



San Bernardino County

Legislation Text

File #: 5050, Agenda Item #: 38

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

October 26, 2021

FROM

DIANE RUNDLES, Director, Human Resources Department

SUBJECT

Approval of 2022 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, 2022, as shown in Attachment A.
2. Approve Delta Dental of California retiree dental premium rates for retirees and their eligible dependents, effective January 1, 2022, 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 2022 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 benefit plan changes at the rates as shown in Attachment A.

Additionally, approval of this item includes the retiree dental premium rates for the 2022 retiree benefit plan year for Delta Dental of California (Delta). Delta will continue to provide retiree dental benefits with no benefit plan changes 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 to review and make recommendations to County management regarding retiree medical and dental premium rates for eligible retirees and their dependents for plan year 2022. Rael & Letson Consultants and Actuaries (Rael & Letson) were utilized for the retiree medical renewals and Segal Consulting (Segal) were utilized for the retiree

dental renewals.

Medical

Rael & Letson began negotiations with Blue Shield and Kaiser to establish premium rates for the 2022 benefit plan year. Blue Shield initially proposed a 7.90% rate increase for non-Medicare retiree plans and a 4.50% rate increase for the Medicare retiree plans. Kaiser initially proposed a 9.53% rate increase for non-Medicare retiree plans and an 8.82% rate decrease for Medicare retiree plans. Rael & Letson 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 September 9, 2021. The EBAC successfully negotiated for lower healthcare premiums for the non-Medicare and Medicare retiree plans with Blue Shield, which resulted in Blue Shield agreeing to a rate pass (no increase) for plan year 2022. Kaiser also revised their initial proposal of a 9.53% rate increase for non-Medicare retiree plans down to an 8.90% rate increase and maintained their 8.82% rate decrease for Medicare retiree plans for plan year 2022.

Additionally, Blue Shield also offered a not-to-exceed rate guarantee of 8.9% for plan year 2023 and 9.9% for plan year 2024 for all retiree plans.

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

The proposed rate changes are summarized as follows:

Provider	Plan Type	Rate Change
Blue Shield	Medicare Advantage High/Low Option	Rate Pass (no change)
	Non-Medicare HMO High/Low/Trio Option	Rate Pass (no change)
Kaiser	Medicare Advantage High/Low Option	- 8.82%
	Non-Medicare High/Low Option	+ 8.90%

Dental

Segal conducted a comprehensive analysis of the data provided by Delta for the 2022 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 2022 plan year. Delta initially proposed a rate pass for the DHMO plan and a 5% rate increase for DPPO plan. The EBAC and Segal successfully negotiated for lower dental premiums for the DPPO plan with Delta, which resulted in Delta agreeing to a rate pass for plan year 2022.

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 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

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 (Jose Mendoza, Deputy County Counsel, 387-5455) on October 6, 2021; Purchasing (Bruce Cole, Supervising Buyer, 387-2148) on October 6, 2021; Finance (Jessica Trillo, Administrative Analyst, 387-4222) on October 6, 2021; and County Finance and Administration (Robert Saldana, Deputy Executive Officer, 387-5423) on October 7, 2021.