



COMMITTEE MEMORANDUM

REVISED

DATE: August 9, 2021

TO: Finance and Administration Committee

FROM: Rochelle Patterson *[Signature]*
Director of Finance and Administration

SUBJECT: Recommend Approval of a Resolution Adjusting Employer's Contributions for PERS Medical Insurance

SUMMARY

CalPERS has published the 2022 Regional Health Premiums on its offered medical plans. As part of the new rates, CalPERS has combined two (2) of the Preferred Provider Organization (PPO) plans. The Agency's current resolution, approved by the Board in August 2019, set the Agency's contribution to 90% of PERS Care PPO plan. As a result of the plan merger, the PERS Care plan will no longer exist. The Agency's current resolution with CalPERS will need to be amended to incorporate the plan changes.

DISCUSSION

The Agency offers a variety of medical insurance plans through CalPERS that include Health Maintenance Organization (HMO) plans and PPO options, with premiums that vary annually. It has been Agency practice to pay insurance premiums up to 90% of monthly premiums, which in 2019 was the PERS Care PPO plan for Region 3 (Los Angeles County) and was the highest plan.

Since CalPERS the merger of two PPO plans, PERS Care and PERS Choice into one plan called PERS Platinum, a new resolution is required by CalPERS. A third PPO plan, PERS Select, will be transitioned to PERS Gold. CalPERS has not yet published the summary of benefits for the new named plans, therefore, the type of benefit coverage such as deductibles and co-pays is not available at this time.

77% of the participating employees/retirees/directors reside within Region 3, therefore Region 3 rates will be used to establish the Agency contribution.

Below is quick reference to the CalPERS proposed plan changes.

PPO

2021 Basic Plans	2021			2022 Basic Plans	2022			Percent Change
	Single	2-Party	Family		Single	2-Party	Family	
Basic Premiums - Region 3								
Los Angeles, Riverside and San Bernardino								
PERS Care	\$1,036.07	\$2,072.14	\$2,693.78	PERS Platinum	\$ 863.37	\$1,726.74	\$2,244.76	-16.67%
PERS Choice	\$ 761.23	\$1,522.46	\$1,979.20					13.42%
PERS Select	\$ 459.94	\$ 919.88	\$1,195.84	PERS Gold	\$ 575.56	\$1,151.12	\$1,496.46	25.14%

The Anthem Traditional HMO plan rate is the most expensive plan as opposed to the PERS Care plan, which the Agency used to base its contributions (see below).

HMO

Basic Premiums - Region 3							
Los Angeles, Riverside and San Bernardino							
Basic Plans ¹	2021			2022			Percent Change
	Single	2-Party	Family	Single	2-Party	Family	
Anthem Traditional	\$984.21	\$ 1,968.42	\$ 2,558.95	\$ 935.57	\$ 1,871.14	\$ 2,432.48	-5%

Agency approved contributions for 2021 are as follows:

- \$ 932.46 – employee or retiree or Director only (“EE”)
- \$1,864.93 – employee or retiree or Director with one dependent (“EE+1”)
- \$2,424.40 – employee or retiree or Director with more than one dependent (“Family”)

Starting January 1, 2022, monthly premiums for all HMO plans will increase by an average of 4.94% and PERS PPO Care and Choice plans will be eliminated and replaced by PERS Platinum with an average change of 7.3%, both at the family rate.

Staff looked at several options (analyzing Agency and Employee contributions) and is recommending changing the existing resolution to update the Agency’s contribution under the PERS Medical and Hospital Care Act so the Agency’s contribution will be 90% of the highest published rate for Region 3 (Anthem Traditional HMO for 2022 at \$2,432.48, Region 3, family level). Reducing the Agency’s contribution by approximately 10%.

For 2022, contributions would be as follows:

- \$ 842.01 – EE
- \$1,684.03 – EE+1
- \$2,189.23 – Family Level

Open enrollment for 2022 health care coverage begins September 20, 2021, and ends October 15, 2021, for Agency employees, Directors and retirees; therefore, management will need to communicate these forthcoming changes to employees and retirees as soon as possible so that they can make educated decisions when choosing their medical plans.

