



COUNTY of VENTURA

COUNTY EXECUTIVE OFFICE

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September 26, 2023

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

Subject: Approval of County of Ventura Flexible Benefits Program, and Health Benefits, Rates, and Contract Providers for Plan Year 2024, and Ratification of the Revised Opt-Out Structure for Plan Year 2023, Effective July 1, 2023.

Recommendations

It is recommended that your Board:

1. Approve the Plan Year 2024 health plan rates for medical, dental, and vision plans for active County employees and COBRA participants, commencing December 24, 2023, as listed in Exhibit 1.
2. Approve the Plan Year 2024 health plan rates for medical, dental, and vision plans for non-Medicare-eligible retirees, commencing January 1, 2024, as listed in Exhibit 2.
3. Approve the renewal of Blue Shield of California (Blue Shield) for services as the outside carrier for a High-Deductible Health Plan (HDHP)/Preferred Provider Organization (PPO) plan, and two Health Maintenance Organization (HMO) plans for Plan Year 2024.
4. Approve the renewal of the Ventura County Health Care Plan (VCHCP) as a carrier for an HMO plan for Plan Year 2024.
5. Approve the renewal of MetLife Dental as the Dental Preferred Provider Organization (DPPO) for Plan Year 2024.
6. Approve the renewal of EyeMed as the vision carrier for Plan Year 2024.
7. Approve the renewal of HealthEquity as the Health Savings Account (HSA) administrator for Plan Year 2024.

- 8. Approve the renewal of Chard, Snyder & Associates, Inc. (Chard Snyder) as the Flexible Spending Account (FSA) administrator for Plan Year 2024.
- 9. Approve the renewal of Connect Your Care as the COBRA and Direct Bill administrator for Plan Year 2024.
- 10. Authorize the Director of Human Resources to sign any necessary Plan Year 2024 agreements or amendments with Blue Shield, VCHCP, MetLife Dental, Eye Med, HealthEquity, Connect Your Care, and Chard Snyder, with the Board-approved rate and benefit changes, upon approval of legal sufficiency by County Counsel.
- 11. Approve the change in the source and formula for the funds used to offset carrier premiums for participants in County-sponsored (or union-sponsored, as applicable) medical plans under the new Medical Opt-Out Fee structure, such that, as a component of the rate structure, departments will be charged an amount equal to the lowest applicable Flex Credit Allowance less the opt-out allowance, as determined for each employee group, encompassing any forthcoming negotiated adjustments to the Flex Credit Allowance and Opt-Out Allowance for Plan Year 2024.
- 12. Approve the change in the source and formula for the funds used to offset carrier premiums for participants in County-sponsored (or union-sponsored, as applicable) medical plans under the new Medical Opt-Out Fee structure, such that, as a component of the rate structure, departments will be charged an amount equal to the lowest applicable Flex Credit Allowance less the opt-out allowance, as determined for each employee group for Plan Year 2023 ratification for this fee structure effective July 1st, 2023 .

Fiscal/Mandates Impact

Mandatory:	No
Source of Funding:	Flexible Credit Allowance and Employee/Retiree Contributions
Funding Match Required:	None
Impact on Other Departments:	Minimal

FY 2023-24 Budget Projection for Medical Benefits ISF Fund I420 Division 1420				
	Adopted Budget	Adjusted Budget	Projected Budget	Estimated Savings/(Deficit)
Appropriations	\$17,354,280	\$17,354,280	\$17,354,280	\$0
Revenue	\$16,321,236	\$16,321,236	\$16,321,236	\$0
Net Cost	\$1,033,044	\$1,033,044	\$1,033,044	\$0

The expenditures and revenue set forth in the chart above include benefits administration costs and pass-through of Opt-Out funds. Gross medical premiums are payroll-deducted for active employees, pension-deducted for non-Medicare retirees, and all premiums are remitted directly to the carriers. These premiums for both active employees and non-Medicare retirees are estimated at \$41,760,485 for Blue Shield and \$87,648,558 for VCHCP, for total gross medical premiums estimated at \$129,409,043. The Medical Plan Year 2024 rate development included the utilization of available Unrestricted Net Position (UNP) from the Medical Benefits ISF and rate stabilization reserves in the net amount of \$324,835.

The UNP stabilization reserves at the beginning of FY24 are estimated to be \$3.2 million. These reserves are associated with prior year rate stabilization and Hybrid Subsidy smoothing of the outside plans and will be applied to help mitigate the impact of future renewals for the outside plans.

