

September 19, 2023

**R-21**

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

**REVISED**

**RECOMMENDATION:**

Authorize the City Manager, or designee, to execute contract amendments with Anthem Blue Cross, the City's third-party administrator for the Preferred Provider Organization (PPO) and the Health Maintenance Organization (HMO) group health plans, and Medicare Supplement plan; UnitedHealthcare Medicare Advantage PPO Plan; Scan Health Plan for the Medicare Advantage Plan; and Vision Service Plan (VSP) for the vision plan; CVS Caremark as the Prescription Benefit Manager (PBM) for the Prescription Drug Plan for the PPO and HMO plans; Delta Dental for the fee-for-service dental plan (DPPO) and Delta Dental USA (HMO plan); The Standard Insurance Company for employer-paid life insurance, voluntary life insurance, and short- and long-term disability insurance; Union Mutual Life Insurance Company (UNUM) through Larry Lambert & Associates Insurance Services, for long-term care insurance; and Carrum Health as a third-party administrator for eligible surgeries to be performed through a Centers of Excellence facility; and, any subsequent amendments necessary to maintain current benefit levels and remain in compliance with state and federal laws on all plans, at the discretion of the City Manager. (Citywide)

**DISCUSSION**

City Council authorization is requested for approval of the calendar year 2024 Benefits Package rates and employee contribution amounts for active employees and retirees, effective January 1, 2024 through December 31, 2024.

**Background**

The City of Long Beach (City) Human Resources Department administers the City's employee benefits healthcare program, including group health plans for HMO, PPO, dental, vision, life insurance, long- and short-term disability, long-term care, and flexible spending plans (health and dependent care). The program covers approximately 4,300 active employees, 2,000 retirees, and 7,000 dependents. In accordance with the Memoranda of Understanding (MOU) between the City and its employee organizations, the Health Insurance Advisory Committee (HIAC), which is comprised of representatives from each of the employee associations, annually reviews the status of the plan costs and makes recommendations to the City Manager on plan changes, benefit levels, and addition and deletion of plans.

Human Resources Department staff, members of the HIAC, and Alliant Insurance Services (Alliant), the City's benefits consultant, have had a series of meetings from January 2023 through July 2023 to review plan utilization data presented by plan providers, trends, legislative

impact, and plan design to finalize recommendations for the calendar year 2024 Employee Benefits Program.

Alliant in conjunction with an independent Actuary, Turner Consulting Actuarial LLC., conducts an actuarial analysis of the proposed benefit plan costs and negotiates with each provider on behalf of the City to obtain the most competitive rates. Alliant presented the results of their actuarial analysis and negotiation efforts to the HIAC at the July meeting.

The claims experience on the Anthem HMO plan has been increasing year after year since 2019, with 2023 being the highest reported year since the contract’s inception. The City’s PPO plans claim experience has also been increasing since 2021. While the City’s medical and pharmacy plans annual rate of change has outperformed industry trend for over 10 years, 2024’s rate of change aligns with industry trends. Industry trends show premiums and plan performance being impacted nationwide. Analysis of the City’s healthcare spend showed that the three main cost drivers affecting plan performance are the continued impacts of the COVID-19 pandemic and deferred care, the cost of care due to the highest levels of inflation in half a century, and high-cost claimants over \$50,000.

Health plans have received a modest increase to employee contributions, while the dental (PPO), vision, and Life and Disability plans remain unchanged for the calendar year 2024. The City remains dedicated to providing added value and innovative resources that are designed to contribute towards the City’s efforts to mitigate future claims costs, promote healthier outcomes, and improve overall employee satisfaction through its comprehensive benefits package.

The following chart summarizes the City’s benefit contracts, applicable industry trends, and final renewal impact for Plan Year 2024. Further, City Council approval is requested to authorize the City Manager to execute contracts and/or amendments with various employee benefit providers for the 2024 plan year employee benefits package, as reflected in the recommendations from the HIAC.

