

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY
AND RECORD OF ACTION**

May 24, 2022

FROM

DIANE RUNDLES, Director, Human Resources Department

SUBJECT

Approval of Medical Premium Rates for Plan Year 2022-23 and Amendments to Contracts with Blue Shield of California and Kaiser Foundation Health Plan, Inc.

RECOMMENDATION(S)

1. Approve medical premium rates for Blue Shield of California and Kaiser Foundation Health Plan, Inc. for active employees, Consolidated Omnibus Budget Reconciliation Act participants, and eligible dependents for plan year 2022-23, as shown in Attachment A.
2. Approve **Amendment No. 1** to **Contract No. 19-487** with Kaiser Foundation Health Plan, Inc. extending the term of the contract through plan year 2023-24.
3. Approve **Amendment No. 1** to **Contract No. 19-486** with Blue Shield of California extending the term of the contract through plan year 2023-24, revising the definition of eligible employee, and updating contributions to the County's Wellness Program.

(Presenter: Diane Rundles, Director, 387-5570)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Operate in a Fiscally-Responsible and Business-Like Manner.

FINANCIAL IMPACT

Approval of this item will not result in the use of additional Discretionary General Funding (Net County Cost). There is no additional cost to the County associated with the approval of this item as the County's contribution to employee medical insurance premiums is fixed pursuant to ordinances, compensation plans, and negotiated Memoranda of Understanding with individual labor unions.

BACKGROUND INFORMATION

Approval of this item establishes the medical premium rates for Blue Shield of California (Blue Shield) and Kaiser Foundation Health Plan, Inc. (Kaiser) for active employees and will authorize the Human Resources Department (HR) to implement the new premium rates for plan year 2022-23. Each year HR and the Employee Benefits Advisory Committee (EBAC) work collaboratively with a contracted health and welfare consultant to review plan utilization and negotiate medical premium rates. The EBAC is a labor-management committee, composed of individuals representing employee bargaining units, management, and retirees.

In November 2021, the County contracted with health and welfare consultant, Rael & Letson Consultants and Actuaries (Rael & Letson), to conduct a comprehensive analysis of data provided by Blue Shield and Kaiser to determine the best medical rates for the upcoming plan year. In April 2022, after four months of negotiations between Rael & Letson and the medical

**Approval of Medical Premium Rates for Plan Year 2022-23 and
Amendments to Contracts with Blue Shield of California and Kaiser
Foundation Health Plan, Inc.
May 24, 2022**

carriers, and several meetings with HR and the EBAC, the initially proposed medical rates were reduced from 0.82% to 0.00% for Kaiser and from 9.40% to 6.98% for Blue Shield. In addition, Blue Shield agreed to apply \$500,000 of the \$1,000,000 annual contribution for the County Employee Wellness Program towards lowering the rate increase by approximately half a percent to approximately 6.50%. Therefore, HR and the EBAC are recommending the approval of premium rates for active employees, Consolidated Omnibus Budget Reconciliation Act (COBRA) participants, and their eligible dependents, as shown in Attachment A, which include:

- A 0% increase to the current premiums for Kaiser plans, and
- An approximate 6.50% increase to the current premiums for Blue Shield health maintenance organization (HMO) plans and preferred provider organization (PPO) plans.

As a result, Blue Shield is providing \$250,000 to be used for wellness activities and \$250,000 in discretionary funding (a combined \$500,000) that can be used to support the County Employee Wellness Program or other health-related programs.

Additionally, HR and EBAC are recommending to exercise the option to extend Kaiser's and Blue Shield's contracts for one additional two-year term. As part of these contract extensions, the County will secure a not-to-exceed rate cap of 8.0% for Kaiser and 8.9% for Blue Shield for plan year 2023-24. Finally, HR is recommending to update Blue Shield's definition of an eligible employee to mirror Kaiser's contract language such that eligibility is consistent with and established by each employee's applicable Memorandum of Understanding (MOU), Compensation Plan, salary ordinance or contract.

Approval of these amendments will secure the medical contracts and not-to-exceed rate caps for active employees, COBRA participants, and eligible dependents through plan year 2023-24. In addition, approval of Blue Shield's contract amendment, which updates the definition of an eligible employee, will ensure employees who are on a leave of absence maintain their medical coverage and medical premium subsidy in accordance with their applicable MOU, Compensation Plan, salary ordinance or contract.

PROCUREMENT

On July 6, 2018, the Employee Benefits and Services Division (EBSD) issued an RFP (RFP HRD218-HR2-3001) for Active Employee Medical Benefits. On July 9, 2019, (Item No.17), the Board approved contracts with Blue Shield and Kaiser to provide medical benefits for active employees, COBRA participants, and eligible dependents for plan years 2019-20 through 2021-22, with the option to extend the contract for one additional two-year term through 2023-24.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Jose Mendoza, Deputy County Counsel, 387-5455) on May 6, 2022; Purchasing (Bruce Cole, Supervising Buyer, 387-2148) on May 5, 2022; Finance (Jessica Trillo, Principal Administrative Analyst, 387-4222) on May 7, 2022; and County Finance and Administration (Paloma Hernandez-Barker, Deputy Executive Officer, 387-5423) on May 9, 2022.

**Approval of Medical Premium Rates for Plan Year 2022-23 and
Amendments to Contracts with Blue Shield of California and Kaiser
Foundation Health Plan, Inc.
May 24, 2022**

Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Curt Hagman Seconded: Janice Rutherford
Ayes: Col. Paul Cook (Ret.), Janice Rutherford, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY  _____
DATED: May 24, 2022



cc: HR- Wakcher w/agree
 Contractor- C/O HR w/agree
 File- w/agree
 File- Human Resources w/attach
LA 06/1/2022