A new resolution will need to be adopted no later than September 7, 2021, to meet new enrollment deadlines. This resolution will remain in place until rescinded by the Board.

FINANCIAL CONSIDERATIONS

Under the existing resolution, there are 28 employees/retirees/directors that contribute monthly to their chosen health plan (\$104 to \$270). Under the recommended resolution (assuming no change in enrollment) 98 employees/retirees/directors will need to contribute monthly from \$21 to \$243. Employees and retirees in Region 2 would need to contribute monthly from \$58 to \$429.

The FY 2021/2022 Budget assumed an increase in medical insurance premiums of \$309,200. The recommendation would increase Agency costs by \$133,370 and employee costs by \$76,100 annually.

RECOMMENDATION

That the Finance and Administration Committee recommend that the Board of Directors set the Agency's contribution under the PERS Medical and Hospital Care Act so the Agency's contribution will be 90% of the highest published rate for Region 3 and approve a resolution adjusting employer's contribution for PERS medical insurance.

Attachment

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2022 CalPERS Premiums

2022 Regional PSPM Premiums for Public Agencies and Schools

Preferred Provider Organization (PPO) Plans Only

2021 Basic Plans ¹	2021			2022 Basic Plans ¹	2022			Percent Change
	Single	2-Party	Family		Single	2-Party	Family	
Basic Premiums - Region 2								
Fresno, Imperial, Inyo, Kern, Kings, Madera, Orange, San Diego, San Luis Obispo, Santa Barbara, Tulare and Ventura								
PERSCare	\$ 1,115.68	\$ 2,231.36	\$ 2,900.77	PERS Platinum	\$ 882.18	\$ 1,764.36	\$ 2,293.67	-20.93%
PERS Choice	\$ 783.19	\$ 1,566.38	\$ 2,036.29					12.64%
PERS Select	\$ 476.92	\$ 953.84	\$ 1,239.99	PERS Gold	\$ 587.78	\$ 1,175.56	\$ 1,528.23	23.24%

2021 Basic Plans ¹	2021			2022 Basic Plans ¹	2022			Percent Change
	Single	2-Party	Family		Single	2-Party	Family	
Basic Premiums - Region 3								
Los Angeles, Riverside and San Bernardino								
PERSCare	\$ 1,036.07	\$ 2,072.14	\$ 2,693.78	PERS Platinum	\$ 863.37	\$ 1,726.74	\$ 2,244.76	-16.67%
PERS Choice	\$ 761.23	\$ 1,522.46	\$ 1,979.20					13.42%
PERS Select	\$ 459.94	\$ 919.88	\$ 1,195.84	PERS Gold	\$ 575.56	\$ 1,151.12	\$ 1,496.46	25.14%

¹CalPERS 2022 Basic plan premiums are portfolio rated with two-year phase-in.