Discussion

The current Flexible Benefits Program Plan Year expires on December 23, 2023. Internal Revenue Service regulations require that the County hold an annual Flexible Benefits Program Open Enrollment period prior to the beginning of the new Plan Year commencing December 24, 2023. We recommend that your Board approve the health plans and rates for medical, dental, and vision offerings for Plan Year 2024 (December 24, 2023, through December 21, 2024, for active employees; January 1, 2024, through December 31, 2024, for non-Medicare retirees) as listed in Exhibits 1 and 2.

This proposal was reviewed with the Joint Labor-Management Health Care Committee on August 17, 2023. The Committee considered the plan options and rates and raised no objections to our recommendations.

Upon approval, the annual Open Enrollment period will begin on November 1, 2023, and will end on November 30, 2023.

Medical Plans

The County currently offers a choice of four (4) medical plans to its employees and non-Medicare eligible retirees:

- Ventura County Health Care Plan HMO (VCHCP)
- Blue Shield Access+ HMO
- Blue Shield Trio ACO HMO
- Blue Shield High Deductible Health Plan (HDHP) PPO

The continuation of these four medical plans for Plan Year 2024 is recommended with no plan design changes. Below, we discuss in more detail the premium rate recommendations.

For the 2024 plan year, the overall average increase for VCHCP is 9.5%.

The Blue Shield plans had the following overall average increases:

- Blue Shield Access+ HMO – 2.60% increase
- Blue Shield Trio ACO HMO – 1.56% increase
- Blue Shield High Deductible Health Plan (HDHP) PPO – 4.13% increase

The overall average increase across all Blue Shield plans is 2.38%. These rates are before the application of any adjustments.

The proposed Blue Shield final rates for active employees have been adjusted to include:

- Application of Medical Benefits ISF UNP to the Blue Shield Access+ HMO rates in the amount of 4.50% for the employee-plus-one rate and the employee-plus-family rate, and to the HDHP PPO plan rates in the amount of 8.80% for the employee-plus-one rate and the employee-plus-family rate. In total \$794,213 of UNP application was applied to lower the quoted Blue Shield rates and continue smoothing the impact of prior year rate increases.
- Application of a rate stabilization fee to the Blue Shield Access+ HMO rates in the amount of 2.70 % for the employee-only rate, Blue Shield Trio HMO rates in the amount of 8.60% for the employee-only rate, 3.40% for the employee -plus-one and employee-plus-family rates, and to the HDHP PPO plan rates in the amount of 1.40% for the employee-only rate. The total amount of rate stabilization applied raises the Blue Shield rates and helps align the employee-only rate more closely across all HMO plans was \$1,119,049.
- Net rate and UNP Stabilization application totaled \$324,835, preserving the relative balance to address possible future rate increases.

The application of UNP lowers premium increases and the application of rate stabilization increases premiums. These amounts are recommended to mitigate employee cost

increases, smooth rate changes, and minimize large fluctuations in member movement between plans.

Starting in Plan Year 2023, we began utilization of true actuarial rates, marking the culmination of a transition away from a composite tiered rate structure that commenced back in 2017.

A. Active Employee Plan Year 2024 Premium Rate Recommendations

We recommend the following premium rates for active employees in Plan Year 2024:

Plan	Coverage Tier	Count*	PY 2023 Biweekly Rates	Recommended PY 2024 Rates *	% Change
VCHCP HMO	EE only	2,081	346.10	379.07	9.5%
	EE + 1	955	691.86	757.30	9.5%
	EE + 2 or more	1587	899.32	984.24	9.4%
BlueShield Access+ HMO (full HMO network)	EE only	271	410.72	439.35	7.0%
	EE + 1	119	759.69	813.05	7.0%
	EE + 2 or more	174	987.49	1056.70	7.0%
BlueShield Trio HMO (ACO network)	EE only	625	333.79	357.07	7.0%
	EE + 1	268	632.79	676.92	7.0%
	EE + 2 or more	422	822.53	879.74	7.0%
BlueShield HDHP PPO	EE only	212	467.30	499.96	7.0%
	EE + 1	57	834.15	892.83	7.0%
	EE + 2 or more	97	1,083.89	1,160.01	7.0%

The proposed Plan Year 2024 health plan bi-weekly rates are also listed in Exhibit 1.

