



# CITY OF LONG BEACH

DEPARTMENT OF HUMAN RESOURCES

# R-15

411 West Ocean Boulevard 10<sup>th</sup> Floor • Long Beach, CA 90802 • (562) 570.6621

**ALEJANDRINA BASQUEZ**  
DIRECTOR

September 10, 2019

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 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, 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

The Human Resources Department (HR) 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 4,400 active employees, 2,000 retirees, and 7,800 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.

HR staff, in conjunction with the HIAC and Alliant Insurance Services (Alliant), the City's benefits consultant, have had a series of meetings from January 2019 through August 2019 to review and evaluate various plan design options, review plan utilization data, trends, legislative impacts, and meet with plan providers to finalize recommendations for the 2020 Employee Benefit Program (Attachment A). In addition, Alliant conducts an actuarial analysis of the proposed benefit plan costs and negotiates with each provider on behalf of the City to obtain the most advantageous rates. Alliant presented the results of their actuarial analysis and negotiation

efforts to the HIAC at the end of July. The favorable renewal results for the 2020 Plan Year include benefits plan changes that will provide added value and contribute towards the City's efforts to mitigate cost increases and improve employee satisfaction with the City's benefits package.

## **SERVICE PROVIDER CONTRACT RENEWAL AND RATES**

Annually, the City Manager, with input from the HIAC, reviews and makes recommendations on benefit provider contract renewals and associated rate changes for the following plan year. Notably, for the fourth year in a row, the City's PPO and HMO health plan renewals came in lower than industry standard trend and our carriers' book of business trend. The favorable renewals resulted from persistent negotiations efforts made by Alliant, our benefit consultants, and the City's improved plan performance, despite the re-implementation of the Affordable Care Act (ACA) Health Insurer fees scheduled for 2020.

Additionally, in 2017, the City strategically carved-out pharmacy benefits from the Anthem HMO plans and contracted directly with CVS Caremark. This was done from not only a cost containment perspective, but to align formularies, co-pays, and access to additional CVS services for enrolled employees and their dependents across all Anthem Blue Cross plans (HMO and PPO). This year, Alliant on behalf of the City, completed the 2020-2023 CVS contract negotiations to ensure the City receives best in class pricing and contract terms. These contractual savings achieved through negotiations and having a direct contract with CVS mitigated the City's HMO and PPO medical plans increases for Plan Year 2020. The overall impact of the renewals for the Anthem PPO and HMO plans resulted in a rate pass for Plan Year 2020; therefore, the employee-contribution rates will not change for employees in Plan Year 2020. The rates for the Dental HMO (DeltaCare USA), Dental PPO (Delta Dental DPO), and Vision coverage (Vision Service Plan (VSP)) also remain unchanged for Plan Year 2020.

HR and HIAC recommend that the City Council approve the proposed 2020 benefits package as outlined. A detail of 2020 proposed rates by tier and employee and employer contribution is provided in Attachment B. It is also recommended that the City Council approve the proposed 2020 rates (Attachment C) for the retiree Medicare health plans, which include:

- A slight reduction of the UHC Medicare PPO Advantage Plan rates;
- A rate pass for the SCAN Medicare Advantage Plan; and,
- A slight 1.5 percent increase of the Anthem Medicare Supplement Plan rates.

Further, City Council approval is requested to authorize the City Manager to execute contract amendments with various employee benefit providers for the 2020 employee benefits plan and incorporate the recommendations from the HIAC.

The following chart summarizes the City's benefit contracts, applicable industry trend, and final renewal impact for Plan Year 2020:

2020 Plan Renewals		
Plan	Industry Trend	City Final Renewal
Anthem Blue Cross PPO	7.3%	1.5% increase
Anthem Blue Cross HMO (fully-insured medical only)	6.6%	2.3% increase, plus 2.7% ACA insurer fee
Anthem Blue Cross HMO (self-funded pharmacy only)	7.5%	-29.48% decrease
United HealthCare – fully-insured (fully-insured Medicare Advantage)	4%	-0.49% decrease includes 7% ACA fee
SCAN Health (fully-insured Medicare Advantage)	4%	0% increase
Delta Dental DPPO	3.8%	0% increase
DeltaCare USA DHMO	3.6%	0% increase
Vision Service Plan (VSP) Vision	3.0%	0% increase
The Standard	Varies by Claim Experience	Basic Life/AD&D: 0% increase
		Voluntary Life: 0% increase
		Short-term Disability: 0% increase
		Long-term Disability: 0% increase

**RECOMMENDED PLAN**

The HIAC and HR staff considered various plan design options to improve the employee benefit plan and cause minimal health plan cost increases. The HIAC unanimously voted to adopt the employee benefit plan changes summarized on Attachment D, which is submitted to the City Council for approval.

