



COMMITTEE MEMORANDUM

DATE: August 9, 2022

TO: Finance and Administration Committee

FROM: Rochelle Patterson *[Signature]*
Chief Financial and Administrative Officer

SUBJECT: Recommend Approval of a Resolution Adjusting Employer’s Contributions for CalPERS Medical Insurance

SUMMARY

CalPERS (PERS) has published the 2023 Regional Health Premiums on its offered medical plans. The Agency’s current resolution, approved by the Board in September 2021, set the Agency’s contribution to 90% of the Anthem Traditional Health Maintenance Organization (HMO) for Region 3 plan. Staff is recommending changing the current resolution to set the Agency’s contribution at 90% of the PERS Platinum Preferred Provider Organization (PPO) for Region 3 plan.

DISCUSSION

The Agency offers a variety of medical insurance plans through CalPERS that include HMO plans and PPO options (Attachments 1 and 2), with premiums that vary annually. It has been Agency practice to pay insurance premiums up to 90% of monthly premiums, which in 2022 was the Anthem Traditional HMO plan for Region 3 (Los Angeles County) and was the highest plan.

Below is quick reference to the CalPERS plan changes:

Base Plan (Region 3)	2022			2023			% Change
	Self	Self +1	Self 2+	Self	Self +1	Self 2+	
Anthem Blue Cross Select HMO	\$676.48	\$1,352.96	\$1,758.85	\$737.91	\$1,475.82	\$1,918.57	9.08%
Anthem Blue Cross Traditional HMO	\$935.57	\$1,871.14	\$2,432.48	\$942.73	\$1,885.46	\$2,451.10	0.77%
Blue Shield Access+	\$779.87	\$1,559.74	\$2,027.66	\$738.29	\$1,476.58	\$1,919.55	-5.33%
Blue Shield Trio	\$668.13	\$1,336.26	\$1,737.14	\$661.49	\$1,322.98	\$1,719.87	-0.99%
Kaiser Permanente California	\$719.78	\$1,439.56	\$1,871.43	\$754.64	\$1,509.28	\$1,962.06	4.84%
UnitedHealthcare Alliance	\$771.85	\$1,543.70	\$2,006.81	\$790.46	\$1,580.92	\$2,055.20	2.41%
UnitedHealthcare Harmony	\$714.28	\$1,428.56	\$1,857.13	\$713.55	\$1,427.10	\$1,855.23	-0.10%
PERS Gold PPO	\$575.56	\$1,151.12	\$1,496.46	\$680.37	\$1,360.74	\$1,768.96	18.21%
PERS Platinum PPO	\$863.37	\$1,726.74	\$2,244.76	\$992.59	\$1,985.18	\$2,580.73	14.97%

Region 3 was used in the analysis since 77 % of Agency employees/retirees/directors receive their health benefits in the Region 3. The PERS Platinum PPO Plan rate is the highest plan as opposed to the Anthem Traditional HMO plan, which the Agency used to base its 2022 contributions.

Agency approved contributions for 2022 are as follows:

- \$ 842.01 – employee or retiree or Director only (“EE”)
- \$1,684.03 – employee or retiree or Director with one dependent (“EE+1”)
- \$2,189.23 – employee or retiree or Director with more than one dependent (“Family”)

Starting January 1, 2023, monthly premiums for the Anthem Traditional HMO will increase by 0.77% and PERS Platinum PPO will increase by 14.97%. Typically the Anthem Traditional HMO plan has had the highest rate, and saw the highest increase last year (2022) of 17.15%.

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 (PERS Platinum PPO, family level).

For 2023, contributions at 90% of the PERS Platinum PPO would be as follows:

- \$ 893.33 – EE
- \$1,786.66 – EE+1
- \$2,322.66 – Family Level

Open enrollment for 2023 health care coverage begins September 19, 2022, and ends October 14, 2022, 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 6, 2022, to meet new enrollment deadlines. All Agency policies affected by this resolution will be updated and the adopted resolution will remain in place until rescinded by the Board.

