



COUNCIL AGENDA: 6/25/19
FILE: 19-541
ITEM: 3.6

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jennifer Schembri

SUBJECT: SEE BELOW

DATE: June 5, 2019

Approved

Date

6/13/19

**SUBJECT NEGOTIATE AND EXECUTE AGREEMENTS WITH KAISER
PERMANENTE AND ANTHEM BLUE CROSS TO PROVIDE MEDICAL
INSURANCE FOR CITY OF SAN JOSE EMPLOYEES, RETIREES, AND
THEIR DEPENDENTS FOR THE PERIOD OF JANUARY 1, 2020
THROUGH DECEMBER 31, 2023.**

RECOMMENDATION

(a) Adopt a resolution authorizing the City Manager to:

- (1) Negotiate and execute an Agreement or Agreements with Anthem Blue Cross to provide medical insurance plans and support services to the City for employees, retirees, and dependents for the period from January 1, 2020 through December 31, 2023, for premium costs not to exceed \$40,767,000 for calendar year 2020 and with annual cost adjustments for each subsequent year based on annual premiums as determined by Anthem, number of enrollees, and pursuant to collective bargaining agreements, for a maximum amount not to exceed \$188,598,000 for a potential four (4) year term, subject to the annual appropriation of funds by the City Council; and
- (2) Negotiate and approve annual premium renewal rates, and negotiate and execute any annual group health plan or policy contract and any ancillary documents, such as Evidences of Coverage (EOC) documents and Business Associate Agreements, with Anthem that are necessary to facilitate the medical insurance services Agreements for the period of January 1, 2020 through December 31, 2023; and
- (3) In the event that Anthem's proposed annual renewal rates are not acceptable to the City Manager, subject to the terms of City's collective bargaining agreements, authorize the City Manager to terminate the agreement(s) or group plan contract(s).

(b) Adopt a resolution authorizing the City Manager to:

- (1) Negotiate and execute an Agreement or Agreements with Kaiser Permanente to provide medical insurance plans and support services to the City for employees, retirees, and dependents for the period from January 1, 2020 through December 31, 2023, for premium costs not to exceed \$82,300,000 for calendar year 2020 and with annual cost adjustments for each subsequent year based on annual premiums as determined by Kaiser Permanente, number of enrollees, and pursuant to collective bargaining agreements, for a maximum amount not to exceed \$375,102,000 for a potential four (4) year term, subject to the annual appropriation of funds by the City Council; and
- (2) Negotiate and approve annual premium renewal rates, and negotiate and execute any annual group health plan or policy contract and any ancillary documents, such as Evidences of Coverage (EOC) documents and Business Associate Agreements, with Kaiser Permanente that are necessary to facilitate the medical insurance services Agreements for the period of January 1, 2020 through December 31, 2023; and
- (3) In the event that Kaiser Permanente's proposed annual renewal rates are not acceptable to the City Manager, subject to the terms of City's collective bargaining agreements, authorize the City Manager to terminate the agreement(s) or group plan contract(s).

OUTCOME

Approval of the recommendation will replace the Sutter Health Plus HMO plans (Sutter) with Anthem Blue Cross (Anthem) "Select" HMOs for active employees and pre-65 retirees; replace the self-funded Blue Shield of California (Blue Shield) PPO with Anthem fully-funded PPO options for employees and pre-65 retirees, and replace the Blue Shield fully-funded post-65 Medicare HMO and PPO plan offerings with Anthem fully-funded HMO and PPO Medicare Advantage plans effective January 1, 2020. The City would maintain its current Kaiser plan offerings to actives and retirees.

Further, adoption of the resolutions would support the City's medical plans strategy objective of diversifying enrollment populations across all the available healthcare plans to ensure medical plan options for current and future employees/retirees; provide access to medical services for employees/retirees who do not reside in the Kaiser (or Sutter) service areas or who want a non-Kaiser doctor, discontinue its self-funding of the current PPO offering, and enhance the City's Wellness program.

EXECUTIVE SUMMARY

The City of San Jose's active employees, retirees, and dependents may currently choose among nine (9) fully-funded medical plans offered by Sutter, Kaiser, and Blue Shield, and one self-funded PPO from Blue Shield. Following a competitive process in 2016, the City entered into agreements with Blue Shield and Sutter through December 31, 2020, and renewed its existing agreement with Kaiser beginning January of 2015 with annual options to renew through December 31, 2018. On June 5, 2018 Council approved extending the Kaiser agreements through December 31, 2020 to align with the Sutter and Blue Shield agreement periods.

The Request for Proposal (RFP) in 2016 was issued to address the City's disproportionate enrollment with one health plan provider; in 2016 over 84% of the active and retiree populations had chosen a Kaiser plan. With much of the City's population enrolled in Kaiser, it has been difficult for the City to attract other providers to offer competitive plans. It is important for the City to offer an alternative to Kaiser for the following reasons. Kaiser does not currently have facilities in all the areas in which employees and retirees reside and Kaiser maintains a closed network of physicians and medical facilities, which means that non-Kaiser specialty physicians or facilities outside of their network are not viable options. Lastly, having alternative medical plan carriers ensures more options for current employees and future employees/retirees. Offering multiple attractive benefit options assists in recruitment and retention of employees.

