

ALEJANDRINA BASQUEZ
DIRECTOR

September 12, 2017

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

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 life insurance short- and long-term disability; Union Mutual Life Insurance Company (UNUM), through Larry Lambert & Associates Insurance Services, for long-term care insurance, with modifications as specified on pages 2 and 3; 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

In accordance with the Memoranda of Understanding (MOU) between the City of Long Beach (City) and its employee organizations, the Health Insurance Advisory Committee (HIAC), comprised of representatives from each of the employee associations, has met and submitted its recommendations (Attachment A) for the 2018 Plan Year.

This year, the HIAC agreed to implement a sub-committee comprised of one (1) union-representative from the Long Beach Police Officers' Association (POA), International Association of Machinists and Aerospace Workers (IAM), and Long Beach Management Association (LBMA); Alliant Insurance Services (Alliant), the City's benefits consultant; and, Human Resources (HR) staff, to review and evaluate various plan design options, utilization, benchmarks, and trends in relation to the renewal process for 2018 for presentation to the full HIAC for approval. Additionally, per the recent POA MOU, a Special Projects Benefits Consultant (Keenan & Associates) was selected on a one-year pilot basis to review the 2018 Anthem HMO and PPO health plan renewal on behalf of the union groups. The renewal analysis prepared by Keenan & Associates was presented to the full HIAC, and clarifications of their findings were provided by Alliant.

HIAC and HR staff have recommended the following changes to the City's current plan be approved for the 2018 Plan Year, from January 1, 2018 to December 31, 2018, for active and retired employees:

- ***Reduce the \$20 copay for Anthem LiveHealth Online virtual medical visits to \$10 on a one-year trial basis for HMO and PPO plans.***

LiveHealth Online allows Anthem HMO and PPO members access to a board-certified physician 24/7 via a live video on a smartphone, tablet or computer with a webcam, for common health conditions such as the flu, rashes, colds, pink eye, and more. This advanced telemedicine tool offers members the convenience of access to medical appointments at home or wherever, versus having to physically visit a medical facility. The physician can also electronically prescribe medicines to be filled at a local pharmacy. Anthem recently expanded this benefit to also include behavioral health physicians for additional support of its members' mental well-being. The reduced copay is intended to encourage employees to utilize the service.

HR expressed its commitment to continue benefits education strategies and to also increase employee communications on available healthcare resources such as LiveHealth Online, 24/7 NurseLine, in-network Urgent Care facilities, and the CVS Minute Clinic, to maximize the utilization of such programs among employees and their dependents to thereby reduce the instances of non-emergency hospital emergency room visits to further increase cost savings to both employees and the City.

- ***Eliminate the waiver of member copays and other out of pocket costs for City employees enrolled in dual coverage for health, dental and/or vision coverage(s) effective January 1, 2018.***

This change impacts City employees whose spouse, or registered domestic partner, is also a City employee and both individuals are enrolled in the City's PPO plan as both a subscriber and a dependent. Employees who are currently enrolled under dual coverage as of December 31, 2017, will be grandfathered. Going forward, employees will have the option of either enrolling in one of the City's health plans as an individual enrollee, or as two-party or family coverage, as appropriate. Employees will continue to have full access to the plan benefits with the same copay and deductibles as all other plan participants. This provision is not available on the HMO health or dental plan(s).

Based on a review of the health plan benefits, staff found that the plan offered a small group of employees an added benefit, and recommended adjusting the plan to ensure participants are required to pay the same copay and deductibles as all other plan participants. The HIAC concurred with this approach.

- ***Selection of vision coverage (through VSP) as a standalone option will be allowed for early retirees, and/or their eligible dependents.***

Currently, vision coverage for retirees is automatically bundled with medical coverage. This recommendation mirrors the current option available to active employees, who may wish to opt in or out of vision coverage.

- ***Equalize the CVS Caremark Maintenance Choice HMO and PPO mail order prescription drug copays by reducing the 90-day generic drug copay on the PPO plan to \$10 per prescription.***

This recommendation is in accordance with the City's commitment to maintaining an above industry average utilization of generic medications, and also reduces adverse selection between the HMO and PPO plans.

There are no material plan design changes for the 2018 Plan Year for dental (HMO and PPO); employer-paid and voluntary life insurance; short-and long-term disability; and/or the long-term care insurance plans for 2018.