This matter was reviewed by Principal Deputy City Attorney Gary J. Anderson on August 22, 2019 and by Budget Analysis Officer Julissa José-Murray on August 27, 2019.

**TIMING CONSIDERATIONS**

HR is planning to utilize the 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 10, 2019, for adequate open enrollment planning. Communication pieces explaining the new provisions will be distributed during the Open Enrollment period.

**FISCAL IMPACT**

There is sufficient appropriation for the City's cost of the health benefit plans in the Proposed Fiscal Year 2020 (FY 20) budget in the Employee Benefits Fund Group in the Citywide Activities Department. The renewal rates are cost effective to the City in comparison with industry trend. Any potential ongoing impact to the budget will be evaluated based on actual experience and will be incorporated into the budget as part of the annual budget process. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

HONORABLE MAYOR AND CITY COUNCIL

September 10, 2019

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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



ALEJANDRINA BASQUEZ  
DIRECTOR OF HUMAN RESOURCES

AB/mh  
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Attachments: A – Health Insurance Advisory Committee 2020 Benefits Plan Recommendations  
B – Combination Costs for Active Employees  
C – 2020 Retiree Plan Rates  
D – Summary Employee Benefit Plan Change Recommendations

APPROVED:

  
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PATRICK H. WEST  
CITY MANAGER

HEALTH INSURANCE ADVISORY COMMITTEE 2020 BENEFITS PLANS RECOMMENDATIONS

- Implement Health Advocate Services for Anthem HMO and PPO plan enrollees and eligible family members.
- Discontinue current Nurse Ambassador services.

Association of Long Beach Employees

Print: Charles Linkous  
Sign: Charles Linkous

IAM (International Association of Machinists and Aerospace Workers)

Print: Adrienne Henderson  
Sign: Adrienne Henderson

Long Beach Association of Confidential Employees

Print:  
Sign:

Long Beach Association of Engineering Employees

Print: Jason Rodriguez  
Sign: Jason Rodriguez

Long Beach City Attorneys' Association

Print:  
Sign:

Long Beach City Prosecutors' Association

Print: Nadine Dandah  
Sign: Nadine Dandah

Long Beach Firefighters' Association

Print: Kevin Scott  
Sign: Kevin Scott

Long Beach Lifeguards' Association

Print: JESS PARKHOUSE  
Sign: JESS PARKHOUSE

Long Beach Management Association

Print: Meghan Weeks  
Sign: Meghan Weeks

Long Beach Police Officers' Association

Print: RICHARD CHAMBERS  
Sign: RICHARD CHAMBERS

Long Beach Supervisors Employees Association

Print: DAVID ROBERTS  
Sign: David A. Robert

Department of Human Resources

Print: Alejandrina Basquez  
Sign: Alejandrina Basquez

HEALTH INSURANCE ADVISORY COMMITTEE 2020 BENEFITS PLANS RECOMMENDATIONS

- Expand eligibility for flexible spending account (FSA) plan to include permanent part-time employees (this recommendation does not include ACA benefits eligible employees).

Association of Long Beach Employees

Print: Charles Cadeau  
Sign: Charles Cadeau

IAM (International Association of Machinists and Aerospace Workers)

Print: Adrienne Henderson  
Sign: Adrienne Henderson

Long Beach Association of Confidential Employees

Print:  
Sign:

Long Beach Association of Engineering Employees

Print: Jason Rodriguez  
Sign: Jason Rodriguez

Long Beach City Attorneys' Association

Print:  
Sign:

Long Beach City Prosecutors' Association

Print: Nadine Dahdah  
Sign: Nadine Dahdah

Long Beach Firefighters' Association

Print: Kevin Scott  
Sign: Kevin Scott

Long Beach Lifeguards' Association

Print: Jess Parkhouse  
Sign: Jess Parkhouse

Long Beach Management Association

Print: Meghan Weeks  
Sign: Meghan Weeks

Long Beach Police Officers' Association

Print: RICHARD CHAMBERS  
Sign: Richard Chambers

Long Beach Supervisors Employees Association

Print: DAVID ROBERTS  
Sign: David A. Robert

Department of Human Resources

Print: Alejandrina Basquez  
Sign: Alejandrina Basquez

**HEALTH INSURANCE ADVISORY COMMITTEE 2020 BENEFITS PLANS RECOMMENDATIONS**

- Implement the proposed 2020 benefits package, which includes no increase to employee-contribution amounts for medical plans offered through Anthem Blue Cross. Dental and vision plan employee contribution amounts will also remain the same as the 2019 rates.
- Implement the following cost neutral Delta Dental PPO plan coverage enhancements:
  - Diagnostic and Preventative Waiver Program - services in this category will not be applied to the annual plan maximum for enrollees and their enrolled dependents
  - Dental Implants – plan pays 50% (service is subject to plan maximum)
  - Additional Third Cleaning for Future Moms
- Expand current benefits eligibility to allow new hires the option of enrolling in benefits the 1<sup>st</sup> of the month following the hire date.
  
- Expand vision coverage to Medicare-eligible retirees and implement three-tier coverage (single, two-party and family).

**Association of Long Beach Employees**

Print: Charles Linkous  
Sign: Charles Linkous

**Long Beach Association of Confidential Employees**

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

**Long Beach Association of Engineering Employees**

Print: Jerry Rodriguez  
Sign: Jerry Rodriguez

**Long Beach City Attorneys' Association**

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

**Long Beach City Prosecutors' Association**

Print: Nadine Dahdah  
Sign: Nadine Dahdah

**Long Beach Firefighters' Association**

Print: Kevin Scott  
Sign: Kevin Scott

**Long Beach Lifeguards' Association**

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

**Long Beach Management Association**

Print: Meghan Weeks  
Sign: Meghan Weeks

**Long Beach Police Officers' Association**

Print: RICHARD CAMASSA  
Sign: Richard Camassa

**Long Beach Supervisors Employees Association**

Print: DAVID ROBERTS  
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**IAM (Int'l Association of Machinists and Aerospace Workers)**