2024 Plan Renewals		
Plan	Industry Trend	Final COLB Renewal
Anthem Blue Cross PPO <i>Self-funded medical &amp; Rx</i>	7.4%	9.3% increase <i>Inclusive of 1 Year Pharmacy Benefit Contract Extension</i>
Anthem Blue Cross HMO <i>Fully insured medical &amp; Self-funded Rx</i>	9.8%	16.5% increase <i>Inclusive of 1 Year Pharmacy Benefit Contract Extension</i>
United HealthCare – Medicare Advantage <i>Fully insured</i>	4.2%	4.0% increase
SCAN Health – HMO Medicare Advantage <i>Fully insured</i>	4.2%	0.00%
Delta Dental DPPO – <i>Self-funded</i>	4.0%	0.00%
DeltaCare USA DHMO – <i>Fully insured</i>	3.5%	0.00%
Vision Service Plan (VSP) Vision – <i>Self-funded</i>	2.0%	0.00%

The Standard – <i>Fully insured</i> Basic Life/AD&D Insurance Voluntary Life Insurance Short and Long-term Disability	Varies by Claim Experience	0.00%
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**Service Provider Contract Renewal and Rates**

*Anthem Blue Cross*

The overall impact of the calendar year 2024 renewals for the Anthem PPO and HMO (including CVS Caremark carve-out for prescription drugs) plans resulted in 9.3 and 16.5 percent rate increases, respectively. As stated previously, claims experience on the Anthem HMO plan has been increasing year after year since 2019, resulting in an initial medical renewal increase of 26.2 percent. Final and favorable renewal results are attributed by further negotiation efforts led by Alliant Insurance Services. Renewal figures include a consideration COVID-19’s impact on the City’s claim activity and its ongoing uncertainty.

Additionally, increases to employee contributions are limited by maximum(s) that have been previously negotiated in MOU agreements for single, two-party, and family coverage for active employees. Per the MOU, any increase to employee contribution(s) that exceeds the employees’ maximum cost share as outlined in the MOU agreement(s), will be carried over into the following plan year (2025). Carryover amounts for plan year 2025 are as follows:

Anthem PPO – Two Party	\$23.00 carryover
Anthem PPO – Family	\$34.00 carryover
Anthem HMO – Single	\$2.00 carryover
Anthem HMO – Two Party	\$31.00 carryover
Anthem HMO – Family	\$44.00 carryover

*Delta Dental of California And Vision Service Plan (VSP)*

Rates and employee contributions for the Dental PPO (Delta Dental DPO), and Vision coverage (Vision Service Plan (VSP)) plans reflect no increase for the calendar year 2024. Rates for the Dental HMO (DeltaCare USA) plan also remains unchanged for the calendar year 2024.

*Retiree Health Plans*

It is also recommended that the City Council approve the proposed calendar year 2024 rates (Attachment A) for the retiree Medicare health plans, which include:

- A 4.0 percent increase for the UHC Medicare PPO Advantage Plan rates;
- No change for the SCAN Medicare Advantage Plan; and,
- An increase of 9.3 percent for the Anthem Medicare Supplement Plan rates.

On July 7, 2023, monthly meeting, the HIAC voted to adopt the employee benefit plan changes outlined in Attachment B, which is submitted to the City Council for approval.

This matter was reviewed by Assistant City Attorney Gary J. Anderson and by Budget Development Officer Jennifer Rodriguez on September 1, 2023.

### TIMING CONSIDERATIONS

Human Resources is planning to utilize the months of September and October to communicate open enrollment changes via various mediums to employees, who will update their health plan options online. Therefore, City Council action is requested on September 19, 2023, for adequate open enrollment planning. Communication pieces explaining benefits options will be distributed prior to and during the Open Enrollment period.

### LEVINE ACT

This item is subject to the Levine Act. The Mayor, Councilmembers, and Commissioners who have received a contribution of more than \$250 within 12 months prior from a party, participant, or their representatives involved in this proceeding may do either of the following: (1) disclose the contribution on the record and recuse themselves from this proceeding; OR (2) return the portion of the contribution that exceeds \$250 within 30 days from the time the elected official knew or should have known about the contribution and participate in the proceeding.