The Kaiser offerings are financially attractive for many employees, and the City's cost sharing structure has had the unintended consequence of favoring Kaiser's plans for many years. The result has been favorable cost-contained medical plan options for the Kaiser population, and escalating and unsustainable medical plan offerings for the non-Kaiser population who tend to have higher utilization cost experience on average compared to the population that has selected Kaiser.

In 2017 Sutter was introduced as a cost competitive alternative to Kaiser and despite their limited but potentially growing network, it was a first step on the City's part to address the challenges of diversifying enrollment by offering a sustainable option to Kaiser. As of January 2018 the rate of enrollment in a Kaiser plan started to slow down.

While the three-provider offering (Kaiser, Sutter, and Blue Shield) did begin to further diversify enrollment across the provider plans, the Sutter plans are not accessible for all active employees and pre-65 retirees due to a limited service area. Also, since Sutter did not offer a PPO, and Blue Shield would not offer a fully insured plan alongside Sutter, the City had to self-fund to retain a PPO option for employees and early retirees. Currently, employees and pre-65 retirees may not have an option other than the Blue Shield PPO plan; a plan that is very expensive for enrollees and the City is having to heavily subsidize.

To continue to achieve a more balanced enrollment, the City and all bargaining units agreed in July of 2018 to change the cost sharing structure strategy for all active employees to offer a higher City contribution and other incentives towards enrollment in a plan with the provider with

the second highest employee enrollment. As of January 1, 2019, Kaiser enrollment decreased from 84% to 80% of active employees.

Having begun to achieve the goal of more balanced enrollment, enhanced by the City's change in its cost sharing model, along with the need to secure a fully insured PPO, Staff conducted an RFP process in February 2019 and received five qualified carrier responses, more responses than the RFPs conducted in 2016, 2014 and 2010. After evaluation of all submitted proposals and oral interviews and presentations, a City Committee, in consultation with the City's Benefit consultant, Alliant, recommends that the City:

1. Enter into an agreement with Anthem to replace the current Sutter HMO plans for active employees with Anthem's \$20 Copay Select Network HMO and \$1500 Select Deductible HMO; replace the self-funded Blue Shield PPO with Anthem's fully-insured Select PPO, Prudent Buyer PPO and Prudent Buyer High Deductible PPO with Health Savings Account (HSA); replace the current Blue Shield Medicare HMO and PPO plans for post-65 retirees with Anthem's Medicare Advantage HMO and PPO; and
2. Enter into a new agreement with Kaiser to continue to offer the current Kaiser plans for employees and retirees.

Anthem's Select HMO and PPO is a preferred network of providers that will allow City employees greater access to Santa Clara County physicians and Good Samaritan Hospital in San José that are not currently included in the Sutter network. Anthem's offering of fully-insured PPOs for active employees and retirees meets the City's objective of no longer self-funding any medical plans.

See Attachment A for a comparison of the City's current premium rates and proposed 2020 premium and contribution rates.

BACKGROUND

The City is required to maintain medical insurance coverage for active employees, retirees, and their dependents pursuant to the San José Municipal Code and as further required by the City's collective bargaining agreements. The San José Municipal Code also states that "members [retirees] or their survivors may secure medical insurance coverage only from an eligible medical plan with which the city has entered into a contract for the provision of hospital, medical, surgical and related benefits as part of the city's benefits to city employees." To meet those obligations, the City currently contracts with three different medical plan providers for medical insurance services for City employees, retirees, and their dependents.

- Kaiser group HMO plans for active employees and retirees under the age of 65 who live or work in Northern and Southern California;
- Kaiser Senior Advantage plans for retirees and their dependents that are enrolled in Medicare;
- Kaiser HMO plans for retirees and their dependents who reside in the Pacific Northwest and Hawaii;
- Sutter group HMO plans for active employees and retirees under the age of 65 who live or work within Northern California;
- Blue Shield Preferred Provider Organization (PPO) self-funded plan for active employees and early retirees;
- Blue Shield HMO and PPO plans that coordinate with Medicare for retirees and their dependents who are enrolled in and eligible for Medicare.

With most enrollees in a Kaiser plan, the cost to employees and retirees has been higher for the non-Kaiser plans, which results in migration out of the non-Kaiser plans, which creates a higher risk pool for the reduced enrollment, which in turn drives higher and higher premiums. This is most evident in the self-funded PPO.

Currently, the Blue Shield PPO is the only medical plan offered by the City that is self-funded which means the City assumes the risk and responsibility for funding and paying insurance claims in return for a specified premium. As of April 1, 2019 there are 91 active employees and 325 pre-65 retirees enrolled. Due to higher than anticipated claims and declining enrollment in this plan, the premium rates have increased significantly (30% increase for 2019 and an additional 30% increase anticipated for 2020) which render the PPO plan cost prohibitive for most City employees and pre-65 retirees. The City has already covered losses in this plan of over \$4 million and cannot continue to subsidize. For employees/pre-65 retirees for whom Kaiser is not an option, and who do not reside in the Sutter service area, the PPO plan is currently their only medical plan choice.

