



County of San Mateo

Inter-Departmental Correspondence

Department: HUMAN RESOURCES

File #: 19-097

Board Meeting Date: 1/29/2019

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Rocio Kiryczun, Human Resources Director
Lisa Okada, Benefits Manager

Subject: Request for Approval of Contract Renewals with Health Insurance Providers

RECOMMENDATION:

Adopt a resolution authorizing the Human Resources Director to retroactively execute renewal agreements with Kaiser Permanente, United Health Care, and Blue Shield of California, for the provision of health coverage for County employees, retirees, and their dependents, for the term of January 1, 2019 through December 31, 2019, with the aggregate amount not to exceed \$128 million.

BACKGROUND:

The County of San Mateo offers six medical plans for active employees and early retirees. By offering choices, employees can determine the best plans for themselves and their families throughout their career. Approximately 5,118 of 5,746 active benefit eligible County employees (or 89%) participate in one of the County's medical plans. A total of 65% of enrollees are with Kaiser, and 35% are with Blue Shield. Approximately 2,227 of 4,678 County retirees (or 47.6%) participate in one of the County's retiree medical plans. Fifty-two percent (52%) of retired enrollees on a County health plan are with Kaiser, 45.5% with Blue Shield, and 2.5% with Secure Horizons, a plan with United Health Care.

DISCUSSION:

Agreements with Kaiser, Blue Shield, and United Health Care will be reviewed by the County's benefits broker and the County Counsel's Office. Authorization for the Human Resources Director to execute such renewal agreements retroactively upon approval by the broker and the County Counsel's Office is being recommended. Due to the uniqueness of "open enrollment periods" related to employer-sponsored benefits, particularly health insurance, new contracts are typically issued 30-60 days after the effective date, and retroactive execution is industry standard.

In 2017, the County's labor-management Benefits Committee recently completed the request for proposals (RFP) for the medical plans currently provided by Blue Shield of California and United Health Care. The Benefits Committee and Human Resources-Employee Benefits staff unanimously agreed to retain the same providers for the same plans. The Kaiser plans, our most popular and least expensive plan options, were not part of the RFP process.

The County's labor-management Benefits Committee will continue to review medical plan utilization.

The County's approximate blended aggregate rate increase of 5.8% consists of varying rate increases among the different health plan options, including 6.0% for the Blue Shield HMO plan, Blue Shield HDHP plan, and Blue Shield PPO plan; 5.2% for the Kaiser HMO plan; and 5.6% for the Kaiser HDHP plan.

The resolution has been reviewed and approved as to form by County Counsel.

Approval for this resolution contributes to Shared Vision 2025 outcome of Collaborative Community by partnering with health insurance companies that are committed to working with the County to control health benefit costs for the County's active employees, retirees, and their dependents.

PERFORMANCE MEASURE:

	2018 Actual	2019 Actual	2020 Projected
Average annual County contribution to an active employee's health premium	\$15,646	\$16,139	\$17,592

FISCAL IMPACT:

The County's projected 2019 calendar year cost for the employer share of health insurance for active employees, retirees, and their dependents is \$103.4 million, and the employees share is \$24.6 million. Together, these total \$128 million, which includes a 5% allowance for workforce and retirement growth.