Print: Adrienne Henderson  
Sign: Adrienne Henderson

**Department of Human Resources**

Print: Alejandrina Basquez  
Sign: Alejandrina Basquez

# 2020 COMBINATION COSTS FOR ACTIVE EMPLOYEES

COMBINATION COSTS FOR ACTIVE EMPLOYEES											
2019						2020					
Plan Combinations	2019 Monthly Rates		Single Monthly Payroll Deduction	Two-Party Monthly Payroll Deduction	Family Monthly Payroll Deduction	Plan Combinations	2020 Monthly Rates		Single Monthly Payroll Deduction	Two-Party Monthly Payroll Deduction	Family Monthly Payroll Deduction
	Single	Two Party					Single	Two Party			
Anthem Prudent Buyer PPO	Single	\$563.68	\$137.00	\$171.00	\$197.00	Anthem Prudent Buyer PPO	Single	\$563.68	\$137.00	\$171.00	\$197.00
	Two Party	\$1,183.09					Two Party	\$1,183.09			
	Family	\$1,577.44					Family	\$1,577.44			
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	\$5.83	\$0.00	\$0.00	\$0.00	VSP Vision	Single	\$5.83	\$0.00	\$0.00	\$0.00
	Two Party	\$12.41					Two Party	\$12.41			
	Family	\$16.46					Family	\$16.46			
Life - City Paid	Per Employee	\$2.41				Life - City Paid	Per Employee	\$2.41			
<b>Total</b>			<b>\$148.00</b>	<b>\$186.00</b>	<b>\$217.00</b>	<b>Total</b>			<b>\$148.00</b>	<b>\$186.00</b>	<b>\$217.00</b>
Anthem Prudent Buyer PPO	Single	\$563.68	\$137.00	\$171.00	\$197.00	Anthem Prudent Buyer PPO	Single	\$563.68	\$137.00	\$171.00	\$197.00
	Two Party	\$1,183.09					Two Party	\$1,183.09			
	Family	\$1,577.44					Family	\$1,577.44			
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	\$5.83	\$0.00	\$0.00	\$0.00	VSP Vision	Single	\$5.83	\$0.00	\$0.00	\$0.00
	Two Party	\$12.41					Two Party	\$12.41			
	Family	\$16.46					Family	\$16.46			
Life - City Paid	Per Employee	\$2.41				Life - City Paid	Per Employee	\$2.41			
<b>Total</b>			<b>\$137.00</b>	<b>\$171.00</b>	<b>\$197.00</b>	<b>Total</b>			<b>\$137.00</b>	<b>\$171.00</b>	<b>\$197.00</b>
Anthem Premier HMO	Single	\$648.86	\$183.00	\$219.00	\$242.00	Anthem Premier HMO	Single	\$648.86	\$183.00	\$219.00	\$242.00
	Two Party	\$1,361.87					Two Party	\$1,361.87			
	Family	\$1,816.17					Family	\$1,816.17			
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	\$5.83	\$0.00	\$0.00	\$0.00	VSP Vision	Single	\$5.83	\$0.00	\$0.00	\$0.00
	Two Party	\$12.41					Two Party	\$12.41			
	Family	\$16.46					Family	\$16.46			
Life - City Paid	Per Employee	\$2.41				Life - City Paid	Per Employee	\$2.41			
<b>Total</b>			<b>\$194.00</b>	<b>\$234.00</b>	<b>\$262.00</b>	<b>Total</b>			<b>\$194.00</b>	<b>\$234.00</b>	<b>\$262.00</b>
Anthem Premier HMO	Single	\$648.86	\$183.00	\$219.00	\$242.00	Anthem Premier HMO	Single	\$648.86	\$183.00	\$219.00	\$242.00
	Two Party	\$1,361.87					Two Party	\$1,361.87			
	Family	\$1,816.17					Family	\$1,816.17			
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	\$5.83	\$0.00	\$0.00	\$0.00	VSP Vision	Single	\$5.83	\$0.00	\$0.00	\$0.00
	Two Party	\$12.41					Two Party	\$12.41			
	Family	\$16.46					Family	\$16.46			
Life - City Paid	Per Employee	\$2.41				Life - City Paid	Per Employee	\$2.41			
<b>Total</b>			<b>\$183.00</b>	<b>\$219.00</b>	<b>\$242.00</b>	<b>Total</b>			<b>\$183.00</b>	<b>\$219.00</b>	<b>\$242.00</b>