Despite competitive rates and access to quality providers and facilities, the challenges with Sutter's service area are ongoing. Pre-65 retirees living/moving out of the area are not able to select Sutter plans, and with limited local zip codes included in their service area, some pre-65 retirees living in San José are also not able to select the Sutter plans. Additionally, not all local hospitals are in their network, and there are no hospitals in San José, including Good Samaritan. Planned expansion by Sutter is slower than expected due to healthcare regulations. Further, Sutter did not offer a PPO plan in the past or via this recent RFP, and they did not offer Medicare plans for over-65 retirees to the City for plan years 2017-2020.

While Kaiser is a valued City partner offering quality, affordable and accessible medical services, predominantly in California, to be able to offer medical plan choices for current and future employees/retirees, the City has been taking steps to position itself to attract medical plan providers who can offer medical plans to City employees and retirees which are cost competitive with Kaiser and which are more accessible for those who do not reside in a Kaiser service area.

In July of 2018, the City and all bargaining units agreed, effective January 1, 2019, to modify the City's healthcare cost sharing structure for eligible active employees by creating an additional cost sharing model to the current cost sharing structure of offering a higher City contribution towards the lowest priced Non-Deductible HMO Co-pay plan of the carrier with the second highest overall employee enrollment. Additionally, the City's contribution for eligible part-time benefitted employees that enrolled in a Sutter plan was increased for the 2019 and 2020 plan years, and an additional incentive was provided to new employees hired after July 1, 2018 who selected a Sutter plan.

These changes resulted in an increased enrollment in the non-Kaiser plans; between January 1, 2018 and January 1, 2019, enrollment in a Sutter plan increased by 36% for active employees. During the same period, active employee enrollment in Kaiser decreased from 84% to 80%. These enrollment shifts demonstrated the City's commitment to diversify the enrollment populations across available healthcare plans. With these changes, the City received a favorable response from the carrier marketplace to the Medical Plan RFP, which was conducted with a subset of the Benefits Review Forum in early 2019.

RFP's are generally conducted for medical plans every four years. However, since the self-funded PPO plan is not self-sustaining and with the City's medical plans strategy to diversify the enrollment across all the available healthcare plans to ensure plan options for current and future employees/retirees and with the newly adopted cost sharing structure, an RFP was conducted in early 2019 for plans to be effective January 1, 2020.

ANALYSIS

In February of 2019, Staff released an RFP for the City's group medical plans. Each of the major medical plan vendors operating in the Northern California area were invited to submit a proposal, including Aetna, Anthem, Blue Shield, Cigna, EIA Health, Health Net, Kaiser, Sutter Health and United HealthCare (UHC). Additionally, the RFP was posted on BidSync to ensure all other potential service providers were notified.

The City requested medical plan providers to submit a proposal via the RFP process to offer employee, retiree and dependent medical plan benefits for a four-year period from January 1, 2020 to December 31, 2023 for one or both of the following options:

- Provide an exact match of the City's current program offerings and plan design, with the exception that while the current Blue Shield PPO plan is self-funded, the City is requesting a fully-insured option to replace that plan.
- Provide a creative/unique option that will provide value and/or enhance the City's current medical benefits program. (E.g. Alternative networks, Accountable Care Organizations (ACO) options, value-based plan designs.)

The City also requested the providers to quote a fully insured HMO and PPO that would stand alongside Kaiser.

The City's objective is to offer attractive benefits to employees and retirees. In order to achieve this, the City must provide and maintain sustainable medical plan options that offer choice and flexibility now and into the future. This will be best achieved by having only two carriers. With fewer carriers the risk is more evenly distributed, which helps to control costs. Also, the medical plans selected must help to continue to create a more balanced enrollment between the two carriers.

In addition to group medical coverage, the RFP stated the expectation that the medical provider will programmatically and financially support the City's effort to develop a comprehensive Wellness Program. Wellness services would include the following:

- Provide a \$75,000 wellness credit in their financial proposal;
- Provide quality medical program administration that includes a focus on wellness and disease management;
- Provide free flu shots and biometric wellness screenings to City employees and retirees once each year in advance of flu season/during annual open enrollment and in coordination with other City medical plan provider(s);
- Provide a minimum of 12 trainings annually for employees and another 4 trainings annually specifically for retirees on health-related topics;
- Provide a Silver Sneakers® Fitness Program (discounted gym membership), or something similar, for Medicare retirees.

Two vendors, Cigna and EIA Health declined to submit a bid, citing the high Kaiser enrollment levels and the demographics of the City's enrolled participants.

Anthem, Blue Shield, Kaiser, and UHC provided comprehensive submissions. Sutter provided a submission for HMO plans only; they did not quote on a PPO plan. Alignment submitted a proposal for a Medicare Advantage HMO in partnership with Sutter, but it did not meet the City's minimum qualifications.