These premiums will be offset for eligible active employees by the County's contribution known as the Flexible Credit Allowance. The Flexible Credit Allowance for each eligible employee is determined by the collective bargaining agreement for represented employees and is subject to periodic negotiations and by the Management Resolution for non-represented employees. The current Plan Year 2024 Flexible Credit Allowance amounts range from a bi-weekly amount of \$482 to \$905. The flexible credit allowance is tiered in a similar manner to the premiums for non-represented employees and for the bargaining units that elected to do so in their collective bargaining agreements.

VCHCP has done an excellent job of containing costs and providing services to most County employees and their families since 1993 and continues to provide comprehensive benefits at competitive rates for our employees.

Because there are employees who live outside the VCHCP service area and to provide a choice, the County has traditionally offered alternative medical plan options. These alternative options are currently the Blue Shield HMO and PPO plans.

Having reviewed the various options, and in collaboration with the County's Joint Labor-Management Health Care Committee, we recommend that your Board approve, for the 2024 Plan Year, the continuation of the Ventura County Health Care Plan and Blue Shield health plan options.

B. Plan Design Changes

Medical Plans

It is recommended that the County renew the services of VCHCP with no recommended plan changes in Plan Year 2024.

It is recommended the County renew the services of Blue Shield with no recommended plan design changes in Plan Year 2024.

Dental Plan

It is recommended that the County renew the services of MetLife as the dental preferred provider organization (DPPO) carrier for Plan Year 2024. There will be a 3.0% increase in the current rates. There will be no changes to the plan design. The proposed Plan Year 2024 dental plan bi-weekly rates are listed in Exhibit 1.

Vision Plan

It is recommended that the County renew the services of EyeMed as the vision insurance carrier for Plan Year 2024 with no changes to the current rates or plan design. The proposed Plan Year 2024 vision plan bi-weekly rates are listed in Exhibit 1.

Flexible Spending Accounts

It is recommended that the County renew the services of Chard Snyder as the FSA administrator for Plan Year 2024. All plan costs are paid by the employees.

Health Savings Accounts

It is recommended that the County renew the services of HealthEquity as the HSA administrator for Plan Year 2024. Only employees who are enrolled in the Blue Shield HDHP/PPO plan are eligible for an HSA, and all plan costs are paid by the employees.

COBRA Administration

It is recommended that the County renew the services of Connect Your Care as the COBRA and Direct Bill administrator for Plan Year 2024. All plan costs are paid by the employees.

Medical Plan Opt-Out Fee

Since 1992, there has been an option for County employees to decline medical coverage ("Opting Out") without waiving participation in the Flexible Benefits Program. To prevent this from affecting the rates for those enrolled in County-sponsored medical plans due to adverse selection, it was decided that employees who opt out should be subject to an opt-out fee, deducted from their Flexible Credit Allowance.

Starting in 1994, the funds collected from this Opt-Out option were used to offset the carrier premiums for participants in County-sponsored medical plans and to support various County services, including Benefits Administration, the Employee Assistance Program, the Wellness Program, and the WorkLife Program. Currently, 1,297 employees have chosen to Opt-Out of medical plan coverage due to having alternative group medical coverage, such as through a spouse's employer. Any remaining flex credits can be allocated to dental, vision, FSA, or DCFSA or received as a net amount in cash.

Starting in July 2023, a new Opt-Out structure was implemented. Under the new "Medical Plan Opt-Out Option," employees who choose to opt out of health coverage no longer receive a Flexible Credit Allowance nor are they charged an opt-out fee. Instead, they will receive an opt-out allowance that may be used to purchase benefits, other than medical coverage, offered under the Flexible Benefits Program, or take the amount as taxable compensation. The opt-out allowance amount varies by bargaining unit and is approximately the difference between the current opt-out fee and the applicable flex credit amount.

With the modification in the opt-out methodology, an adjustment to the source and mechanism by which the opt-out subsidy continues to be appropriated to the Medical Benefits budget is necessary. Because the subsidy will no longer be collected from the opt-out fee through the payroll process,

departments will be charged an amount equal to the lowest flex credit level less the opt-out allowance, as determined for each employee group. This fee will vary by bargaining unit and non-represented employees due to differences in negotiated flex credit allowances. The opt-out rate for PY 2024 has been developed by employee group, resulting in a subsidy to healthcare premiums totaling \$8,474,521, or an average of \$44.02 applied across all medical premiums. This new rate methodology be established and codified in the Budget Development Manual (BDM) for the next fiscal year.