FINANCIAL CONSIDERATIONS

Under the existing resolution, there are 71 employees/retirees/directors that contribute monthly to their chosen health plan (\$21.36 to \$243.25). Under the recommended resolution (assuming no change in enrollment), 82 employees/retirees/directors will need to contribute monthly from \$99.26 to \$258.07 (Attachment 3).

The FY 2022/2023 Budget assumed an increase in medical insurance premiums of \$416,149. The recommendation would increase Agency costs by \$232,846 (under budget by \$183,303) and employee costs by \$78,817 annually (Attachment 4).

RECOMMENDATION

That the Finance and Administration Committee recommend 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 PERS Platinum PPO for Region 3 and approve a resolution (Attachment 5) adjusting employer’s contribution for PERS medical insurance.

Attachments

RP



ATTACHMENT 1

Regional 2023 PPO Health Premiums (PSPM)

July Board of Administration Offsite Final Proposed Premiums

Basic Plans	2022 ¹			2023 ²			Percent Change
	Single	2-Party	Family	Single	2-Party	Family	
Basic Premiums - Region 1							
Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Glenn, Humboldt, Lake, Lassen, Marin, Mariposa, Mendocino, Merced, Modoc, Mono, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Benito, San Francisco, San Joaquin, San Mateo, Santa Clara, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Tehama, Trinity, Tuolumne, Yolo and Yuba							
Anthem Blue Cross Del Norte County EPO	\$1,057.01	\$2,114.02	\$2,748.23	\$1,200.12	\$2,400.24	\$3,120.31	13.54%
PERS Gold	701.23	1,402.46	1,823.20	825.61	1,651.22	2,146.59	17.74%
PERS Platinum	1,057.01	2,114.02	2,748.23	1,200.12	2,400.24	3,120.31	13.54%
Basic Premiums - Region 2							
Fresno, Imperial, Inyo, Kern, Kings, Madera, Orange, San Diego, San Luis Obispo, Santa Barbara, Tulare and Ventura							
PERS Gold	\$587.78	\$1,175.56	\$1,528.23	\$695.93	\$1,391.86	\$1,809.42	18.40%
PERS Platinum	882.18	1,764.36	2,293.67	1,014.80	2,029.60	2,638.48	15.03%
Basic Premiums - Region 3							
Los Angeles, Riverside and San Bernardino							
PERS Gold	\$575.56	\$1,151.12	\$1,496.46	\$680.37	\$1,360.74	\$1,768.96	18.21%
PERS Platinum	863.37	1,726.74	2,244.76	992.59	1,985.18	2,580.73	14.97%
Basic Premiums - Out of State							
PERS Platinum	\$847.71	\$1,695.42	\$2,204.05	\$1,003.90	\$2,007.80	\$2,610.14	18.42%

¹2022 Premium reflects the first year of the two-year risk mitigation phase-in.

²2023 Premium reflects the second year (full impact of risk mitigation) of the two-year risk mitigation phase-in.

PPO Medicare Supplement Regional premiums are the same as the PPO Medicare Supplement Statewide premiums.

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ATTACHMENT 2

Regional 2023 HMO Health Premiums (PSPM)
July Board of Administration Offsite Final Proposed Premiums