The review process involved convening an RFP Evaluation Committee (Committee) of key stakeholders, including representatives from Human Resources, Retirement Services, the Police Union, the Fire Union, Non-Management Unions, Management Unions, and the Retiree Associations. The Committee reviewed the proposals and interviewed Anthem, Blue Shield, Kaiser, Sutter, and UHC the week of April 15, 2019.

Kaiser's offering in response to the RFP included a cost increase of 8.7% for actives and pre-65 retirees in the current structure of four tiers for non-sworn actives and retirees, and two tiers for sworn employees. The decision was made to retain the current plan offerings from Kaiser and the current structure of four tiers for non-sworn employees and retirees, and two tiers for sworn employees for 2020 or until further discussion with the bargaining units.

The Evaluation Committee is recommending Anthem and Kaiser to provide the City's group fully-insured medical plans designed for employees, retirees, and their dependents. Anthem was selected to replace Sutter and Blue Shield for the following reasons:

1. **Choice** – Anthem offers a suite of products that includes their Select HMOs and PPOs for active employees and retirees all under one carrier. Additionally, the options for retirees over 65 include a Medicare Advantage HMO and PPO, which are more cost effective and easier for Medicare retirees to navigate. Anthem's Select HMO and PPO are a preferred network of providers that will allow City employees to access Santa Clara County Independent Physicians Association (SCCIPA) physicians as well as Good Samaritan Hospital. Prior to the move to Sutter, most employees not enrolled in Kaiser were seeking care through SCCIPA. Sutter providers are not a part of Anthem's Select network; however, employees who wish to continue to see their current Sutter provider can do so through two of the Anthem PPO options.
2. **Cost** - Anthem's cost proposal was competitive and provides employees and retirees with several plan options and Anthem was the only bidder that provided a rate cap for the HMO and PPO combined for 2021 of no more than 9.9%. Anthem's final HMO premium rates increased by approximately 7% over Sutter's current HMO offerings. Anthem's PPO offering includes a Select Network PPO at a 6.5 % increase, a Classic (full) network PPO at an increase of 13.9%, and an HSA Qualified full network PPO at 34.5% under the City's current PPO for 2020. The industry's medical rate increases trend is 8% for HMO and 10% for PPO. Rates for Anthem's Medicare HMO decreased 24% and decreased 3.8% for the Medicare PPO.
3. **Network** - Anthem has one of the largest national networks in the country. Employees and retirees will have more choice with Anthem, especially retirees who live out of the area. Anthem's Select HMO network includes twenty-two counties in California. Over 95% of pre-65 retirees will be able to choose the Anthem Select HMO and will no longer be left with only a PPO option due to where they live.

After an in-depth review of the Anthem proposals, the Committee is recommending offering Anthem's "Select" network of providers, which is more cost efficient but does not include Sutter doctors. Offering Anthem's "Select" network alongside Kaiser will provide the City with the best opportunity to create a more balanced enrollment profile, and therefore, the best opportunity to achieve the City's objectives. As mentioned above, for those wanting to maintain their Sutter doctor, there will be multiple PPO options available in order to do so.

The City's contribution is tied to the lowest cost non-deductible co-pay plan, which is Kaiser for 2020. Given that there is an increase in the Kaiser rates for 2020, employees and retirees enrolled in Kaiser will see an increase in their contribution and the City's contribution will be increased as well. Since the Anthem total premium rates have also increased and the City's contribution has increased, employees and retirees enrolling in some of the Anthem plans will also see an increase in their contributions. However, many employees and pre-65 retirees

enrolling in one of the PPO options, and all of the retirees enrolling in one of the Medicare options with Anthem will see a rate decrease. See Attachment A for a comparison of the City's current premium rates and proposed 2020 premium rates for employees, retirees, and the City for each plan. As described below, the total agreement costs will vary from year to year over the four years. The projected costs for 2021-2023 year are based on a 6% cost trend for Kaiser and 9% for Anthem for the non-Medicare plans and 5% for all the Medicare plans. A 3% increase in enrollment for actives was also included in the projection for each calendar year to account for new hires.

The Committee's final scoring results are listed below:

EVALUATION COMMITTEE FINAL PROVIDER SCORE RESULTS

Criteria	Weight	Anthem	Kaiser	UHC	Blue Shield	SHP
Proposal Responsiveness	Pass/Fail	Pass	Pass	Pass	Pass	Pass
Network Access	225	224	195	191	146	73
Scope of Work/Plan Offerings	180	187	166	159	116	41
Customer Service	90	88	84	75	47	59
Financial Offer	225	202	207	214	76	131
Experience of Proposer	90	85	77	73	30	30
Local Business Enterprise	45	0	45	0	45	0
Small Business Enterprise	45	0	0	0	0	0
Total	900	786	774	712	460	334
Ranking		1	2	3	4	5

Considering the needs to duplicate the current benefits, to provide an advantageous financial offer that include a fully insured PPO, and the ability to provide the best possible access to all members, Anthem and Kaiser were chosen to offer coverage to the City of San José employees, retirees, and their dependents.