It is also noted that during the finalization of the Anthem health plan rates, Alliant discovered a discrepancy in Anthem's renewal calculation, which resulted in additional savings to the City. However, with the recent temporary disruption of the agreement between Anthem and the Memorial Health Care System (Memorial Care), Alliant negotiated a further reduction on behalf of the City's plan. Anthem and Memorial Care did renew their agreement as of August 25, 2017, and the additional savings will remain in place through December 2018.

Attachment A (Exhibit B) reflects rate plan adjustments to the medical, dental (HMO plan) and vision plans, resulting in a slight increase to the employees' cost share for 2018.

This matter was reviewed by Principal Deputy City Attorney Gary J. Anderson on August 21, 2017 and by Assistant Finance Director Lea Eriksen on August 22, 2017.

TIMING CONSIDERATIONS

Human Resources is planning to utilize the remaining month of September to communicate open enrollment changes to employees, who will update their health plan options online. Therefore, City Council action is requested on September 12, 2017, for adequate open enrollment planning.

FISCAL IMPACT

There is sufficient appropriation for the City's cost of the health benefit plans in the Proposed Fiscal Year 2018 (FY 18) budget in the Employee Benefits Fund (IS 391) in the Citywide Activities Department (XC). The renewal rates are cost effective to the City in comparison with industry trend and may result in savings to the City's budget, which will be evaluated as part of the FY 19 Budget process. There is no local job impact associated with this recommendation.

HONORABLE MAYOR AND CITY COUNCIL
September 12, 2017
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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



ALEJANDRINA BASQUEZ
DIRECTOR OF HUMAN RESOURCES

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Attachment A – Health Insurance Advisory Committee Memo

APPROVED:



PATRICK WEST
CITY MANAGER



Date: August 24, 2017
To: Patrick H. West, City Manager
From: City Employees' Health Insurance Advisory Committee
Subject: **RECOMMENDATION FOR CITY EMPLOYEES' HEALTH, DENTAL, VISION, AND LIFE INSURANCE PROGRAMS FOR CALENDAR YEAR 2018**

Staff from the Department of Human Resources (HR) and the City's Health Insurance Advisory Committee (HIAC) evaluates the employee benefit plans, plan rates, costs and related employee benefit matters annually. This process is to ensure programs: remain competitive and relevant to current industry trends; meet employees' and eligible dependents' needs; and that benefits are provided on the most cost-effective basis for employees and the City.

In January of this year, the full HIAC reviewed the proposed Master Calendar and Agenda Items for 2017, and agreed to implement a sub-committee comprised of one (1) union-representative from the Long Beach Police Officers' Association (POA), International Association of Machinists & Aerospace Workers (IAM), and the Long Beach Management Association (LBMA); Alliant Insurance Services (Alliant), the City's benefits consultant; and Human Resources staff to review various plan design options, utilization, benchmarks and trends in relation to the renewal process for 2018.

The sub-committee meetings were held February through June, and the 2018 benefits package recommendations were presented to the full HIAC in meetings held in July.

The City, with the assistance of Alliant, evaluated the financial and service offerings of our current benefit plan vendors. We also explored additional alternatives for cost savings and administrative efficiencies, without compromising the level of benefits currently offered to City employees. As a result of this year's review, it was determined that the optimal renewal strategy is for Anthem Blue Cross, Vision Service Plan (VSP), Delta Dental Plan of California, CVS Caremark and The Standard Insurance Company, to administer the employee benefits plans in 2018.

Per the recent POA Memorandum of Understanding (MOU), a Special Projects Benefits Consultant (Keenan & Associates) was selected on a one-year pilot basis to review the 2018 Anthem HMO and PPO health plan renewal on behalf of the union groups. The renewal analysis prepared by Keenan & Associates was presented to the full HIAC in August, and clarifications of their findings were provided to the HIAC by Alliant.

RECOMMENDATIONS

Recommended Plan Changes:

- Reduce the \$20 copay for Anthem LiveHealth Online virtual medical visits to \$10 on a one-year trial basis for HMO and PPO plans.
 - LiveHealth Online allows Anthem HMO and PPO members access to a board-certified physician 24/7 via a video on a smartphone, tablet or computer with a webcam, for common health conditions such as the flu, rashes, colds, pink eye, and more. This advanced telemedicine tool offers members the convenience of access to medical appointments at home or wherever, versus having to physically visit a medical facility. The physician can also electronically prescribe medicines to be filled at a local pharmacy. Anthem recently expanded this benefit to also include behavioral health physicians for additional support of its members' mental well-being. The reduced copay is intended to encourage employees to utilize the service.
 - HR expressed its commitment to continue benefits education strategies and to also increase employee communications on available healthcare resources such as LiveHealth Online, 24/7 NurseLine, in-network Urgent Care facilities, and the CVS Minute Clinic, to maximize the utilization of such programs amongst employees and their dependents to thereby reduce the instances of non-emergency hospital emergency room visits to further increase cost savings to both employees and the City.
- Eliminate the waiver of member copays and other out of pocket costs for City employees enrolled in dual coverage for health, dental and/or vision coverage(s) effective January 1, 2018. This change impacts City employees whose spouse or registered domestic partner, is also a City employee and both individuals are enrolled in the City's PPO plan as both a subscriber and a dependent. Employees who are currently enrolled under dual coverage as of December 31, 2017, will be grandfathered. Going forward, employees will have the option of either enrolling in one of the City's health plans as an individual enrollee, or as 2-party or family coverage, as appropriate. Employees will continue to have full access to the plan benefits with the same copay and deductibles as all other plan participants. This plan provision is not available on the HMO plan.
 - Based on a review of the health plan benefits, staff found that the plan offered a small group of employees an added benefit, and recommended adjusting the plan to ensure participants are required to pay the same copay and deductibles as all other plan participants. The HIAC concurred with this approach.

- Selection of vision coverage (through VSP) as a standalone option will be allowed for early retirees, and/or their eligible dependents. This recommendation mirrors the current option available to active employees. Currently, vision coverage for retirees is bundled with medical coverage.
- Equalize the CVS Caremark Maintenance Choice HMO and PPO mail order prescription drug copays by reducing the 90-day generic drug copay on the PPO plan from \$20 to \$10 per prescription. This reduction further promotes the City's commitment to maintaining an above industry average utilization of generic medications and also reduces adverse selection between the HMO and PPO plans.

Additional Information

There are no material plan design changes for the following plans:

- Employer-Paid and Voluntary Life Insurance Plans; Short-Term and Long-Term Disability Plans administered by The Standard
- Dental HMO (DeltaCare USA) and Dental PPO (Delta Dental DPO) Plan administered by Delta Dental Plan of California
- Long-Term Care Insurance Plan administered by UNUM

PLAN COSTS/EMPLOYEE COST SHARING

It is also noted that during the finalization of the Anthem health plan rates, Alliant discovered a discrepancy in Anthem's renewal calculation, which resulted in additional savings to the City. However, with the recent temporary disruption of the agreement between Anthem and the Memorial Health Care System (Memorial Care), Alliant negotiated a further reduction on behalf of the City's plan. As of August 25, 2017, Anthem and Memorial Care did renew their agreement, and the additional savings will remain in place through December 2018.

Therefore, the HIAC recommends the plan rates and payroll deductions as shown on Exhibits A and B.

This concludes the HIAC's report of findings and recommendations for the City's group benefit program for plan year January 1, 2018, to December 31, 2018, for all City employees and retirees.

HIAC requests endorsement of this report and its recommendations by the City Manager and subsequent approval by the City Council.

August 24, 2017
Patrick H. West, City Manager
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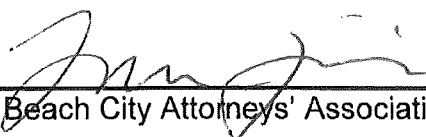
International Association of Machinists & Aerospace Workers, District 947,
Local Lodge 1930



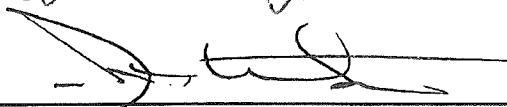
Long Beach Association of Confidential Employees



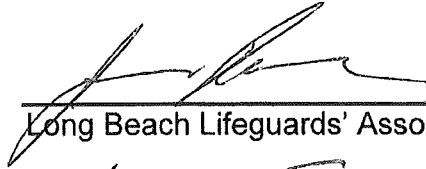
Long Beach Association of Engineering Employees



