjustment: No
For Fiscal Year: 2014/15

C.E.O. RECOMMENDATION: APPROVE

BY: Samuel Wong 9/2/14
Samuel Wong

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

☐ Positions Added
☐ Change Order
☐ A-30
☐ 4/5 Vote

Prev. Agn. Ref.: | **District: All** | **Agenda Number:** 3-66

BACKGROUND:

Summary (continued)

On July 29, 2014, the Board of Supervisors approved the 2015 Medical, Dental and Vision plan rates for active employees and early retirees. At that time, the County's medical carriers were unable to provide plan rates for Medicare coverage because the federal Centers for Medicare and Medicaid Services (CMS) had not yet released the 2015 Medicare reimbursement rates.

Retiree Plans and Rates

Medicare reimbursement rates for all plans have been received. The Human Resources Department was successful in obtaining competitive rates for the retiree medical plans.

Exclusive Care

Exclusive Care is a health plan specifically designed by the County of Riverside. Exclusive Care offers two plans for Medicare eligible retirees.

- Option 1: Exclusive Care Medicare Coordination Plan relies on Exclusive Care's Select Network and National Provider Network to provide members with thousands of providers, hospitals and facilities to choose from. The plan provides additional benefits including services that Medicare doesn't cover, such as yearly physical exams. Most services are provided at a very low copayment.
- Option 2: Exclusive Care Medicare Supplement Plan requires the retiree to enroll in Part A and Part B of Medicare. Under the Medicare Supplement Plan the retiree may receive covered services from any licensed provider; however, a provider who accepts Medicare assignment will reduce a retiree's out of pocket expenses.

Exclusive Care is available to retirees and their eligible dependents. There are currently 80 Medicare eligible retirees enrolled. Participants will experience a 7% rate increase in 2015.

Kaiser

Kaiser Permanente HMO offers County retirees comprehensive medical services with affiliated health care providers within the Kaiser network. Kaiser continues to provide quality service, personalized care and a wide selection of skilled physicians.

In 2015, Kaiser will now offer two plan options for County of Riverside Medicare eligible retirees.

- Option 1: Kaiser Permanente Senior Advantage - Original Plan, will offer Medicare eligible retirees the current plan design and same copayments. Participants who enroll in this plan may experience up to a 7% rate increase in 2015
- Option 2: Kaiser Permanente Senior Advantage - Low Plan, will offer Medicare eligible retirees a reduced monthly rate, with a slight increase in out-of-pocket copayments. Participants who enroll in this plan will not experience a rate increase in 2015.

There are currently 65 retirees enrolled in the Kaiser Permanente Senior Advantage Original Plan.

SCAN

The SCAN Health Plan is a fully insured Medicare Advantage plan. Medicare Advantage plans require the participant to assign their Medicare A and B coverage to SCAN Health Plan in exchange for coverage under the plan. There are currently 80 participants enrolled. This plan will not incur a rate increase.

United Healthcare

On July 15, 2014, the Board of Supervisors approved Human Resources' recommendation to offer United Healthcare (UHC) plans to retirees as a replacement to the Health Net plans effective January 1, 2015.

UHC will provide County retirees greater network access to providers. Retirees enrolled in a Health Net plan will have the opportunity to enroll in a UHC plan or another County sponsored plan during the retiree annual enrollment period.

The average rate increase for Medicare eligible retirees is 1.25% from last year's Health Net rates. The Medicare rates for the 2015 plan year are listed in Attachment A.

Impact on Residents and Businesses
There is no direct impact to private residents or private business in the County of RIverside.

Contract History and Price Reasonableness
Each carrier has had an extensive relationship with the County and continues to provide quality services to our retirees. The retiree medical plan contracts for the 2015 plan year (January 1 – December 31) are being prepared. However, retiree rates need to be approved prior to annual enrollment. Once the contracts are finalized, they will be submitted to the Board for approval.