As a result of the RFP process, Staff is recommending that Council adopt the resolutions as stated in the Recommendation Section of this Council Memo.

The City's RFP process provides for unsuccessful proposers to protest the award recommendation. The bidders received the Notice of Award on May 13, 2019, which began the ten-day protest period. No protests were received.

EVALUATION AND FOLLOW-UP

No additional follow-up actions with the City Council is expected at this time.

PUBLIC OUTREACH

The local business community was given the opportunity to compete by the posting of the RFP on the BidSync website. Additionally, targeted outreach was conducted to several known medical plan providers. Interested providers were asked to submit proposals that offered fully-insured medical plans.

This recommendation was shared with the Benefits Review Forum and the eleven bargaining units and two retiree associations via email on June 5, 2019.

This memorandum will be posted on the City's website for the June 25, 2019 City Council Meeting.

COORDINATION

This memorandum has been coordinated with the City Manager's Budget Office and the City Attorney's Office.

COMMISSION RECOMMENDATION/INPUT

There is no commission recommendation or input as part of this memorandum.

COST SUMMARY/IMPLICATIONS

Based on current enrollment, migration estimations provided by Alliant, and the proposed premiums, the cost of health care insurance benefits for active employees for the plan year beginning January of 2020 will be approximately \$61,600,000 for the City and \$10,600,000 for employees enrolled in the Kaiser and Anthem medical plans. This cost projection is based on a rate increase of 8.7% for Kaiser plans, and 7% for the Anthem Select HMO plan, a 6.5% increase for the Select PPO, 13.9% increase for the full network PPO, 34.5% decrease for the High Deductible PPO with HSA, and rate decreases of 24% and 3.8% for the Anthem Medicare HMO and PPO, respectively.

The proposed 2020 premium rates for Non-Sworn Active Employees and Pre-65 Retirees, Sworn Active Employees, and Post-65 Retirees compared to 2019 are shown in Attachment A. Sworn employee rates are shown separately due to separate bargaining agreements and rate structures.

After open enrollment has concluded, finalized premium costs will be addressed as part of the 2019-2020 Mid-Year report. Actual costs will be based on enrollment in each of the plans.

Effective December 31, 2019 the self-funded PPO plan will be closed. The employees and pre-65 retirees currently enrolled in the plan will have the option to enroll in a different plan during the open enrollment period for the 2020 plan year. The premium costs to the City for the active employees currently enrolled in the PPO will move to the Health Plan appropriation (Fund 160) referenced below effective January 1, 2020. The remaining costs to the City to close this fund will be for the payment of final claims (claims run out) and final administration which are included in the Self-Insured Medical Fund (Fund 158). Any necessary adjustments to close out this fund will be brought forward later in 2019-2020 and/or 2020-2021 based on actual experience.

The RFP specified a four-year contract period. It is important to note that the medical plans are subject to City's acceptance of the vendors' annual renewal rates. Pursuant to the terms of City's agreements with the vendors, if a medical plan vendor's proposed renewal rates are not acceptable to City, the City may elect to terminate the group coverage with that vendor at any time with prior notice to the vendor.

Beginning in 2019, the City pays 90% of the premium cost for active employees of the lowest-priced non-deductible HMO co-pay plan of the provider with the second highest overall enrollment for active employees, regardless of coverage level elected (employee, employee plus spouse/domestic partner, employee plus child(ren) or family coverage). As discussed earlier, the City's share of cost for the Kaiser plans is increasing 8.7%.

The Retiree Medical Trusts' share of premium cost is tied to the lowest cost plan offered to an active employee, based on coverage level elected (single, single plus spouse/domestic partner, single plus child(ren), or family coverage). Currently, the lowest cost plan is the Kaiser \$3,000 Deductible plan. Retirees pay the difference between the Retiree Medical Trusts' share and the cost of the plan each retiree chooses. Based on current enrollment and the proposed premiums, the annualized cost of health care insurance benefits for retirees beginning January 2020 will be approximately \$39,900,000 for the Retiree Medical Trust and \$11,000,000 for retirees enrolled in the Anthem and Kaiser plans.

All cost estimates included above are based upon calendar years, not fiscal years. The 2019-2020 budget assumed actual rates in place for July-December 2019 with a health rate increase of 10% effective January 2020. The overall increases effective January 2020 are expected to remain with in this level.

BUDGET REFERENCE

The table below identifies the fund and appropriation for the City's costs for medical plans that are recommended as part of this memo. The budgeted amount listed in the table below is for Fiscal Year 2019-2020.

Fund #	Appn. #	Appn. Name	Total Appn.	Amount for Contract	2019-2020 Proposed Budget Page	Last Budget Action (Date, Ord. No.)
160	N/A	Health Plans	\$ 58,050,000 ²	N/A	X-6	N/A

¹ The 2019-2020 Proposed Budget is scheduled to be adopted by the City Council on June 18, 2019.