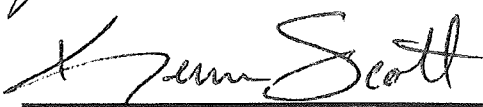
Long Beach City Attorneys' Association



Long Beach City Prosecutors' Association



Long Beach Lifeguards' Association



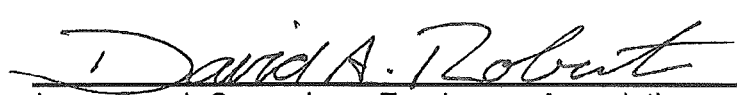
Long Beach Firefighters' Association



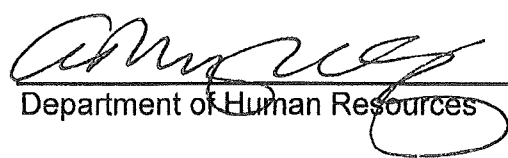
Long Beach Police Officers' Association



Long Beach Management Association



Long Beach Supervisors Employees Association



Department of Human Resources

COMPARISON OF 2017 TO 2018 CURRENT RATES AND PROPOSED RATES			
	Current Rates (2017)		Proposed Rates (2018)
ANTHEM		ANTHEM	
Anthem Prudent Buyer PPO		Anthem Prudent Buyer PPO	
Actives		Actives	
Single	\$552.08	Single	\$568.77
Two Party	\$1,158.75	Two Party	\$1,193.78
Family	\$1,544.99	Family	\$1,591.69
Retirees		Retirees	
Single	\$945.54	Single	\$974.12
Two Party	\$1,181.93	Two Party	\$1,217.66
Family	\$1,242.25	Family	\$1,279.80
Anthem Medicare Supplement Assurance Plan		Anthem Medicare Supplement Assurance Plan	
One Medicare	\$628.92	One Medicare	\$638.54
Two Medicare	\$1,257.54	Two Medicare	\$1,276.77
Anthem		Anthem	
Anthem Premier HMO		Anthem Premier HMO	
Actives		Actives	
Single	\$635.51	Single	\$654.72
Two Party	\$1,333.85	Two Party	\$1,374.17
Family	\$1,778.81	Family	\$1,832.58
Retirees		Retirees	
Single	\$756.54	Single	\$779.41
Two Party	\$1,361.78	Two Party	\$1,402.94
Family	\$1,479.68	Family	\$1,524.41
Anthem Classic HMO - Retirees		Anthem Classic HMO - Retirees	
Single	\$618.89	Single	\$637.60
Two Party	\$835.51	Two Party	\$860.77
Family	\$916.45	Family	\$944.15
UHC Medicare Advantage HMO		UHC Medicare Advantage PPO	
UHC Medicare Advantage HMO and Anthem Premier HMO		UHC Medicare Advantage PPO and Anthem Premier HMO	
One Medicare & Two Non-Medicare Companion	\$1,824.38	One Medicare & Two Non-Medicare Companion	\$1,925.54
One Medicare & Three/More Non-Medicare Companion	\$1,942.28	One Medicare & Three/More Non-Medicare Companion	\$2,047.01
One Medicare & One Non-Medicare Companion	\$1,219.14	One Medicare & One Non-Medicare Companion	\$1,302.01
Two Medicare & One Non-Medicare Companion	\$1,681.74	Two Medicare & One Non-Medicare Companion	\$1,824.61
UHC Medicare Advantage HMO Only		UHC Medicare Advantage PPO Only	
One Medicare Risk	\$462.60	One Medicare Risk	\$522.60
Two Medicare Risk	\$925.20	Two Medicare Risk	\$1,045.20
Scan Health Plan		Scan Health Plan	
Scan Health Plan and Anthem Premier HMO		Scan Health Plan and Anthem Premier HMO	
One Medicare & Two Non-Medicare Companion	\$1,725.33	One Medicare & Two Non-Medicare Companion	\$1,774.57
One Medicare & Three/More Non-Medicare Companion	\$1,843.23	One Medicare & Three/More Non-Medicare Companion	\$1,896.04
One Medicare & One Non-Medicare Companion	\$1,120.09	One Medicare & One Non-Medicare Companion	\$1,151.04
Two Medicare & One Non-Medicare Companion	\$1,483.64	Two Medicare & One Non-Medicare Companion	\$1,522.67
Scan Health Plan Only		Scan Health Plan Only	
One Medicare Risk	\$363.55	One Medicare Risk	\$371.63
Two Medicare Risk	\$727.10	Two Medicare Risk	\$743.26
DENTAL		DENTAL	
Delta Dental		Delta Dental	
Single	\$50.30	Single	\$50.30
Two Party	\$105.70	Two Party	\$105.70
Family	\$140.80	Family	\$140.80
Retiree	\$110.56	Retiree	\$110.56
Delta Dental DeltaCare DHMO		Delta Dental DeltaCare DHMO	
Single	\$20.69	Single	\$20.69
Two Party	\$34.13	Two Party	\$34.13
Family	\$50.86	Family	\$50.86
Retiree	\$38.67	Retiree	\$38.67
VISION		VISION	
VSP Vision		VSP Vision	
Single	\$5.28	Single	\$5.95
Two Party	\$11.24	Two Party	\$12.66
Family	\$14.91	Family	\$16.80
Retiree	\$11.75	Retiree	\$13.24