All parties, participants, and their representatives must disclose on the record of this proceeding any contribution of more than \$250 made to the Mayor or any Councilmembers within 12 months prior to the date of the proceeding. The Mayor, Councilmembers, and Commissioners are prohibited from accepting, soliciting, or directing a contribution of more than \$250 from a party, participant, or their representatives during a proceeding and for 12 months following the date a final decision is rendered.

### FISCAL IMPACT

The estimated employer costs for both the Active and Retiree health benefit plans are not expected to exceed \$101.6 million, for the period January 1, 2024 through December 31, 2024, compared to \$91.9 million last year. The costs of the health benefit plans are paid from the City's Employee Benefits Fund Group in the Citywide Activities Department. Funding to support these costs are recouped through charges to departments and funds as a personnel-related overhead rate. It is expected that there will be sufficient appropriation to support these costs based on these renewal rates which have been included in the Proposed FY 24 budget. Staff will monitor actual costs throughout the year, and any adjustments needed to the interdepartmental charges will be evaluated based on actual experience and incorporated into future budget development processes. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no fiscal or local job impact associated with this recommendation.

HONORABLE MAYOR AND CITY COUNCIL

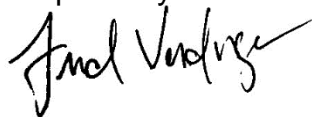
September 19, 2023

Page 5

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOE AMBROSINI  
HUMAN RESOURCES DIRECTOR

APPROVED:



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THOMAS B. MODICA  
CITY MANAGER