² This figure does not reflect the funding for staff that will move from the Self-Insured Medical Fund

³ The agreement amounts for Health Plans are not specified at this time because premium payments will vary based upon each year's enrollment and the number of filled positions.

CEQA

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

/s/

JENNIFER SCHEMBRI
Director of Employee Relations and
Director of Human Resources

For questions, please contact Emily Hendon, Benefits Division Manager, at (408) 975-1448.

Attachment A: Estimated Rates and Contributions

Attachment A

EARLY RETIREE ESTIMATED Rates and Contributions

Early Retirees							
Medical Plan	Current 2019 Rates			Proposed 2020 Rates			
	Monthly Premium	Monthly City Share	Monthly Retiree Share	Monthly Premium	Monthly City Share	Monthly Retiree Share	Monthly Retiree Difference (\$)
Kaiser Plans							
Kaiser \$25 HMO - Single	\$645.08	\$445.04	\$200.04	\$701.46	\$483.94	\$217.52	\$17.48
Kaiser \$25 HMO - Member+SP	\$1,290.16	\$890.08	\$400.08	\$1,402.92	\$967.88	\$435.04	\$34.96
Kaiser \$25 HMO - Member+CH(ren)	\$1,128.88	\$778.82	\$350.06	\$1,227.54	\$846.90	\$380.64	\$30.58
Kaiser \$25 HMO - Family	\$1,935.24	\$1,335.12	\$600.12	\$2,104.38	\$1,451.82	\$652.56	\$52.44
Kaiser \$1500 HMO - Single	\$528.20	\$445.04	\$83.16	\$574.36	\$483.94	\$90.42	\$7.26
Kaiser \$1500 HMO - Member+SP	\$1,056.40	\$890.08	\$166.32	\$1,148.72	\$967.88	\$180.84	\$14.52
Kaiser \$1500 HMO - Member+CH(ren)	\$924.36	\$778.82	\$145.54	\$1,005.14	\$846.90	\$158.24	\$12.70
Kaiser \$1500 HMO - Family	\$1,584.60	\$1,335.12	\$249.48	\$1,723.08	\$1,451.82	\$271.26	\$21.78
Kaiser HDHP - Single	\$445.04	\$445.04	\$0.00	\$483.94	\$483.94	\$0.00	\$0.00
Kaiser HDHP - Member+SP	\$890.08	\$890.08	\$0.00	\$967.88	\$967.88	\$0.00	\$0.00
Kaiser HDHP - Member+CH(ren)	\$778.82	\$778.82	\$0.00	\$846.90	\$846.90	\$0.00	\$0.00
Kaiser HDHP - Family	\$1,335.12	\$1,335.12	\$0.00	\$1,451.82	\$1,451.82	\$0.00	\$0.00
Blue Shield Plans				Anthem Plans			
BSC PPO - Single	\$1,435.38	\$445.04	\$990.34	\$1,571.83	\$483.94	\$1,087.89	\$97.55
BSC PPO - EE+SP	\$2,870.74	\$890.08	\$1,980.66	\$3,458.02	\$967.88	\$2,490.14	\$509.48
BSC PPO - EE+CH(ren)	\$2,511.94	\$778.82	\$1,733.12	\$2,829.29	\$846.90	\$1,982.39	\$249.27
BSC PPO - Family	\$4,306.12	\$1,335.12	\$2,971.00	\$4,872.67	\$1,451.82	\$3,420.85	\$449.85
Anthem Select PPO - Single				\$1,469.66	\$483.94	\$985.72	(\$4.62)
Anthem Select PPO - EE+SP				\$3,233.25	\$967.88	\$2,265.37	\$284.71
Anthem Select PPO - EE+CH(ren)				\$2,645.39	\$846.90	\$1,798.49	\$65.37
Anthem Select PPO - Family				\$4,555.95	\$1,451.82	\$3,104.13	\$133.13
Anthem HDHP - Single				\$905.37	\$483.94	\$421.43	(\$568.91)
Anthem HDHP - EE+SP				\$1,991.82	\$967.88	\$1,023.94	(\$956.72)
Anthem HDHP - EE+CH(ren)				\$1,629.67	\$846.90	\$782.77	(\$950.35)
Anthem HDHP - Family				\$2,806.66	\$1,451.82	\$1,354.84	(\$1,616.16)
Sutter Plans				Anthem Plans			
Sutter \$25 - Single	\$652.28	\$445.04	\$207.24	\$671.12	\$483.94	\$187.18	(\$20.06)
Sutter \$25 - EE+SP	\$1,304.56	\$890.08	\$414.48	\$1,476.47	\$967.88	\$508.59	\$94.11
Sutter \$25 - EE+CH(ren)	\$1,141.44	\$778.82	\$362.62	\$1,208.02	\$846.90	\$361.12	(\$1.50)
Sutter \$25 - Family	\$1,956.78	\$1,335.12	\$621.66	\$2,080.47	\$1,451.82	\$628.65	\$6.99
Sutter \$1500 - Single	\$534.06	\$445.04	\$89.02	\$517.42	\$483.94	\$33.48	(\$55.54)
Sutter \$1500 - EE + SP	\$1,068.12	\$890.08	\$178.04	\$1,138.34	\$967.88	\$170.46	(\$7.58)
Sutter \$1500 - EE+ CH	\$934.56	\$778.82	\$155.74	\$931.36	\$846.90	\$84.46	(\$71.28)
Sutter \$1500 - Family	\$1,602.12	\$1,335.12	\$267.00	\$1,604.02	\$1,451.82	\$152.20	(\$114.80)
Sutter HDHP - Single	\$445.74	\$445.04	\$0.70				
Sutter HDHP - EE + SP	\$891.50	\$890.08	\$1.42				
Sutter HDHP - EE+ CH	\$780.04	\$778.82	\$1.22				
Sutter HDHP - Family	\$1,337.22	\$1,335.12	\$2.10				