Basic Plans	2022 ¹			2023 ²			Percent Change
	Single	2-Party	Family	Single	2-Party	Family	
Basic Premiums - Region 1							
Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Glenn, Humboldt, Lake, Lassen, Marin, Mariposa, Mendocino, Merced, Modoc, Mono, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Benito, San Francisco, San Joaquin, San Mateo, Santa Clara, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Tehama, Trinity, Tuolumne, Yolo and Yuba							
Anthem Blue Cross Select HMO	\$1,015.81	\$2,031.62	\$2,641.11	\$1,128.83	\$2,257.66	\$2,934.96	11.13%
Anthem Blue Cross Traditional HMO	1,304.00	2,608.00	3,390.40	1,210.71	2,421.42	3,147.85	(7.15%)
Blue Shield Access+ HMO	1,116.01	2,232.02	2,901.63	1,035.21	2,070.42	2,691.55	(7.24%)
Blue Shield Trio HMO	898.54	1,797.08	2,336.20	888.94	1,777.88	2,311.24	(1.07%)
Health Net SmartCare	1,153.00	2,306.00	2,997.80	1,174.50	2,349.00	3,053.70	1.86%
Kaiser Permanente	857.06	1,714.12	2,228.36	913.74	1,827.48	2,375.72	6.61%
UnitedHealthcare SignatureValue Alliance	1,020.28	2,040.56	2,652.73	1,044.07	2,088.14	2,714.58	2.33%
Western Health Advantage HMO	741.26	1,482.52	1,927.28	760.17	1,520.34	1,976.44	2.55%
Basic Premiums - Region 2							
Fresno, Imperial, Inyo, Kern, Kings, Madera, Orange, San Diego, San Luis Obispo, Santa Barbara, Tulare and Ventura							
Anthem Blue Cross Select HMO	\$712.43	\$1,424.86	\$1,852.32	\$765.37	\$1,530.74	\$1,989.96	7.43%
Anthem Blue Cross Traditional HMO	1,007.13	2,014.26	2,618.54	935.12	1,870.24	2,431.31	(7.15%)
Blue Shield Access+ HMO	900.22	1,800.44	2,340.57	842.61	1,685.22	2,190.79	(6.40%)
Blue Shield Trio HMO	742.70	1,485.40	1,931.02	760.71	1,521.42	1,977.85	2.42%
Health Net Salud y Más	548.26	1,096.52	1,425.48	698.91	1,397.82	1,817.17	27.48%
Health Net SmartCare	845.69	1,691.38	2,198.79	834.65	1,669.30	2,170.09	(1.31%)
Kaiser Permanente	706.02	1,412.04	1,835.65	756.21	1,512.42	1,966.15	7.11%
Sharp Performance Plus	699.21	1,398.42	1,817.95	764.96	1,529.92	1,988.90	9.40%
UnitedHealthcare SignatureValue Alliance	775.09	1,550.18	2,015.23	793.63	1,587.26	2,063.44	2.39%
UnitedHealthcare SignatureValue Harmony	782.74	1,565.48	2,035.12	781.58	1,563.16	2,032.11	(0.15%)
Basic Premiums - Region 3							
Los Angeles, Riverside and San Bernardino							
Anthem Blue Cross Select HMO	\$676.48	\$1,352.96	\$1,758.85	\$737.91	\$1,475.82	\$1,918.57	9.08%
Anthem Blue Cross Traditional HMO	935.57	1,871.14	2,432.48	942.73	1,885.46	2,451.10	0.77%
Blue Shield Access+ HMO	779.87	1,559.74	2,027.66	738.29	1,476.58	1,919.55	(5.33%)
Blue Shield Trio HMO	668.13	1,336.26	1,737.14	661.49	1,322.98	1,719.87	(0.99%)
Health Net Salud y Más	463.87	927.74	1,206.06	606.34	1,212.68	1,576.48	30.71%
Health Net SmartCare	764.96	1,529.92	1,988.90	755.29	1,510.58	1,963.75	(1.26%)
Kaiser Permanente	719.78	1,439.56	1,871.43	754.64	1,509.28	1,962.06	4.84%
UnitedHealthcare SignatureValue Alliance	771.85	1,543.70	2,006.81	790.46	1,580.92	2,055.20	2.41%
UnitedHealthcare SignatureValue Harmony	714.28	1,428.56	1,857.13	713.55	1,427.10	1,855.23	(0.10%)
Basic Premiums - Out of State							
Kaiser Permanente Out of State	\$1,138.95	\$2,277.90	\$2,961.27	\$1,155.43	\$2,310.86	\$3,004.12	1.45%

¹2022 Premium reflects the first year of the two-year risk mitigation phase-in.

²2023 Premium reflects the second year (full impact of risk mitigation) of the two-year risk mitigation phase-in.

HMO Medicare Advantage Regional premiums are the same as the HMO Medicare Advantage Statewide premiums.