2022 Regional PSPM Premiums for Public Agencies and Schools

Health Maintenance Organization (HMO) Plans Only

Basic Premiums - Region 2							
Fresno, Imperial, Inyo, Kern, Kings, Madera, Orange, San Diego, San Luis Obispo, Santa Barbara, Tulare and Ventura							
Basic Plans ¹	2021			2022			Percent Change
	Single	2-Party	Family	Single	2-Party	Family	
Anthem Select	\$ 674.69	\$ 1,349.38	\$ 1,754.19	\$ 712.43	\$ 1,424.86	\$ 1,852.32	5.59%
Anthem Traditional	\$ 1,046.04	\$ 2,092.08	\$ 2,719.70	\$ 1,007.13	\$ 2,014.26	\$ 2,618.54	-3.72%
Blue Shield Access+	\$ 938.96	\$ 1,877.92	\$ 2,441.30	\$ 900.22	\$ 1,800.44	\$ 2,340.57	-4.13%
Blue Shield Trio	\$ 722.56	\$ 1,445.12	\$ 1,878.66	\$ 742.70	\$ 1,485.40	\$ 1,931.02	2.79%
Health Net Salud y Más	\$ 458.66	\$ 917.32	\$ 1,192.52	\$ 548.26	\$ 1,096.52	\$ 1,425.48	19.54%
Health Net SmartCare	\$ 769.11	\$ 1,538.22	\$ 1,999.69	\$ 845.69	\$ 1,691.38	\$ 2,198.79	9.96%
Kaiser CA	\$ 669.77	\$ 1,339.54	\$ 1,741.40	\$ 706.02	\$ 1,412.04	\$ 1,835.65	5.41%
Sharp	\$ 632.27	\$ 1,264.54	\$ 1,643.90	\$ 699.21	\$ 1,398.42	\$ 1,817.95	10.59%
UnitedHealthcare Alliance	\$ 723.84	\$ 1,447.68	\$ 1,881.98	\$ 775.09	\$ 1,550.18	\$ 2,015.23	7.08%
UnitedHealthcare Harmony	-	-	-	\$ 782.74	\$ 1,565.48	\$ 2,035.12	N/A

Basic Premiums - Region 3							
Los Angeles, Riverside and San Bernardino							
Basic Plans ¹	2021			2022			Percent Change
	Single	2-Party	Family	Single	2-Party	Family	
Anthem Select	\$ 639.10	\$ 1,278.20	\$ 1,661.66	\$ 676.48	\$ 1,352.96	\$ 1,758.85	5.85%
Anthem Traditional	\$ 984.21	\$ 1,968.42	\$ 2,558.95	\$ 935.57	\$ 1,871.14	\$ 2,432.48	-4.94%
Blue Shield Access+	\$ 834.88	\$ 1,669.76	\$ 2,170.69	\$ 779.87	\$ 1,559.74	\$ 2,027.66	-6.59%
Blue Shield Trio	\$ 660.49	\$ 1,320.98	\$ 1,717.27	\$ 668.13	\$ 1,336.26	\$ 1,737.14	1.16%
Health Net Salud y Más	\$ 412.88	\$ 825.76	\$ 1,073.49	\$ 463.87	\$ 927.74	\$ 1,206.06	12.35%
Health Net SmartCare	\$ 691.48	\$ 1,382.96	\$ 1,797.85	\$ 764.96	\$ 1,529.92	\$ 1,988.90	10.63%
Kaiser CA	\$ 669.84	\$ 1,339.68	\$ 1,741.58	\$ 719.78	\$ 1,439.56	\$ 1,871.43	7.46%
UnitedHealthcare Alliance	\$ 720.89	\$ 1,441.78	\$ 1,874.31	\$ 771.85	\$ 1,543.70	\$ 2,006.81	7.07%
UnitedHealthcare Harmony	-	-	-	\$ 714.28	\$ 1,428.56	\$ 1,857.13	N/A

¹CalPERS 2022 Basic plan premiums are portfolio rated with two-year phase-in.

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RESOLUTION NO. ____

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SANTA CLARITA VALLEY WATER AGENCY
ADJUSTING EMPLOYER'S CONTRIBUTION UNDER THE
PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT
EFFECTIVE JANUARY 1, 2022**

WHEREAS, Government Code Section 22892(a) provides that a local agency contracting under the Public Employees' Medical and Hospital Care Act shall adjust the amount of the employer's contribution at an amount not less than the amount required under Section 22892(b)(1) of the Act; and

WHEREAS, Santa Clarita Valley Water Agency hereinafter referred to as Special District is a contracting agency under Government Code Section 22920 for participation by members of the Board of Directors (medical group 700).

NOW, THEREFORE BE IT RESOLVED, that the employer's contribution for each employee or annuitant shall be the amount necessary to pay the cost of his/her enrollment, including the enrollment of his/her family members, in a health benefit plan, up to a maximum of 90% of the highest published rate for Region 3 per month, plus administrative fees and Contingency Reserve Fund Assessments; and

BE IT FURTHER RESOLVED, that Santa Clarita Valley Water Agency has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above.

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