ATTACHMENT    A – 2024 RATES  
                          B – HIAC ADOPTION OF 2024 BENEFIT PLAN RECOMMENDATIONS

# 2024 Active Contributions

COMBINATION COSTS FOR ACTIVE EMPLOYEES											
2023						2024					
Plan Combinations	2023 Monthly Rates		Single Monthly Payroll Deduction	Two-Party Monthly Payroll Deduction	Family Monthly Payroll Deduction	Plan Combinations	2024 Monthly Rates		Single Monthly Payroll Deduction	Two-Party Monthly Payroll Deduction	Family Monthly Payroll Deduction
Anthem Prudent Buyer PPO	Single	\$650.29	\$163.00	\$225.00	\$269.00	Anthem Prudent Buyer PPO	Single	\$727.04	\$186.00	\$250.00	\$299.00
	Two Party	\$1,364.87					Two Party	\$1,525.95			
	Family	\$1,819.80					Family	\$2,034.57			
Delta Dental DPPO	Single	\$47.79	\$10.00	\$13.00	\$18.00	Delta Dental DPPO	Single	\$47.79	\$10.00	\$13.00	\$18.00
	Two Party	\$100.42					Two Party	\$100.42			
	Family	\$133.76					Family	\$133.76			
VSP Vision	Single	\$5.66	\$0.00	\$0.00	\$0.00	VSP Vision	Single	\$5.66	\$0.00	\$0.00	\$0.00
	Two Party	\$12.04					Two Party	\$12.04			
	Family	\$15.97					Family	\$15.97			
Life - City Paid	Per Employee	\$2.41				Life - City Paid	Per Employee	\$2.41			
<b>Total</b>			<b>\$173.00</b>	<b>\$238.00</b>	<b>\$287.00</b>	<b>Total</b>			<b>\$196.00</b>	<b>\$263.00</b>	<b>\$317.00</b>
Anthem Prudent Buyer PPO	Single	\$650.29	\$163.00	\$225.00	\$269.00	Anthem Prudent Buyer PPO	Single	\$727.04	\$186.00	\$250.00	\$299.00
	Two Party	\$1,364.87					Two Party	\$1,525.95			
	Family	\$1,819.80					Family	\$2,034.57			
Delta Dental DeltaCare DHMO	Single	\$20.69	\$0.00	\$0.00	\$0.00	Delta Dental DeltaCare DHMO	Single	\$20.69	\$0.00	\$0.00	\$0.00
	Two Party	\$34.13					Two Party	\$34.13			
	Family	\$50.86					Family	\$50.86			
VSP Vision	Single	\$5.66	\$0.00	\$0.00	\$0.00	VSP Vision	Single	\$5.66	\$0.00	\$0.00	\$0.00
	Two Party	\$12.04					Two Party	\$12.04			
	Family	\$15.97					Family	\$15.97			
Life - City Paid	Per Employee	\$2.41				Life - City Paid	Per Employee	\$2.41			
<b>Total</b>			<b>\$163.00</b>	<b>\$225.00</b>	<b>\$269.00</b>	<b>Total</b>			<b>\$186.00</b>	<b>\$250.00</b>	<b>\$299.00</b>
Anthem Premier HMO	Single	\$748.56	\$213.00	\$281.00	\$325.00	Anthem Premier HMO	Single	\$836.90	\$238.00	\$306.00	\$355.00
	Two Party	\$1,571.11					Two Party	\$1,756.53			
	Family	\$2,095.21					Family	\$2,342.48			
Delta Dental DPPO	Single	\$47.79	\$10.00	\$13.00	\$18.00	Delta Dental DPPO	Single	\$47.79	\$10.00	\$13.00	\$18.00
	Two Party	\$100.42					Two Party	\$100.42			
	Family	\$133.76					Family	\$133.76			
VSP Vision	Single	\$5.66	\$0.00	\$0.00	\$0.00	VSP Vision	Single	\$5.66	\$0.00	\$0.00	\$0.00
	Two Party	\$12.04					Two Party	\$12.04			
	Family	\$15.97					Family	\$15.97			
Life - City Paid	Per Employee	\$2.41				Life - City Paid	Per Employee	\$2.41			
<b>Total</b>			<b>\$223.00</b>	<b>\$294.00</b>	<b>\$343.00</b>	<b>Total</b>			<b>\$248.00</b>	<b>\$319.00</b>	<b>\$373.00</b>
Anthem Premier HMO	Single	\$748.56	\$213.00	\$281.00	\$325.00	Anthem Premier HMO	Single	\$836.90	\$238.00	\$306.00	\$355.00
	Two Party	\$1,571.11					Two Party	\$1,756.53			
	Family	\$2,095.21					Family	\$2,342.48			
Delta Dental DeltaCare DHMO	Single	\$20.69	\$0.00	\$0.00	\$0.00	Delta Dental DeltaCare DHMO	Single	\$20.69	\$0.00	\$0.00	\$0.00
	Two Party	\$34.13					Two Party	\$34.13			
	Family	\$50.86					Family	\$50.86			
VSP Vision	Single	\$5.66	\$0.00	\$0.00	\$0.00	VSP Vision	Single	\$5.66	\$0.00	\$0.00	\$0.00
	Two Party	\$12.04					Two Party	\$12.04			
	Family	\$15.97					Family	\$15.97			
Life - City Paid	Per Employee	\$2.41				Life - City Paid	Per Employee	\$2.41			
<b>Total</b>			<b>\$213.00</b>	<b>\$281.00</b>	<b>\$325.00</b>	<b>Total</b>			<b>\$238.00</b>	<b>\$306.00</b>	<b>\$355.00</b>