# 2020 COMBINATION COSTS FOR RETIREES

Plan	2019	2020
	MONTHLY COST	MONTHLY COST
<b>Medical – Anthem Blue Cross PPO</b>		
Single Retiree	\$965.40	\$965.40
Retiree with 1 Dependent	\$1,206.76	\$1,206.76
Retiree with 2 or More Dependents	\$1,268.34	\$1,268.34
<b>Medical – Anthem Blue Cross Medicare Supplement (Must have Medicare Parts A &amp; B)</b>		
One Medicare (Single)	\$638.54	\$648.09
One Medicare & One Anthem PPO Non-Medicare Dependent	\$1,206.76	\$1,206.76
One Medicare & Two/More Anthem PPO Non-Medicare Dependents	\$1,268.34	\$1,268.34
Two Medicare (Retiree & Spouse)	\$1,276.77	\$1,295.86
Two Medicare & One Anthem PPO Non-Medicare Dependent	\$1,896.18	\$1,915.27
Two Medicare & Two/More Anthem PPO Non-Medicare Dependents	\$2,290.53	\$2,309.62
<b>Medical – Anthem Blue Cross Premier HMO – CA ONLY</b>		
Single Retiree	\$772.43	\$772.43
Retiree with 1 Dependent	\$1,390.38	\$1,390.38
Retiree with 2 or More Dependents	\$1,510.76	\$1,510.76
<b>Medical – Anthem Blue Cross Classic HMO – CA ONLY</b>		
Single Retiree	\$631.89	\$631.89
Retiree with 1 Dependent	\$853.06	\$853.06
Retiree with 2 or More Dependents	\$935.70	\$935.70
<b>Medical – UHC Group Medicare Advantage – (Must have Medicare Parts A &amp; B)</b>		
One Medicare (Single)	\$512.15	\$509.62
Two Medicare (Retiree & Spouse)	\$1,024.30	\$1,019.24
One Medicare & One Anthem Premier HMO Non-Medicare Dependent	\$1,284.58	\$1,282.05
Two Medicare & One Anthem Premier HMO Non-Medicare Dependent	\$1,796.73	\$1,791.67
One Medicare & Two Anthem Premier HMO Non-Medicare Dependents	\$1,902.53	\$1,900.00
One Medicare & Three/More Anthem Premier HMO Non-Medicare Dependents	\$2,022.91	\$2,020.38
One Medicare & One Anthem Classic HMO Non-Medicare Dependent	\$1,144.04	\$1,141.51
Two Medicare & One Anthem Classic HMO Non-Medicare Dependent	\$1,656.19	\$1,651.13
One Medicare & Two Anthem Classic HMO Non-Medicare Dependents	\$1,365.21	\$1,362.68
One Medicare & Three/More Anthem Classic HMO Non-Medicare Dependents	\$1,447.85	\$1,445.32
<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	\$1,158.18	\$1,158.18
Two Medicare & One Anthem Premier HMO Non-Medicare Dependent	\$1,543.93	\$1,543.93
One Medicare & Two Anthem Premier HMO Non-Medicare Dependents	\$1,776.13	\$1,776.13
One Medicare & Three/More Anthem Premier HMO Non-Medicare Dependents	\$1,896.51	\$1,896.51
One Medicare & One Anthem Classic HMO Non-Medicare Dependent	\$1,017.64	\$1,017.64
Two Medicare & One Anthem Classic HMO Non-Medicare Dependent	\$1,403.39	\$1,403.39
One Medicare & Two Anthem Classic HMO Non-Medicare Dependents	\$1,238.81	\$1,238.81
One Medicare & Three/More Anthem Classic HMO Non-Medicare Dependents	\$1,321.45	\$1,321.45
<b>Dental – Delta Dental DPO</b>		
Retiree with or without Dependent(s)	\$110.56	\$110.56
<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)	\$12.98	\$12.98
<b>Vision – VSP Vision Fully-insured Voluntary 65+ Only</b>		
65+ Retiree Only	N/A	\$10.58
65+ Retiree with One Dependent	N/A	\$21.17
65+ Retiree with Two or More Dependents	N/A	\$24.87

2020 PLAN YEAR

**SUMMARY EMPLOYEE BENEFIT PLAN CHANGE  
RECOMMENDATIONS**

1. **Early Benefit Eligibility for New Hires** - Allow new hires the option of enrolling in benefits the first of the month following hire date. If this option is not feasible for the employee, the standard enrollment of first of the month following 30 days of employment will prevail.
2. **Part-Time Employees Eligible for FSA** - Allow Permanent, Part-time employees to enroll in the City's pre-tax flexible spending account (FSA) (health and dependent care reimbursement) plan(s).
3. **Delta Dental PPO** – Additional benefits to improve dental health outcomes:
  - Diagnostic and Preventative Waiver Program – dental services that are considered diagnostic and/or preventative will not be deducted from employees' or eligible dependents' annual maximum.
  - Dental implants – plan pays 50 percent of the usual and customary cost (service is subject to plan maximum).
  - Third cleaning for expectant moms.
4. **New 24/7 Service to Address Health & Wellness Issues** - Implement Health Advocate services for benefits-enrolled employees, retirees, and their eligible dependents, including parents, to replace the current Memorial Care Hospital Nurse Ambassador Program.

Health Advocate services will provide unlimited access to Personal Health Advocates who will act as a single point of contact for participating members of the City's benefit programs (i.e., health, dental, vision) to assist with healthcare help:

- Medical billing issues
- Benefit plan coverage questions
- Finding doctors
- Scheduling appointments
- Second opinions
- Transferring medical records
- Prior authorization approval requirements
- Insurance denial and appeal

The services are also available to parents and parents-in-law of enrolled employees and retirees who may need assistance with Medicare-related billing issues, etc.

5. **Retiree Vision Plan** - Implement three-tier rate structure (single, two-party and family), allow retirees and their dependents to continue vision coverage upon reaching Medicare-eligibility (age 65), and eliminate the practice of cancelling Medicare-eligible retirees from vision coverage while continuing to cover their eligible dependents.