



Board of Supervisors  
Meeting Date: September 12, 2017  
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Regular Item

## **HEALTH INSURANCE / PERSONNEL - Personnel Director Missi Bullington**

### **Requested Action(s)**

- a) Request approval of the following recommendations of the Tehama County Health Insurance Advisory Committee:
- 1) Increase the health insurance premiums by 3.9% for the renewal period of 1/1/18 through 12/31/18
  - 2) Maintain the Delta Dental plan with no change to benefits and a premium decrease of 4.53% for the period of 1/1/18 through 12/31/18
  - 3) Maintain the Vision Service Plan (VSP) with no change to benefits, implement the plan as self-funded for an overall decrease to the premium of 14.7% for the period of 1/1/18 through 12/31/18
  - 4) Maintain the Voya Life Insurance and AD&D plans with no change to premiums or benefits for the period of 7/1/18 through 6/30/20
  - 5) Schedule the 2018 annual Open Enrollment period for 11/10/17 through 12/11/17
- b) Request authorization for the Personnel Director and/or the Auditor to take the necessary actions to implement the above actions, to include notification to Alliant Insurance Services (broker), CSAC/Excess Insurance Authority (CSAC/EIA), and Employee Benefit Specialists (EBS) (third party administrator)

### **Financial Impact:**

For this fiscal year, if all county employees took health insurance the estimated County contribution is \$233,006 and the General Fund share of this total is \$102,385. The actual General Fund contribution is expected to be \$93,941 after adjusting for non-enrolled employees. Sufficient funding has been budgeted for this increased expense.

### **Background Information:**

Tehama County participates in the CSAC Excess Insurance Authority (CSAC/EIA) Health Insurance Program. By participating in the program, the cost of claims is pooled between the participating members and helps to provide stability and to reduce the chance of large increases to premiums. Tehama County joined the EIA Health Insurance Program in 2003. In 2006, the EIA Health Program joined with Self Insured Schools of California (SISC), which further increased the pool size and therefore, provided more stability.

The Tehama County Health Insurance Advisory Committee (TCHIAC) meets each year prior to the open enrollment period to discuss the County's plans and premiums for the following year. The Committee is comprised of one or more representatives from each bargaining unit, plus a representative from the appointed Department Heads, a representative for the Elected Department Heads, a representative for the retirees, the Administrative Services Director (Risk Manager), the Auditor and the Personnel Director. The Committee met on August 16, 2017 to discuss benefits for 2018. Representatives from Alliant Insurance Services attended the meeting and gave a presentation to the Committee on the program renewal for 2018.

The recommended premium increase for the entire CSAC EIA health insurance pool was 3.61%. Tehama County received an adjustment increase from the 3.61% figure to 3.9% due to our claims history during the past two years. The Committee is recommending the Board of Supervisors approve the 3.9% increase to premiums and make no changes to the health insurance plan for 2018.

The County participates in the CSAC/EIA Benefits program for dental, vision and life/AD&D insurance. The CSAC/EIA Benefits Committee has recommended a decrease of 1.9% to the Delta Dental premiums for plan year 2018. The County's Delta Dental plan is self-funded, therefore the County has the authority to set the premiums. After a thorough review of the reserves/funding on account at the County level for the dental plan, the Auditor advised the TCHIAC the reserves were more than adequate. Therefore, Alliant representatives suggested removing the 3.00% margin adjustment for the 2018 plan year. This modification created an overall decrease of 4.53% for the 2018 plan year. The TCHIAC agrees with the Auditor and the CSAC/EIA Benefits program and is recommending the Board of Supervisors approve to decrease the premiums by 4.53% and make no changes to the County's self-funded Delta Dental benefit plan for 2018.

The County has received a rate guarantee from the Vision Service Plan (VSP) for two years, January 1, 2017 through December 31, 2018, which reflects a 4.8% decrease to the annual premium. During the committee meeting, Alliant representatives proposed a self-funded option for VSP, which would further reduce the cost of the plan. There would be no changes to the plan itself, however the plan would be administered by Tehama County. If approved, the total decrease in cost would be 14.7% or \$19,906. Therefore, the Committee is recommending the Board of Supervisors approve the changes to VSP and implement the 14.7% decrease for the 2018 plan year.

The Voya Life and AD&D plan premiums are guaranteed until June 30, 2020. There is no action needed at this time to maintain the current plans and premiums for the period of July 1, 2017 through June 30, 2020.

The TCHIAC recommends continued participation in the Carrum Health, voluntary surgical concierge benefit, through the 2018 calendar year.

Health Insurance Open Enrollment is held every year to allow employees to enroll in the plans, drop coverage, add and delete dependents. Open Enrollment must be held for a period of no less than 30 days. This year Open Enrollment is proposed for the period of 11/10/17 through 12/11/17. Letters will be attached to all employees' paychecks and mailed to all retirees, COBRA participants and participating Special District employees

on 11/10/17 to announce the 2018 Open Enrollment period and to explain the premium changes.

Therefore, in 2017 the County share of cost for health insurance premiums was \$1,365.36 per employee per month. With the new recommended increase for 2018, the County share of cost will increase to \$1,409.34. As a result, the overall increase in the County share of cost for health insurance premiums per employee per month for the 2018 calendar year will be \$43.98, which equates to a 3.22% net impact. For employees, the 2017 share of cost for health insurance premiums was \$171.84 for EPO and \$510.84 for PPO. With the new recommended increase for 2018, the employee share of cost for will be \$175.83 for EPO and \$528.83 for PPO, which equates to a net increase of \$3.99 or 2.32% for EPO and \$17.99 or 3.52% for PPO.

<b>PROPOSED 2018 PREMIUMS FOR ALL FULL-TIME COUNTY EMPLOYEES:</b>						<u>Net Impact of all component adjustments</u>
<b>Plans</b>	<b>Premiums*</b>		<b>Employee Cost</b>			
	<u>Previous</u>	<u>New</u>	<u>Previous</u>	<u>New</u>	<u>Increase \$</u>	
EPO	\$1537.20	\$1585.17	\$171.84	\$175.83	\$3.99	+2.32%
PPO	\$1876.20	\$1938.17	\$510.84	\$528.83	\$17.99	+3.52%
<b>COUNTY CONTRIBUTION:</b>						
<u>Previous</u>	<u>New</u>	<u>Increase \$</u>	<u>Net impact of all component adjustments</u>			
\$1365.36	\$1409.34	\$43.98	+3.22%			

The General Fund and Public Safety departments were polled during the Adopted Budget process to determine how many current employees are not enrolled in the County health insurance program. The Budget Ad Hoc recommended reducing the salaries and benefits budgets in the impacted departments to reflect the 32 non-enrolled employees. Non-General Fund departments were not polled as those departments followed our historical practice and continued to budget for all employees to be enrolled.

**Attachment List:**

Ltr to BOS (PDF)