# 2024 Retiree Combinations

Plan	2023	2024
	MONTHLY COST	MONTHLY COST
<b>Medical – Anthem Blue Cross PPO</b>		
Single Retiree	\$1,113.72	\$1,245.16
Retiree with 1 Dependent	\$1,392.17	\$1,556.47
Retiree with 2 or More Dependents	\$1,463.22	\$1,635.91
<b>Medical – Anthem Blue Cross Medicare Supplement (Must have Medicare Parts A &amp; B)</b>		
One Medicare (Single)	\$747.87	\$817.45
One Medicare & One Anthem PPO Non-Medicare Dependent	\$1,392.17	\$1,556.47
One Medicare & Two/More Anthem PPO Non-Medicare Dependents	\$1,463.22	\$1,635.91
Two Medicare (Retiree & Spouse)	\$1,495.37	\$1,634.50
Two Medicare & One Anthem PPO Non-Medicare Dependent	\$2,209.95	\$2,433.41
Two Medicare & Two/More Anthem PPO Non-Medicare Dependents	\$2,664.88	\$2,942.03
<b>Medical – Anthem Blue Cross Premier HMO – CA ONLY</b>		
Single Retiree	\$891.11	\$996.28
Retiree with 1 Dependent	\$1,604.01	\$1,793.31
Retiree with 2 or More Dependents	\$1,742.87	\$1,948.56
<b>Medical – Anthem Blue Cross Classic HMO – CA ONLY</b>		
Single Retiree	\$728.98	\$815.01
Retiree with 1 Dependent	\$984.13	\$1,100.28
Retiree with 2 or More Dependents	\$1,079.47	\$1,206.87
<b>Medical – UHC Group Medicare Advantage – (Must have Medicare Parts A &amp; B)</b>		
One Medicare (Single)	\$481.20	\$500.45
Two Medicare (Retiree & Spouse)	\$962.40	\$1,000.90
One Medicare & One Anthem Premier HMO Non-Medicare Dependent	\$1,372.31	\$1,496.73
Two Medicare & One Anthem Premier HMO Non-Medicare Dependent	\$1,853.51	\$1,997.18
One Medicare & Two Anthem Premier HMO Non-Medicare Dependents	\$2,085.21	\$2,293.76
One Medicare & Three/More Anthem Premier HMO Non-Medicare Dependents	\$2,224.07	\$2,449.01
One Medicare & One Anthem Classic HMO Non-Medicare Dependent	\$1,210.18	\$1,315.46
Two Medicare & One Anthem Classic HMO Non-Medicare Dependent	\$1,691.38	\$1,815.91
One Medicare & Two Anthem Classic HMO Non-Medicare Dependents	\$1,465.33	\$1,600.73
One Medicare & Three/More Anthem Classic HMO Non-Medicare Dependents	\$1,560.67	\$1,707.32

# 2024 Retiree Combinations

Plan	2023	2024
	MONTHLY COST	MONTHLY COST
<b>Medical – SCAN Medicare advantage – CA Only (Must have Medicare Parts A &amp; B)</b>		
One Medicare (Single)	\$385.75	\$385.75
Two Medicare (Retiree & Spouse)	\$771.50	\$771.50
One Medicare & One Anthem Premier HMO Non-Medicare Dependent	\$1,276.86	\$1,382.03
Two Medicare & One Anthem Premier HMO Non-Medicare Dependent	\$1,662.61	\$1,767.78
One Medicare & Two Anthem Premier HMO Non-Medicare Dependents	\$1,989.76	\$2,179.06
One Medicare & Three/More Anthem Premier HMO Non-Medicare Dependents	\$2,128.62	\$2,334.31
One Medicare & One Anthem Classic HMO Non-Medicare Dependent	\$1,114.73	\$1,200.76
Two Medicare & One Anthem Classic HMO Non-Medicare Dependent	\$1,500.48	\$1,586.51
One Medicare & Two Anthem Classic HMO Non-Medicare Dependents	\$1,369.88	\$1,486.03
One Medicare & Three/More Anthem Classic HMO Non-Medicare Dependents	\$1,465.22	\$1,592.62
<b>Dental – Delta Dental DPO</b>		
Retiree with or without Dependent(s)	\$105.03	\$105.03
<b>Dental – Delta Dental DHMO</b>		
Retiree with or without Dependent(s)	\$38.67	\$38.67
<b>Vision – VSP Vision</b>		
Retiree with or without Dependent(s)	\$12.59	\$12.59
<b>Vision – VSP Vision Fully-insured Voluntary 65+ Only</b>		
65+ Retiree Only	\$10.58	\$10.58
65+ Retiree with One Dependent	\$21.17	\$21.17
65+ Retiree with One or More Dependents	\$24.87	\$24.87




**HEALTH INSURANCE ADVISORY COMMITTEE 2024 BENEFITS  
PLAN RECOMMENDATIONS**

- Implement the proposed 2024 benefits package for Actives and Retirees, which includes increases to the employee and retiree contribution amounts.