The annual cost of medical coverage for retirees will increase from approximately $370,000 in 2014 to an estimated $376,500 in 2015, an increase of about $7,000 or 1%. There is no direct cost to the County as a result of the recommended action. Medicare eligible retirees pay their own medical premiums, with County contributions toward retiree premiums ranging from $25 to $256 monthly. Approved plan changes and rate adjustments will be communicated to retirees during the retiree Annual Enrollment period scheduled from October 6, 2014 through October 24, 2014.

ATTACHMENTS:

A. Medical Plan Monthly Rates (Actives)

ATTACHMENT "A"

County of Riverside
2015 Medical Monthly Rates
Medicare Eligible Retirees

	Enrollment	2014 Rates	2015 Proposed Rates	Monthly Dollar Increase	Percent Increase
Exclusive Care Supplemental					
Retiree Only, Medicare A&B	59	$337.58	$361.07	$23.49	7%
Retiree & Spouse, Medicare A&B	9	$673.92	$720.92	$47.00	7%
Sub-Total	**68**	**$25,982.50**	**$27,791.41**	**$1,808.91**	**7%**
Exclusive Care Medicare COB					
Retiree Only, Medicare A&B	10	$676.09	$723.27	$47.18	7%
Retiree & Spouse, Medicare A&B	2	$1,350.66	$1,445.03	$94.37	7%
Sub-Total	**12**	**$9,462.22**	**$10,122.76**	**$660.54**	**7%**
Kaiser Senior Advantage Original					
Retiree Only, Medicare A&B	514	$267.00	$258.00	($9.00)	-3%
Retiree & Spouse, Medicare A&B	142	$532.50	$570.50	$38.00	7%
Sub-Total	**656**	**$212,853.00**	**$213,623.00**	**$770.00**	**0%**
Kaiser Senior Advantage Low Plan					
Retiree Only, Medicare A&B	0	Not Available	$179.00	$0.00	0%
Retiree & Spouse, Medicare A&B	0	Not Available	$491.50	$0.00	0%
Sub-Total	**0**	**Not Available**	**$0.00**	**$0.00**	**0%**
United Healthcare PPO COB*					
Retiree Only, Medicare A&B	5	$831.25	$816.39	($14.86)	-2%
Retiree & Spouse, Medicare A&B	1	$1,661.01	$1,631.28	($29.73)	-2%
Sub-Total	**6**	**$5,817.26**	**$5,713.23**	**($104.03)**	**-2%**
United Healthcare Indemnity COB*					
Retiree Only, Medicare A&B	1	$868.01	$873.34	$5.33	1%
Retiree & Spouse, Medicare A&B	0	$1,734.53	$1,745.18	$10.65	1%
Sub-Total	**1**	**$868.01**	**$873.34**	**$5.33**	**1%**
United Healthcare EPO COB*					
Retiree Only, Medicare A&B	6	$557.19	$581.96	$24.77	4%
Retiree & Spouse, Medicare A&B	1	$1,112.88	$1,162.42	$49.54	5%
Sub-Total	**7**	**$4,456.02**	**$4,654.18**	**$198.16**	**4%**
United Healthcare Medicare Advantage*					
Retiree Only, Medicare A&B	193	$296.89	$309.51	$12.62	4%
Retiree & Spouse, Medicare A&B	48	$592.28	$617.52	$25.24	4%
Sub-Total	**241**	**$85,729.21**	**$89,376.39**	**$3,647.18**	**4%**
SCAN					
Retiree Only, Medicare A&B	67	$259.93	$259.93	$0.00	0%
Retiree & Spouse, Medicare A&B	13	$518.36	$518.36	$0.00	0%
Sub-Total	**80**	**$24,153.99**	**$24,153.99**	**$0.00**	**0%**
Annual Total	**1,071**	**$369,322.21**	**$376,308.30**	**$6,986.09**	**2%**

* The 2014 United Healthcare rates reflect the actual 2014 plan year rates for the Health Net plans. The rates are displayed to allow for a comparison of the 2014 Health Net HMO rates and 2015 United Healthcare rates.