



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** HUMAN RESOURCES

**File #:** 21-162

Board Meeting Date: 2/23/2021

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**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 and Vision Providers

### **RECOMMENDATION:**

Adopt a resolution authorizing the Human Resources Director to retroactively execute renewal agreements with Kaiser Permanente, United Health Care Secure Horizons, Blue Shield of California and Vision Services Provider, for the provision of health and vision coverage for County employees, retirees and their dependents for the term of January 1, 2021 through December 31, 2021 with the aggregate amount not to exceed \$126.3 million.

### **BACKGROUND:**

The County of San Mateo negotiated with its labor-management Benefits Committee and unrepresented employee groups to offers six medical plans and one vision plan for active employees and early retirees. By offering health plan choices, employees can determine the best plans for themselves and their families throughout their career. Approximately 4,937 of 6,007 active benefit eligible County employees (or 82%) participate in one of the County's medical plans and 5,354 of 5,491 active vision eligible County employees (or 98%) participate in the County's vision plan. 71% of eligible employees are in the core plan, and 29% have elected a vision buy-up plan. 1,561 of 4,908 County retirees (or 32%) participate in a County vision plan. 49% of these retirees are in the active plan, and 51% are in the vision voluntary plan. A total of 67% of enrollees are with Kaiser, and 33% are with Blue Shield. Approximately 2,314 of 4,908 County retirees (or 47%) 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. Approximately 1,561 of 4,908 County retirees (or 32%) participate in the County vision plan.

### **DISCUSSION:**

Renewal insurance rate agreements with Kaiser, Blue Shield, and United Healthcare Secure Horizons and Vision Services Provider will be reviewed by the County's benefits broker. Authorization for the Human Resources Director to execute such renewal agreements retroactively upon approval by the broker 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.

In 2020, the County's labor-management Benefits Committee recommended the County replace the Blue Shield Medicare COB PPO plan with the new Blue Shield Medicare Advantage Plan effective January 2021. This change provided an approximate 40% annual cost savings. The committee also recommended that United Healthcare Secure Horizons be closed to new enrollment and it was recommended that the County grandfather the existing membership only.

The County's labor-management Benefits Committee will continue to review medical plan utilization and medical plan options. The County's labor-management Benefits committee will complete the request for proposal for our vision service provider in 2021 with a request for Board approval to be effective January 1, 2022.

The County's approximate blended aggregate rate decrease in 2021 of our medical plans of 3.15% consists of varying rate increases and decreases among the different health plan options, including 0% for the Blue Shield Full HMO and Blue Shield TRIO HMO, a 4.18% increase for both the Blue Shield PPO and Blue Shield HDHP and a 39.69% decrease for the Blue Shield Medicare PPO Plan. The Kaiser HMO, Kaiser HDHP had a decrease of 1.95% and the Kaiser Senior Advantage Plan experienced an increase of 2.28%. The United Health Care Secure Horizons received a rate decrease of 6%. The Vision Services Provider experienced a rate pass.

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

**PERFORMANCE MEASURE:**

	2020 Actual	2021 Actual	2022 Estimate
Average annual County contribution to an active employee's health premium	\$16,342	\$16,613	\$18,108

**FISCAL IMPACT:**

The County's projected 2021 calendar year cost for the employer share of health insurance and vision for active employees, retirees, and their dependents is \$101 million, and the employees share is \$25.3 million for a total of \$126.3 million which includes a 5% allowance for workforce and retirement growth.