MEDICARE RETIREE ESTIMATED Rates and Contributions**Medicare/Post-65 Retirees**

	Current 2019 Rates			Proposed 2020 Rates			
	Monthly Premium	Monthly City Share	Monthly Retiree Share	Monthly Premium	Monthly City Share	Monthly Retiree Share	Monthly Retiree Difference (\$)
Kaiser Plans							
KPSA*	\$300.80	\$300.80	\$0.00	\$315.84	\$315.84	\$0.00	\$0.00
*Final rates not available from Kaiser until June 30, 2019							
Blue Shield Plans				Anthem Plans			
BSC Medicare HMO - EE Only	\$602.56	\$445.04	\$157.52	\$453.55	\$453.55	\$0.00	(\$157.52)
BSC Medicare HMO - EE +SP (both Medicare)	\$1,205.12	\$890.08	\$315.04	\$907.10	\$907.10	\$0.00	(\$315.04)
BSC Medicare PPO - EE Only	\$528.57	\$445.04	\$83.53	\$508.56	\$483.94	\$24.62	(\$58.91)
BSC Medicare PPO - EE Medicare, Spouse/Child Medicare	\$1,057.14	\$890.08	\$167.06	\$1,017.12	\$967.88	\$49.24	(\$117.82)

Attachment A

ACTIVE ESTIMATED Rates and Contributions **Effective 1/1/2020 Anthem and Kaiser will replace Blue Shield, Sutter and Kaiser**

