



SUMMARY REPORT

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**Agenda Date:** 5/24/2022

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**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

**Supervisorial District(s):** Countywide

**Title:**

Employee and Retiree Health and Welfare Plans Agreements and Amendments

**Recommended Action:**

1. 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, 2022 through May 31, 2023.
2. 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, 2022 to July 31, 2023.
3. Authorize the Director of Human Resources to execute an agreement with CVS/Caremark for Prescription Benefit Management services for the County Health Plans (CHP) for the term June 1, 2022 to May 31, 2025, and authorize the Director of Human Resources to extend the agreement with CVS/Caremark for up to two, one-year terms.

**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 nationally.

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 allow the HR Benefits Unit to continue to provide services through the listed vendors.

**Discussion:**

The following provides more specific information about each Recommended Action:

**Anthem** - Anthem Blue Cross (Anthem BC) provides Administrative Services Only for the County Health Plans,

which includes third-party claims administration, 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, 2023 with the monthly administrative fee remaining unchanged at \$40.12 per subscriber per month. As of April 1, 2022, there are 753 total subscribers in the County Health Plan - 28 active employees and 725 retirees.

**CareCounsel** - CareCounsel provides healthcare advocacy services, confidential benefits advice, support and assistance, health plan issues resolution, and health claims troubleshooting to County employees, retirees, and their families. Amendment No. 3 extends the agreement term through July 31, 2023 with fees remaining unchanged at \$1.40 per employee/retiree per month.

**CVS/Caremark** - The County utilizes CVS/Caremark (Caremark) as the prescription benefit manager (PBM) for the CHP.

Per the County's purchasing policies, the HR Benefits Unit in partnership with Segal Consulting, the County's benefit consultant, issued a Request for Proposal for Pharmacy Benefit Managers in August 2021 to provide prescription drug benefits for an effective date of June 1, 2022.

The County received four proposals: CaremarkPCS Health, L.L.C (Caremark), Elixir Rx Solutions, LLC, Employers Health Purchasing Corporation, and Anthem/IngenioRx. Proposals were evaluated by a committee consisting of staff from HR Benefits Unit, Bargaining Unit Representative, Retiree Representative and Segal Consulting. The objective was to secure market competitive financial terms, while maintaining a high quality level of benefits and service for the plan enrollees and their dependents. Following the evaluation of the data provided in the RFP responses, Caremark was selected as the finalist and interviewed. The Best and Final Offer had significant improvement in pricing by 22.5% for non-Medicare participants and a one-time plan audit credit of \$45,000. Based upon the written RFP responses, and information obtained during the interview, and Caremark's in-depth knowledge of County benefits, the committee's recommendation through the HR Director is to enter a new agreement with Caremark.

At the end of the three-year term, the County's benefits consultant, Segal, and the County's Joint Labor-Management Benefits Committee will evaluate Caremark's services and compare the prescription costs with the overall market. A recommendation to the HR Director to continue the agreement another year or release a RFP will be made at that time and at the end of the first amendment.

**Strategic Plan:**

**N/A Prior Board Actions:**

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

7/19/2016: Board authorized agreement with CareCounsel

5/25/2021: Board Authorized amendment with Anthem Blue Cross and CareCounsel

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY 21-22 Adopted</b>	<b>FY22-23 Projected</b>	<b>FY 23-24 Projected</b>
Budgeted Expenses	\$84,855	\$505,874	\$505,874
Additional Appropriation Requested	0	0	0

<b>Total Expenditures</b>	\$84,855	\$505,874	\$505,874
<b>Funding Sources</b>			
General Fund/WA GF	\$10,727	\$64,621	\$64,621
State/Federal	\$1,904	\$11,308	\$11,308
Fees/Other	\$72,224	\$429,945	\$429,945
Use of Fund Balance	0	0	0
Contingencies	0	0	0
<b>Total Sources</b>	<b>\$84,855</b>	<b>\$505,874</b>	<b>\$505,874</b>

**Narrative Explanation of Fiscal Impacts:**

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), 47% of which come from General Fund departments and 53% from Non-General Fund departments.

There are no direct savings to the County as all costs associated with the CHP are paid through premiums charged to employees, retirees, and eligible dependents. Expenditures to pay Caremark for Prescription Benefit Management services will be paid within existing appropriations in the County Health Plan Internal Services Fund, which is primarily funded through participants’ plan premiums.

Costs for Anthem Blue Cross and Care Counsel will be absorbed in the Human Resources Department FY 2021/22 budget and the proposed FY 2022-23 recommended budget.

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

**Narrative Explanation of Staffing Impacts (If Required):**

None.

**Attachments:**

None.

**Related Items “On File” with the Clerk of the Board:**

1. Amendment to the Administrative Services Agreement with Anthem Blue Cross
2. Amendment to the Administrative Services Agreement with CareCounsel
3. Administrative Services Agreement with Caremark