**Long Beach Association of Confidential Employees**

Print: Susie Oh

Sign: 

**IAM (International Association of Machinists and Aerospace Workers)**

Print: Rosa Parra Monroy

Sign: 

**Long Beach City Attorney's Association**

Print: Cathleen Sanchez

Sign: 

**Long Beach Association of Engineering Employees**

Print: Jason Rodriguez

Sign: \_\_\_\_\_

**Long Beach Firefighter's Association**

Print: Jason Cash

Sign: \_\_\_\_\_

**Long Beach City Prosecutor's Association**

Print: Laura Reimer

Sign: \_\_\_\_\_

**Long Beach Management Association**

Print: Juan Lopez-Rios

Sign: 

**Long Beach Lifeguard's Association**

Print: Aaron Fletcher

Sign: \_\_\_\_\_

**Long Beach Supervisors Employees Association**

Print: Jose Silva for Mike Clark

Sign: 

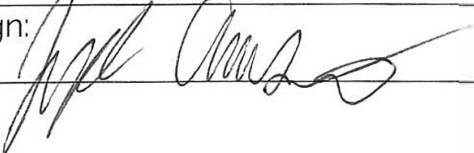
**Long Beach Police Officer's Association**

Print: Richard Chambers

Sign: 

**Department of Human Resources**

Print: Joe Ambrosini

Sign: 

## **LEVINE ACT DISCLOSURE STATEMENT**

California Government Code Section 84308, commonly referred to as the "Levine Act," prohibits any Long Beach City Councilmember, the Mayor, and Commissioner ("City Officer") from participating in any action related to a proceeding if they receive any political contributions totaling more than \$250 within the previous twelve months, while a proceeding is pending, and for 12 months following the date a final decision in a proceeding concerning a license, permit, entitlement, franchise or, contract (collectively "license, permit, or contract") has been made, from the person or company awarded the said license or contract. The Levine Act also requires a City Officer that has received such a contribution to disclose the contribution on the record of the proceeding.

City Officers are listed at the following sites:

- The Mayor and Councilmembers - <https://www.longbeach.gov/officials/>
- Harbor Commissioners - <https://polb.com/commission>
- Water Commissioners - <https://lbwater.org/about-us/current-water-commissioners/>
- Planning Commissioners - <https://www.longbeach.gov/mayor/action/commissions/>
- Parks and Recreation Commissioners - <https://www.longbeach.gov/mayor/action/commissions/>
- Board of Examiners, Appeals, and Condemnation - <https://www.longbeach.gov/mayor/action/commissions/>
- Cultural Heritage Commission - <https://www.longbeach.gov/mayor/action/commissions/>
- Long Beach Community Investment Company - <https://www.longbeach.gov/lbds/hn/lbcic/>

**Proposers are responsible for accessing these links to review the names prior to answering the following questions.**

1. Have you or your company, or any agent on behalf of you or your company, made any political contributions of more than \$250 to any City Officer in the 12 months preceding the date of the submission of your proposals or the anticipated date of any City Council, Board, or Commission action related to this license, permit, or contract?

YES

NO

If yes, please identify the City Officer(s):

2. Do you or your company, or any agency on behalf of you or your company, anticipate or plan to make any political contribution of more than \$250 to any City Officer in the 12 months following any City Council, Board, or Commission action related to this license, permit, or contract?

YES

NO

If yes, please identify the City Officer(s):

Answering yes to either of the two questions above does not preclude the City of Long Beach from awarding a license, permit, or contract to your firm or any taking any subsequent action related to the said license, permit, or contract. It does, however, preclude the identified City Officers from participating in any actions related to this license, permit, or contract.

\_\_\_\_\_  
Date

*Dianna Santos e-sign*  
\_\_\_\_\_  
Signature of authorized individual

\_\_\_\_\_  
Type or write name of authorized individual

\_\_\_\_\_  
Type or write name of company