



County of San Mateo

Inter-Departmental Correspondence

Department: HUMAN RESOURCES

File #: 20-014

Board Meeting Date: 2/11/2020

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Rocio Kiryczun, Human Resources Director
Kim Pearson, 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 Secure Horizons, and Blue Shield of California, for the provision of health coverage for County employees, retirees and their dependents for the term of January 1, 2020 through December 31, 2020 with the aggregate amount not to exceed \$129 million.

BACKGROUND:

The County of San Mateo negotiated with its labor-management Benefits Committee and unrepresented employee groups to offer 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 5,080 of 6,156 active benefit eligible County employees (or 83%) participate in one of the County's medical plans. A total of 67% of enrollees are with Kaiser, and 33% are with Blue Shield. Approximately 2,245 of 4,784 County retirees (or 46.9%) participate in one of the County's retiree medical plans. Fifty three percent (53%) of retired enrollees on a County health plan are with Kaiser, 45% with Blue Shield, and 2% with United Health Care Secure Horizons.

DISCUSSION:

Renewal insurance rate agreements with Kaiser, Blue Shield, and United Healthcare Secure Horizons 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-health insurance, in particular-new rate 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 which is comprised of representatives from each labor organization and unrepresented employee groups completed the request for

proposals (RFP) for the medical plans currently provided by Blue Shield of California and United Health Care Secure Horizons. (The Kaiser plans, our most popular and least expensive plan options, were not part of the RFP process.) The Benefits Committee and Human Resources-Employee Benefits staff unanimously agreed to retain the same providers for the same plans.

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

The County's approximate blended aggregate rate increase in 2020 of 2.0% consists of varying rate increases among the different health plan options, including 3.9% for the Blue Shield Full HMO and - 5.0% for the Blue Shield Trio HMO, and 3.94% for both the Blue Shield PPO and Blue Shield HDHP. The Kaiser HMO, Kaiser HDHP and United Health Care Secure Horizons all received a rate pass.

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

PERFORMANCE MEASURE:

Measure	2019 Actual	2020 Actual	2021 Estimate
Average annual County contribution to an active employee's health premium	\$16,139	\$16,342	\$17,813

FISCAL IMPACT:

The County's projected 2020 calendar year cost for the employer share of health insurance for active employees, retirees, and their dependents is \$102.7 million, and the employees share is \$26.3 million for a total of \$129 million which includes a 5% allowance for workforce and retirement growth.