Medical Plan	Current 2019 Rates			Proposed 2020 Rates			
	Monthly Premium	Monthly City Share (FT)	Monthly EE Share	Monthly Premium	Monthly City Share (FT)	Monthly EE Share	Monthly EE Difference (\$)
Non-Sworn Actives							
Kaiser Plans							
Kaiser \$25 HMO - Single	\$645.08	\$548.32	\$96.76	\$701.46	\$596.24	\$105.22	\$8.46
Kaiser \$25 HMO - EE+SP	\$1,290.16	\$1,096.64	\$193.52	\$1,402.92	\$1,192.48	\$210.44	\$16.91
Kaiser \$25 HMO - EE+CH(ren)	\$1,128.88	\$959.55	\$169.33	\$1,227.54	\$1,043.41	\$184.13	\$14.80
Kaiser \$25 HMO - Family	\$1,935.24	\$1,644.95	\$290.29	\$2,104.38	\$1,788.72	\$315.66	\$25.37
Kaiser \$1500 HMO - Single	\$528.20	\$528.20	\$0.00	\$574.36	\$574.36	\$0.00	\$0.00
Kaiser \$1500 HMO - EE+SP	\$1,056.40	\$1,056.40	\$0.00	\$1,148.72	\$1,148.72	\$0.00	\$0.00
Kaiser \$1500 HMO - EE+CH(ren)	\$924.36	\$924.36	\$0.00	\$1,005.14	\$1,005.14	\$0.00	\$0.00
Kaiser \$1500 HMO - Family	\$1,584.60	\$1,584.60	\$0.00	\$1,723.08	\$1,723.08	\$0.00	\$0.00
Kaiser HDHP - Single	\$445.04	\$445.04	\$0.00	\$483.94	\$483.94	\$0.00	\$0.00
Kaiser HDHP - EE+SP	\$890.08	\$890.08	\$0.00	\$967.88	\$967.88	\$0.00	\$0.00
Kaiser HDHP - EE+CH(ren)	\$778.82	\$778.82	\$0.00	\$846.90	\$846.90	\$0.00	\$0.00
Kaiser HDHP - Family	\$1,335.12	\$1,335.12	\$0.00	\$1,451.82	\$1,451.82	\$0.00	\$0.00
Blue Shield Plans							
BSC PPO - Single	\$1,435.38	\$548.32	\$887.06	\$1,571.83	\$596.24	\$975.59	\$88.53
BSC PPO - EE+SP	\$2,870.74	\$1,096.64	\$1,774.10	\$3,458.02	\$1,192.48	\$2,265.54	\$491.43
BSC PPO - EE+CH(ren)	\$2,511.94	\$959.55	\$1,552.39	\$2,829.29	\$1,043.41	\$1,785.88	\$233.49
BSC PPO - Family	\$4,306.12	\$1,644.95	\$2,661.17	\$4,872.67	\$1,788.72	\$3,083.95	\$422.78
Anthem Select PPO - Single				\$1,469.66	\$596.24	\$873.42	(\$13.64)
Anthem Select PPO - EE+SP				\$3,233.25	\$1,192.48	\$2,040.77	\$266.66
Anthem Select PPO - EE+CH(ren)				\$2,645.39	\$1,043.41	\$1,601.98	\$49.59
Anthem Select PPO - Family				\$4,555.95	\$1,788.72	\$2,767.23	\$106.06
Anthem HDHP - Single				\$905.37	\$596.24	\$309.13	(\$577.93)
Anthem HDHP - EE+SP				\$1,991.82	\$1,192.48	\$799.34	(\$974.77)
Anthem HDHP - EE+CH(ren)				\$1,629.67	\$1,043.41	\$586.26	(\$966.13)
Anthem HDHP - Family				\$2,806.66	\$1,788.72	\$1,017.94	(\$1,643.23)
Sutter Plans							
Sutter \$25 - Single	\$652.28	\$587.05	\$65.23	\$671.12	\$604.01	\$67.11	\$1.88
Sutter \$25 - EE+SP	\$1,304.56	\$1,174.10	\$130.46	\$1,476.47	\$1,328.82	\$147.65	\$17.19
Sutter \$25 - EE+CH(ren)	\$1,141.44	\$1,027.30	\$114.14	\$1,208.02	\$1,087.22	\$120.80	\$6.66
Sutter \$25 - Family	\$1,956.78	\$1,761.10	\$195.68	\$2,080.47	\$1,872.42	\$208.05	\$12.37
Sutter \$1500 - Single	\$534.06	\$534.06	\$0.00	\$517.42	\$517.42	\$0.00	\$0.00
Sutter \$1500 - EE + SP	\$1,068.12	\$1,068.12	\$0.00	\$1,138.34	\$1,138.34	\$0.00	\$0.00
Sutter \$1500 - EE+ CH	\$934.56	\$934.56	\$0.00	\$931.36	\$931.36	\$0.00	\$0.00
Sutter \$1500 - Family	\$1,602.12	\$1,602.12	\$0.00	\$1,604.02	\$1,604.02	\$0.00	\$0.00
Sutter HDHP - Single	\$445.74	\$445.74	\$0.00				
Sutter HDHP - EE + SP	\$891.50	\$891.50	\$0.00				
Sutter HDHP - EE+ CH	\$780.04	\$780.04	\$0.00				
Sutter HDHP - Family	\$1,337.22	\$1,337.22	\$0.00				
Sworn Actives							
Kaiser Plans							
Kaiser \$25 HMO - Single	\$659.60	\$560.66	\$98.94	\$717.26	\$609.67	\$107.59	\$8.65
Kaiser \$25 HMO - Family	\$1,642.40	\$1,396.04	\$246.36	\$1,785.98	\$1,518.08	\$267.90	\$21.54
Kaiser \$1500 HMO - Single				\$562.36	\$562.36	\$0.00	\$0.00
Kaiser \$1500 HMO - Family				\$1,400.28	\$1,400.28	\$0.00	\$0.00
Kaiser HDHP - Single	\$435.74	\$435.74	\$0.00	\$473.82	\$473.82	\$0.00	\$0.00
Kaiser HDHP - Family	\$1,084.98	\$1,084.98	\$0.00	\$1,179.80	\$1,179.80	\$0.00	\$0.00
BSC PPO - Single	\$1,496.96	\$560.66	\$936.30	\$1,571.83	\$609.67	\$962.16	\$25.86
BSC PPO - Family	\$3,845.38	\$1,396.04	\$2,449.34	\$4,241.56	\$1,518.08	\$2,723.48	\$274.14
Anthem Select PPO - Single				\$1,469.66	\$609.67	\$859.99	(\$76.31)
Anthem Select PPO - Family				\$3,965.86	\$1,518.08	\$2,447.78	(\$1.56)
Anthem HDHP - Single				\$905.37	\$609.67	\$295.70	(\$640.60)
Anthem HDHP - Family				\$2,443.14	\$1,518.08	\$925.06	(\$1,524.28)
Sutter Plans							
Sutter \$25 - Single	\$666.86	\$600.17	\$66.69	\$671.12	\$604.01	\$67.11	\$0.43
Sutter \$25 - Family	\$1,660.58	\$1,494.52	\$166.06	\$1,811.01	\$1,629.91	\$181.10	\$15.04
Sutter \$1500 - Single	\$527.46	\$527.46	\$0.00	\$517.42	\$517.42	\$0.00	\$0.00
Sutter \$1500 - Family	\$1,313.46	\$1,313.46	\$0.00	\$1,396.27	\$1,396.27	\$0.00	\$0.00
Sutter HDHP - Single	\$440.28	\$440.28	\$0.00				
Sutter HDHP - Single	\$1,096.38	\$1,096.38	\$0.00				