



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 5/25/2021

To: The Board of Supervisors of Sonoma County, Board of Directors of the Sonoma County Water Agency, Board of Commissioners of the Community Development Commission, Board of Directors of the Sonoma County Agricultural Preservation and Open Space District, Board of Directors of the Northern Sonoma County Air Pollution Control District

Department or Agency Name(s): Human Resources

Staff Name and Phone Number: Cheryl Thibault, Employee Benefits Manager - 565-3033

Vote Requirement: Majority

Supervisory District(s): Countywide

Title:

Employee and Retiree Health and Welfare Plans Contracts and Amendments

Recommended Action:

1. Authorize the Human Resources Director to execute a new agreement with Vision Services Plan (VSP) to continue to provide employee and retiree vision coverage for the term June 1, 2021 through May 31, 2026.
2. Authorize the Human Resources Director to execute a new agreement with UnitedHealthcare (UHC) to provide employee, retiree, and dependent life insurance and employee accidental death and dismemberment coverage for the term June 1, 2021 through May 31, 2026.
3. Authorize the Human Resources Director to execute a new agreement with U.S. Behavioral Health Plan of California (USBHPC), also known as OptumHealth (Optum), to provide employee assistance program (EAP) and Work/Life Balance services for the term June 1, 2021 through June 30, 2026.
4. Authorize the Director of Human Resources to execute an amendment to the Administrative Services Agreement with Anthem Blue Cross for third-party claims administration and provider network access for the County of Sonoma Health Plans, for the term June 1, 2021 through May 31, 2022.
5. Authorize the Director of Human Resources to execute an amendment with CareCounsel to provide third-party healthcare advocacy services for County employees, retirees, and eligible dependents for the term August 1, 2021 to July 31, 2022.

Executive Summary:

The Human Resources (HR) Benefits Unit is responsible for management and administration of the County's health and welfare benefit programs provided to employees, retirees, and eligible dependents. The HR Benefits Unit contracts with fully insured providers and third-party administrators (TPA) who provide services, specialized skills and expertise to public and private employers.

Per the County's purchasing policies, the HR Benefits Unit solicits services from vendors to meet the County's needs regarding benefits provided through Board approved memorandums of understanding and the Salary Resolution.

The HR Benefits Unit's purpose is to provide high quality benefits at the best market prices. The recommended actions allows the HR Benefits Unit to provide services through the listed vendors at improved rates and/or enhanced benefits.

Discussion:

The Human Resources (HR) Benefits Unit is responsible for management and administration of the County's health and welfare benefit programs provided to employees, retirees, and eligible dependents. The HR Benefits Unit contracts with fully insured providers and third-party administrators (TPA) who provide services, specialized skills and expertise to public and private employers nationally.

For each of the new proposed contracts, the County issued a Request for Proposals (RFP). Segal, the County's benefits consultant, assisted the County and a sub-committee of the Joint Labor Management Benefits Committee (JLMBC) in the issuance and evaluation of the responses. For each RFP, the evaluation process focused on scope of services, fees, ability to perform requested services, experience in providing requested services, willingness to agree to performance standards, and required County contract language.

The following provides more specific information about each Recommended Action:

VSP - The County issued a Request for Proposals (RFP) for vision care services in August 2020. The County received six proposals. After a thorough analysis of the data provided during the RFP process, the sub-committee recommended VSP, which was approved by the JLMBC, and their recommendation was forwarded to the Director of Human Resources. VSP will provide their Signature Plan with enhancements for an active coverage rate reduction and a five-year rate guarantee effective June 1, 2021 through May 31, 2026.

Currently, annual costs for VSP is approximately \$767,600. The rate reduction negotiated through the RFP is 9.4%, a projected savings of \$72,400 annually. The performance guarantee total at risk is 18% of quarterly administration revenue. The enhanced benefits include an increase of \$25 to frame and contact lenses allowances; and an increase of \$20 to Computer Vision Care frame allowances.

UHC - The County issued a Request for Proposals (RFP) for life and accidental death and dismemberment (AD&D) coverage in July 2020. The County received six proposals. After a thorough analysis of the data provided during the RFP process, the sub-committee recommended UHC, which was approved by the JLMBC, and their recommendation was forwarded to the Director of Human Resources. UHC will provide life and AD&D coverages with a rate reduction for basic life and retiree life and a five-year rate guarantee effective June 1, 2021 through May 31, 2026.