Since the opt-out allowance calculation has and will be defined through the negotiation and by Board of Supervisor approval, it is recommended that Board approval of the PY 2024 plan rates include any subsequent negotiated changes to the flex credit and opt-out allowance amounts throughout the plan year.

VCPFA and VCDSA

Represented members of VCPFA enrolled in a VCPFA-sponsored option are ineligible to elect a County-sponsored medical plan. A VCPFA employee who becomes newly-eligible to participate in the Flexible Benefits Program is only eligible to enroll in a VCPFA-sponsored medical plan and will continue to be eligible for County-sponsored dental and vision plans and FSAs. However, VCPFA will receive the Opt-Out return, less the cost for County administrative services, in an amount proportionate to the members who opt out of the VCPFA plans. Based on the current VCPFA member Opt-Out counts, Opt-Out rate offsets have been applied to the 2024 medical plan rates in the amount of \$44.38 per bi-week.

VCDSA-represented members may choose a VCDSA-sponsored option and continue to be eligible for County-sponsored dental and vision plans and FSAs. The VCDSA will also receive the Opt-Out return, less the cost for County administrative services, in an amount proportionate to the members who opt out of the VCDSA plan. Based on the current VCDSA member Opt-Out counts, Opt-Out rate offsets have been applied to the 2024 medical plan rates in the amount of \$33.53 per bi-week.

Retiree Medical, Dental, and Vision Plan Rates

Non-Medicare-eligible retirees may participate in the same medical plans as active employees with the same benefits. It is therefore our recommendation that the County offer the same four medical plans that are being recommended for active employees to non-Medicare-eligible retirees.

There are currently 312 non-Medicare-eligible retirees participating, in addition to eligible dependents.

It is also recommended that the County administrative fees for non-Medicare-eligible retirees be set at \$21.00 per month for medical and \$2.25 per month for dental. It is anticipated that these fees for current participants will generate approximately \$113,454 of revenue to cover the projected County administrative cost.

See Exhibit 2 for proposed rates for non-Medicare retiree health plans for Plan Year 2024.

Medicare-eligible retirees will continue to have a large selection of Medicare plans to choose from through the Aon Retiree Health Exchange.

Subsidized Retiree Health Benefits Program

The County allows eligible employees who retire from the County to purchase and participate in County-sponsored Retiree Health Plan offerings. For non-Medicare plans, the retiree pays actuarial-tier premiums, and these actuarial-tier rates are developed by blending actives and retirees' costs. Since retirees generally cost more than actives, the premium paid by the retirees is less than the "true cost" of coverage for retirees. This

implicit subsidy is considered an obligation under the Governmental Accounting Standard Board requirements.

The County has made no commitments to maintain this program, and retirees' participation in the program is approved on a year-to-year basis by your Board. As such, it is the opinion of County Counsel that the Retiree Health Benefits are not vested and may be modified or eliminated at any time.

Authorization to Sign Agreements

It is also proposed that your Board authorize the Director of Human Resources to sign the necessary agreements or amendments with Blue Shield, VCHCP, MetLife Dental, Eye Med, HealthEquity, Connect Your Care, and Chard Snyder, for Plan Year 2024, upon approval of legal sufficiency by County Counsel.

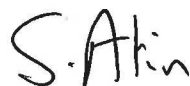
Summary

Exhibit 1 lists the proposed rates for active County employees and federal COBRA rates for all County-sponsored health plans. Exhibit 2 lists the proposed rates for non-Medicare County retirees for all County-sponsored health plans. The proposed rate renewals submitted to the County from the various outside providers were facilitated by Aon, the County's broker of record. Aon is compensated and directly paid by the outside providers, and these commissions are calculated as part of the total health premiums (medical, dental, vision).

As a result of your Board's leadership and concern for County employees, retirees, and their families, reasonably priced full-family health plan choices and coverage will continue to be available to maintain health and provide protection from catastrophic financial losses associated with the lack of adequate health insurance.

This letter has been reviewed by the County Executive Office, County Counsel, and the Auditor-Controller's Office. If you have any questions regarding this item, please contact me at (805) 654-2561, or Patti Dowdy, Employee Benefits Manager, at (805) 648-9218.

Respectfully submitted,



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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
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Attachments:

- Exhibit 1: Plan Year 2024 Health Plan Rates - Active County Employee and COBRA Rates
- Exhibit 2: Plan Year 2024 Health Plan Rates – Non-Medicare Retiree and COBRA Retiree Rates