

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

October 6, 2020

FROM

DIANE RUNDLES, Director, Human Resources Department

SUBJECT

Approval of 2021 Retiree Medical and Dental Premium Rates

RECOMMENDATION(S)

1. Approve Blue Shield of California and Kaiser Foundation Health Plan, Inc. medical premium rates for retirees and their eligible dependents, effective January 1, 2021, as shown in Attachment A.
2. Approve Delta Dental of California retiree dental premium rates for retirees and their eligible dependents, effective January 1, 2021, as shown in Attachment B.
(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 does not contribute to the cost of premiums for retired employees and their eligible dependents.

BACKGROUND INFORMATION

Approval of this item establishes the retiree medical premium rates for the 2021 retiree benefit plan year for Blue Shield of California (Blue Shield) and Kaiser Foundation Health, Inc. (Kaiser) plans. Blue Shield and Kaiser will continue to provide retiree medical benefits with no change to plan design at the rates as shown in Attachment A.

Additionally, approval of this item includes the retiree dental premium rates for the 2021 retiree benefit plan year for Delta Dental of California (Delta). Delta DPPO and DHMO rates were guaranteed flat for three years effective January 1, 2018 through December 31, 2020 with a 5% rate cap for the 2021 plan year. Delta will continue to provide retiree dental benefits with no change to plan design at the rates as shown in Attachment B.

The Human Resources Department (HR) and the Employee Benefits Advisory Committee (EBAC), a labor-management committee, composed of individuals representing employee bargaining units, management and retirees worked collaboratively with the County's contracted health and welfare consultants, Segal Consulting (Segal), to review and make recommendations to County management regarding retiree medical and dental rates for eligible retirees and their dependents for plan year 2021.

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Medical

Segal began negotiations with Blue Shield and Kaiser to establish premium rates for the 2021 benefit plan year. Blue Shield proposed a 4.68% rate increase for non-Medicare retiree plans and a 3.5% rate increase for the Medicare retiree plans. Kaiser proposed a 3.72% rate increase for non-Medicare retiree plans and a 6.86% rate decrease for Medicare retiree plans. Segal conducted a comprehensive analysis of the proposed rates and supporting documentation provided by Blue Shield and Kaiser. The comprehensive analysis was provided to the EBAC for review and consideration on August 13, 2020. The EBAC and Segal successfully negotiated for lower healthcare premiums for the non-Medicare retiree plans which resulted in Blue Shield and Kaiser agreeing to a rate pass for plan year 2021. Additionally, the EBAC and Segal successfully negotiated for lower healthcare premiums for the Medicare retiree plans which resulted in Blue Shield agreeing to a 2.5% decrease for plan year 2021.

After reviewing the carriers' revised proposals, the EBAC recommends Board approval of the Blue Shield and Kaiser retiree medical premium rates as listed in Attachment A.

The proposed rate changes include the repeal of the Affordable Care Act (ACA) Health Insurer fee and are summarized as follows:

Provider	Plan Type	Rate Change
Blue Shield	Medicare Advantage High/Low Option	- 2.5%
	Non-Medicare HMO High/Low/Trio Option	Rate Pass (no change)
Kaiser	Medicare Advantage High/Low Option	- 6.86%
	Non-Medicare High/Low Option	Rate Pass (no change)

Dental

Segal conducted a comprehensive analysis of the data provided by Delta for the 2021 Dental HMO (DHMO) and Dental PPO (DPPO) premium rates. During the original contract negotiation with Delta, the DHMO and DPPO rates were negotiated to a not-to-exceed rate cap of 5% for the 2021 and 2022 plan years. Based on COVID-19 relief efforts, Delta provided a revised proposal that offered fully-insured groups a rate pass for the 2021 rate renewal.

After reviewing Delta's revised proposal, the EBAC recommends Board approval of the Delta retiree dental premium rates as listed in Attachment B. The proposed rates are summarized as follows:

Provider	Plan Type	Rate Change
Delta Dental	DHMO	Rate Pass (no change)
	DPPO High/Low Option	Rate Pass (no change)

PROCUREMENT

Medical

As a result of a competitive process on May 28, 2019 (Item No. 4), the Board of Supervisors approved Blue Shield and Kaiser as the group health plan providers for all eligible retirees and their dependents for 2020 through 2022 benefit plan years, with the option to extend for one additional two-year term. Retiree medical premium rates are negotiated annually.

Dental

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On October 3, 2017, (Item No. 21) the Board approved contracts between the County and Delta to provide dental benefits for all eligible retirees and their dependents for 2018 through 2022 benefit plan years. The County was able to negotiate a rate lock for the first three years of the contract period and a not-to-exceed rate cap of 5% for years four and five.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Suzanne Bryant, Deputy County Counsel, 387-5455) on September 11, 2020; Purchasing (Bruce Cole, Supervising Buyer, 387-2148) on September 10, 2020; Finance (Jessica Trillo, Administrative Analyst, 387-4222) on September 16, 2020; County Finance and Administration (Robert Saldana, Deputy Executive Officer, 387-5423) on September 21, 2020.

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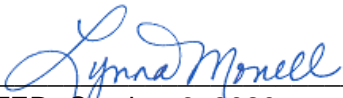
Record of Action of the Board of Supervisors
County of San Bernardino

APPROVED (CONSENT CALENDAR)

Moved: Curt Hagman Seconded: Robert A. Lovingood

Ayes: Robert A. Lovingood, Janice Rutherford, Dawn Rowe, Curt Hagman, Josie Gonzales

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: October 6, 2020



cc: File - Human Resources w/attach
CCM 10/20/2020