The agreement with the County's current life insurance and AD&D provider, The Hartford, is due to expire May 31, 2021. Currently, annual costs are approximately \$1 million for County paid employee coverage and \$223,000 for retiree paid retiree coverage. UHC will provide a cost savings for the County paid basic life of 17.3%, a projected annual savings of \$46,700. Moreover, a cost savings for the retiree paid life insurance of 6.2%, a projected annual savings of \$13,700. The performance guarantee total at risk is 3% of premium. The new contract includes performance standards that, if not met, will result in a 3% maximum refund of premium.

There is no change in the level of benefits provided to employees, as negotiated and previously authorized by the Board and outlined in all memorandums of understanding and the Salary Resolution.

Optum - The County issued a Request for Proposals (RFP) for employee assistance program (EAP) benefits in November 2020. The County received six proposals. After a thorough analysis of the data provided during the RFP process, the sub-committee recommended Optum, which was approved by the JLMBC, and their recommendation was forwarded to the Director of Human Resources.

The agreement with the County's current EAP provider, ValueOptions, is due to expire May 31, 2021. Currently, annual costs are approximately \$120,000. Optum will provide a cost savings for the County of 12%, a projected annual savings of \$14,288 for the first three years of the contract. The performance guarantee total at risk is 3% of premium. Optum will provide life and AD&D coverages with a rate reduction for basic life and retiree life and a five-year rate guarantee effective June 1, 2021 through May 31, 2026.

There is no change in the level of benefits provided to employees, as negotiated and previously authorized by the Board and outlined in all memorandums of understanding and the Salary Resolution

Anthem - Anthem Blue Cross (Anthem BC) provides Administrative Services Only, which includes third-party claims administration for the County Health Plans, 24-hour nurse hotline, customer service, excess stop-loss claims filing services, and discounted network access services. Services also include access to the "Blue Card" Program, for CHP members outside California through other Blue Cross/Blue Shield affiliates, nationwide. The amendment extends the agreement term through May 31, 2022, and increases the monthly administrative fee from \$38.81 to \$40.12 per subscriber per month. However, the overall effect is a cost decrease of \$11,755 due to declining enrollment. As of April 1, 2021, there were 784 total subscribers in the County Health Plan - 28 active employees and 756 retirees.

CareCounsel - CareCounsel provides healthcare advocacy services to County employees, retirees, and their families' confidential benefits advice, support and assistance, health plan issues resolution, and health claims troubleshooting. Amendment No. 2 extends the agreement term through July 31, 2022 with fees remaining the same at \$1.40 per employee/retiree per month.

Prior Board Actions:

6/8/1999: Board authorized VSP Plan Agreement

5/18/2010: Board authorized renewal agreement with Hartford

3/1/2016: Board Authorized agreement with Anthem Blue Cross

6/14/2016: Board authorized agreement with ValueOptions EAP

7/19/2016: Board authorized agreement with CareCounsel

6/2/2020: Board authorized an amendment extending agreement term of Anthem BC to May 21, 2021

FISCAL SUMMARY

Expenditures	FY 20-21 Adopted	FY21-22 Projected	FY 22-23 Projected
Budgeted Expenses	\$1,707,055	\$1,730,732	\$1,730,732
Additional Appropriation Requested	0	0	0

Total Expenditures	\$1,707,055	\$1,730,732	\$1,730,732
Funding Sources			
General Fund/WA GF	\$706,974	\$726,030	\$726,030
State/Federal	\$384,853	\$394,950	\$394,950
Fees/Other	\$615,408	\$609,753	\$609,753
Use of Fund Balance			
Contingencies			
Total Sources	\$1,707,055	\$1,730,732	\$1,730,732

Narrative Explanation of Fiscal Impacts:

Costs associated with Vision Service Plan, UnitedHealthCare, and Optum are funded by premiums paid by employer and employee contributions.

Costs associated with Anthem Blue Cross are funded through County Health Plan premiums paid by employer, employee, and retiree contributions.

Costs associated with CareCounsel are funded through the Benefits Administration rate charged to County departments and agencies, allocated by FTE (full-time equivalent), 48% of which come from General Fund departments and 52% from Non-General Fund departments.

Sufficient appropriations are included in the FY 2020/21 budget and the proposed 21/22 recommended budget. Additionally the estimated cost savings of \$145,143 should help offset future administration costs.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

None.

Attachments:

None.

Related Items "On File" with the Clerk of the Board:

Agreement with Vision Services Plan (VSP)

Agreement with UnitedHealthcare (UHC)

Agreement with OptumHealth (Optum)

Amendment to the Administrative Services Agreement with Anthem Blue Cross

Agenda Date: 5/25/2021

Amendment to the Administrative Services Agreement with CareCounsel