COMBINATION COSTS FOR ACTIVE EMPLOYEES											
2017						2018					
Plan Combinations	2017 Monthly Rates	Single Monthly Payroll Deduction	Two-Party Monthly Payroll Deduction	Family Monthly Payroll Deduction	Plan Combinations	2018 Monthly Rates	Single Monthly Payroll Deduction	Two-Party Monthly Payroll Deduction	Family Monthly Payroll Deduction		
Anthem Prudent Buyer PPO	Single	\$552.08	\$134.00	\$163.00	\$186.00	Anthem Prudent Buyer PPO	Single	\$568.77	\$139.00	\$174.00	\$201.00
	Two Party	\$1,158.75					Two Party	\$1,193.78			
	Family	\$1,544.99					Family	\$1,591.69			
Delta Dental DPPO	Single	\$50.30	\$11.00	\$15.00	\$20.00	Delta Dental DPPO	Single	\$50.30	\$11.00	\$15.00	\$20.00
	Two Party	\$105.70					Two Party	\$105.70			
	Family	\$140.80					Family	\$140.80			
VSP Vision	Single	\$5.28	\$0.00	\$0.00	\$0.00	VSP Vision	Single	\$5.95	\$0.00	\$0.00	\$0.00
	Two Party	\$11.24					Two Party	\$12.66			
	Family	\$14.91					Family	\$16.80			
Life - City Paid	Per Employee	\$2.41				Life - City Paid	Per Employee	\$2.41			
Total			\$145.00	\$178.00	\$206.00	Total			\$150.00	\$189.00	\$221.00
Anthem Prudent Buyer PPO	Single	\$552.08	\$134.00	\$163.00	\$186.00	Anthem Prudent Buyer PPO	Single	\$568.77	\$139.00	\$174.00	\$201.00
	Two Party	\$1,158.75					Two Party	\$1,193.78			
	Family	\$1,544.99					Family	\$1,591.69			
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	\$5.28	\$0.00	\$0.00	\$0.00	VSP Vision	Single	\$5.95	\$0.00	\$0.00	\$0.00
	Two Party	\$11.24					Two Party	\$12.66			
	Family	\$14.91					Family	\$16.80			
Life - City Paid	Per Employee	\$2.41				Life - City Paid	Per Employee	\$2.41			
Total			\$134.00	\$163.00	\$186.00	Total			\$139.00	\$174.00	\$201.00
Anthem Premier HMO	Single	\$635.51	\$179.00	\$210.00	\$230.00	Anthem Premier HMO	Single	\$654.72	\$185.00	\$223.00	\$247.00
	Two Party	\$1,333.85					Two Party	\$1,374.17			
	Family	\$1,778.81					Family	\$1,832.58			
Delta Dental DPPO	Single	\$50.30	\$11.00	\$15.00	\$20.00	Delta Dental DPPO	Single	\$50.30	\$11.00	\$15.00	\$20.00
	Two Party	\$105.70					Two Party	\$105.70			
	Family	\$140.80					Family	\$140.80			
VSP Vision	Single	\$5.28	\$0.00	\$0.00	\$0.00	VSP Vision	Single	\$5.95	\$0.00	\$0.00	\$0.00
	Two Party	\$11.24					Two Party	\$12.66			
	Family	\$14.91					Family	\$16.80			
Life - City Paid	Per Employee	\$2.41				Life - City Paid	Per Employee	\$2.41			
Total			\$190.00	\$225.00	\$250.00	Total			\$196.00	\$238.00	\$267.00
Anthem Premier HMO	Single	\$635.51	\$179.00	\$210.00	\$230.00	Anthem Premier HMO	Single	\$654.72	\$185.00	\$223.00	\$247.00
	Two Party	\$1,333.85					Two Party	\$1,374.17			
	Family	\$1,778.81					Family	\$1,832.58			
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	\$5.28	\$0.00	\$0.00	\$0.00	VSP Vision	Single	\$5.95	\$0.00	\$0.00	\$0.00
	Two Party	\$11.24					Two Party	\$12.66			
	Family	\$14.91					Family	\$16.80			
Life - City Paid	Per Employee	\$2.41				Life - City Paid	Per Employee	\$2.41			
Total			\$179.00	\$210.00	\$230.00	Total			\$185.00	\$223.00	\$247.00