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ATTACHMENT 3

2023 Participant Impact

Health Plan	2023 Premium CAP		Participant Monthly Contribution (Region 3)				Participant Monthly Impact (Region 3)			Total Participants Impacted
	90% HMO Traditional	90% PERS Platinum	2022 Current	2023 HMO Traditional	2023 PERS Platinum	2023 HMO Traditional	2023 PERS Platinum	2023 PERS Platinum		
Anthem Blue Cross Traditional HMO										
Employee	\$848.46	\$893.33	\$93.56	\$94.27	\$49.40	\$0.71	(\$44.16)		2	
Employee Plus 1	\$1,696.91	\$1,786.66	\$187.11	\$188.55	\$98.80	\$1.44	(\$88.31)		0	
Family	\$2,205.99	\$2,322.66	\$243.25	\$245.11	\$128.44	\$1.86	(\$114.81)		1	
PERS Platinum										
Employee	\$848.46	\$893.33	\$21.36	\$144.13	\$99.26	\$122.77	\$77.90		18	
Employee Plus 1	\$1,696.91	\$1,786.66	\$42.71	\$288.27	\$198.52	\$245.56	\$155.81		34	
Family	\$2,205.99	\$2,322.66	\$55.53	\$374.74	\$258.07	\$319.21	\$202.54		28	

Total Participants per Region/Plan

Health Plan	Out of State	Region 1	Region 2	Region 3	Total Participant
Anthem Blue Cross Select HMO			4	5	9
Anthem Blue Cross Traditional HMO				2	2
Blue Shield Access+			1	34	35
Blue Shield Medicare PPO Health Only				1	1
Blue Shield Trio			1	2	3
Kaiser Permanente and Senior Advantage				1	1
Kaiser Permanente California			11	54	65
Kaiser Permanente Senior Advantage			1	4	5
PERS Gold			1	6	7
PERS Platinum	8	1	10	61	80
PERS Platinum and Medicare Supplement	3			5	8
PERS Platinum Medicare Supplement		3			3
PERS Platinum PERS Platinum Medicare Supplement	6		4	11	21
UnitedHealthcare Group Medicare Advantage PPO Health		1			1
Total Participants	17	5	33	186	241
Percentage per Region	7%	2%	14%	77%	100%

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ATTACHMENT 4

Financial Impacts

FY 2022/23 Financial Impacts									
Plan	Agency CAP Family Premium	Participant Monthly Contribution	Agency Monthly Contribution	Participants Annual Contribution	Agency Annual Contribution	Net Participant Share from 2022-2023	Budget	Impact on Budget	
Current Plan 90% HMO Traditional Region 3	\$2,189	\$3,924	\$313,381	\$47,091	\$3,760,571	N/A	N/A	N/A	
90% HMO Traditional Region 3	\$2,206	\$24,393	\$344,856	\$169,901	\$3,949,423	\$122,811	\$4,176,720	(\$227,297)	
90% PERS Platinum Region 3	\$2,323	\$17,060	\$352,189	\$125,908	\$3,993,417	\$76,817	\$4,176,720	(\$183,303)	

Agency Contribution

Plan	2022 HMO Traditional Plan Region 3 (Published Rate)	2022 Agency CAP 90% HMO Traditional Plan	2023 HMO Traditional Plan Region 3 (Published Rate)	2023 Agency CAP 90% HMO Traditional Plan	2023 PERS Platinum Region 3 (Published Rate)	2023 Agency CAP 90% PERS Platinum
Employee	\$935.57	\$842.01	\$942.73	\$848.46	\$992.59	\$893.33
Employee Plus 1	\$1,871.14	\$1,684.03	\$1,885.46	\$1,696.91	\$1,985.18	\$1,786.66
Family	\$2,432.48	\$2,189.23	\$2,451.10	\$2,205.99	\$2,580.73	\$2,322.66

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ATTACHMENT 5

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, 2023**

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), all active employees and retirees (medical groups (000)).

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 PERS Platinum Plan 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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