



COUNTY of VENTURA
COUNTY EXECUTIVE OFFICE

Sevet Johnson, PsyD
County Executive Officer

Mike Pettit
Assistant County Executive Officer

Kaye Mand
County Chief Financial Officer

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Assistant County Executive
Officer/
Human Resources Director
Labor Relations

November 7, 2023

Board of Supervisors
County of Ventura
800 South Victoria Avenue
Ventura, California 93009

SUBJECT: Approval of, and Authorization for, the Human Resources Director to Distribute Calendar Year 2022 Medical Loss Ratio Premium Rebates to Subscribers Enrolled in the Ventura County Health Care Plan as of the Distribution Date and Authorization to Process a One-time Reduction to Their Total Bi-Weekly Premium Amount as a Credit of Approximately \$50.00.

RECOMMENDATION:

It is recommended that your Board approve and authorize the Human Resources Director to distribute calendar year 2022 Medical Loss Ratio Premium Rebates, in accordance with the Affordable Care Act, to subscribers enrolled in the Ventura County Health Care Plan as of the distribution date, and authorize the processing of a one-time reduction to their total bi-weekly premium amount as a credit of approximately \$50.00. The specific premium credit allocated will vary due to changes in participant count at the time of distribution.

FISCAL IMPACT:

Mandatory: Yes
Authority: 45 C.F.R §158.242 (b)(1)(i)-(ii).)
Funding Match Required: None
Impact on other Departments: None

Summary of Revenues and Costs:		FY 2023-24	FY 2024-25
Revenues:		\$0	\$0
Costs:			
Direct		\$242,609	\$0
Indirect-Dept		\$0	\$0
Indirect-County CAP		\$0	\$0
Total Cost		\$242,609	\$0
Net County Cost		\$242,609	\$0
Recovered Indirect Costs		\$0	\$0

Strategic Priority:

This agenda item supports the County's Strategic Priority to attract, hire, develop, and retain a diverse workforce empowered to meet the needs of our customers.

DISCUSSION

The Ventura County Health Care Plan (VCHCP) has been a long-operating health insurance plan for the County of Ventura (County), providing an option for health care insurance for employees as their benefits plan. VCHCP is a fully licensed insurance product under the Knox-Keene Health Care Service Plan Act of 1975, California Health & Safety Code, section 1340 et seq., a set of laws or statutes passed by the California Legislature to regulate health care service plans, including health maintenance organizations (HMOs) within California. As part of the array of governing regulations, the Affordable Care Act also imposes regulatory direction and compliance requirements.

Under the Affordable Care Act, Medical Loss Ratio reporting requires health insurance issuers to submit data on the proportion of premium revenues spent on clinical services and quality improvement. It also requires issuance of rebates to enrollees if this percentage does not meet minimum standards.

The Medical Loss Ratio (MLR) is a standard that is calculated based on total premiums and medical claims averaged over a three-year period. The MLR standard for VCHCP is 85 percent.

Because the three-year average included 2020, which was a COVID year with significantly reduced utilization of health care services, combined with receiving larger than expected pharmacy rebates and drug pricing guarantees, VCHCP recalculated the three-year average MLR and did not achieve the 85 percent threshold with an average MLR of 84.7 percent. As a result, the law requires the portion of costs below the MLR threshold, or 0.3 percent, to be distributed by VCHCP to the County as the employer and policyholder. The County must subsequently distribute the rebate to employees either by: (a) reducing premiums for the upcoming year; or (b) provide a cash rebate.

The calculated rebate amount to VCHCP by subscriber is estimated at \$50.00 and it is recommended that this rebate be provided as a one-time reduction to their total bi-weekly premium amount as a credit. The specific premium credit allocated will vary due to changes in participant count at the time of distribution. If approved, it is anticipated that the credit offset to the premium charged to the employee will occur in December 2023. As required by law, notices were provided to VCHCP members.

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This letter has been reviewed by the County Executive Office, County Counsel, Health Care Agency, Ventura County Health Care Plan, and the Auditor-Controller's Office. If you have any questions regarding this item, please call me at (805) 654-2561.

Respectfully submitted,



Shawn Atin
Assistant County Executive Officer/Human Resources Director



Sevet Johnson, PsyD
County Executive Officer

c: Jeffery S. Burgh, Auditor-Controller
Tiffany N. North, County Counsel
Mike Pettit, Assistant County Executive Officer
Kaye Mand, Assistant County Executive Officer/Chief Financial Officer
Barry Zimmerman, Director, Health Care Agency