County of Los Angeles
CHIEF EXECUTIVE OFFICE
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WILLIAM T FUJIOKA
Chief Executive Officer

"To Enrich Lives Through Effective And Caring Service"

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September 02, 2014

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

MEDICAL, DENTAL, LIFE INSURANCE, AND DISABILITY PLANS FOR 2015
(ALL DISTRICTS - 3 VOTES)

SUBJECT

Recommendation to approve premium rates and benefit changes for the 2015 calendar year for the medical, dental, life, and disability benefit plans applicable to represented and non-represented employees.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve proposed premium rates for County-sponsored plans as follows: (a) medical and dental rates and benefit coverage changes for represented employees for the period January 1, 2015 through December 31, 2015, as recommended in this letter and shown in Exhibit I; (b) medical and dental rates for non-represented employees for the period January 1, 2015 through December 31, 2015, as recommended in this letter and shown in Exhibit II; (c) basic life and accidental death and dismemberment (AD&D) insurance rates for represented and non-represented employees and, for represented employees only, optional group term life and dependent life insurance rates, for the period January 1, 2015 through December 31, 2016, as shown in Exhibit III; (d) Supplemental Group Variable Universal Life (GVUL) and dependent term life for non-represented employees for the period January 1, 2015 through December 31, 2016 as shown in Exhibit III; (e) Survivor Income Benefit (SIB) rates for non-represented employees for the period January 1, 2015 through December 31, 2016, as shown in Exhibit III; and (f) rates for Short-Term Disability (STD), Long-Term Disability (LTD), and LTD Health Insurance plans, as shown in Exhibit IV.

2. Instruct County Counsel to review and approve as to form the appropriate agreements and/or amendments for the following health plans: Anthem Blue Cross and Anthem Blue Cross Life and

Health Insurance Company (Anthem Blue Cross); Cigna Health and Life Insurance Company and Cigna Healthcare of California, Inc. (Cigna); Kaiser Foundation Health Plan, Inc. (Kaiser); UnitedHealthcare of California and UnitedHealthcare Insurance Company (UnitedHealthcare); SafeGuard Health Plans, Inc. (SafeGuard); Delta Dental of California (Delta Dental PPO); Delta Dental of California for DeltaCare USA (DeltaCare USA); and Metropolitan Life Insurance Company (MetLife); or their successors and affiliates, as necessary, for the period January 1, 2015 through December 31, 2015.

3. Instruct the Chair to sign the aforementioned agreements and/or amendments.

4. Approve proposed premium rates for the health plans sponsored by the Association for Los Angeles Deputy Sheriffs, Inc. (ALADS) and the Los Angeles County Fire Fighters Local 1014 (Local 1014), and proposed premium rates and benefit coverage changes for the California Association of Professional Employees (CAPE), for the period January 1, 2015 through December 31, 2015, as shown in Exhibit V.

5. Instruct the Auditor-Controller to make all payroll system changes necessary to implement the changes recommended herein to ensure that all changes in premium rates are first reflected on pay warrants issued on January 15, 2015.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Purpose

The County maintains employee health, dental, group life, and other insurance programs to provide benefits that promote the effectiveness, health, and welfare of its workforce. The current premium rates and/or agreements for all County and union-sponsored medical, dental, and life insurance plans will end on December 31, 2014. The purpose of the recommendations contained in this letter is to implement negotiated agreements with carriers to continue existing benefits and to adopt changes, as recommended, for the 2015 calendar year.

Justification

Overall Premium Negotiation Process and Results

County-Sponsored Plans in General. The recommendations regarding the County-sponsored plans (Exhibits I, II, III, and IV) are the result of negotiations between the health, dental, and life insurance carriers and the County negotiating team consisting of representatives of the Chief Executive Office (CEO), Department of Human Resources (DHR), and the County's group insurance consultant, Aon Hewitt (Aon). The unions' benefit consultants also provided input into the insurance carrier negotiation process for County-sponsored plans with benefits governed by the Fringe Benefits Memoranda of Understanding (MOU) with Service Employees International Union (SEIU) Local 721 (Local 721) and the Coalition of County Unions (CCU).

Aon has concluded that the County-sponsored plans carriers' final negotiated rates are justified. Their opinion and the supporting due diligence are documented in Attachments A and B.

In general, County medical and dental plans are rated by carriers based on the cost of claims, claims trend, and administration costs. The ratings also consider the health risk and the utilization of health care by County employees and their covered dependents. The County-sponsored medical plan

rates recommended in this letter will increase an average of 1.7 percent for represented employees and 2 percent for non-represented employees over last years' rates. Aon estimates that nationwide medical cost trends will range from 8.7 to 10 percent in 2015 depending on the plan type, approximately 7 to 8 percent greater than the County plan increases. These trends include approximately 3.5 percent in fees and assessments imposed on the health plans in 2015 under the Affordable Care Act (ACA). The impact of the ACA on the County's health insurance providers is discussed further in this report.

The nationwide dental cost trend continues to be more moderate than the medical cost trend, averaging 3 percent to 5 percent, depending on the type of plan. The rates for the County's Delta Dental PPO plan, which covers the majority of the County's employees, will remain unchanged or decrease for represented employees for 2015. For non-represented employees, the Delta Dental PPO rates will increase by 1.4 percent over last years' rates.

Basic life and AD&D rates remain the same as the 2014 rates and are guaranteed through 2016. Optional group term life and dependent life insurance rates will remain the same as the 2014 rates for represented employees for 2015 and are guaranteed through 2016. Supplemental GVUL and dependent term life insurance rates for non-represented employees remain unchanged and are guaranteed through 2016. SIB rates for non-represented employees remain the same as 2014 and are guaranteed through 2016.

County Approved Union-Sponsored Plans. The premium and benefit recommendations in Exhibit V for County-approved union-sponsored health plans were negotiated by the sponsoring unions and evaluated by the CEO and DHR pursuant to the relevant provisions of the CCU Fringe MOU and County Code. The joint CEO and DHR recommendations are provided later in this report.

Renewal Policy and Process. In accordance with County policy, the County negotiating team requires all carriers to justify rates and support proposed contract terms for the upcoming plan year. The rate renewal process for 2015 (Attachments A and B) was designed to encourage full involvement and transparency among all County, union, and carrier stakeholders. The process involved production of data by carriers as needed, identification, in-depth analysis, and evaluation of all material underwriting issues in carrier proposals, and documentation of due diligence and financial results. All parties complied with the process.

Overall Results. Attachment C is a high-level summary of carrier negotiation results that compare the estimated actual total premiums from initial carrier premium quotes for 2015 with the final result after performance guarantee review, challenges to carrier underwriting, benefit changes, and negotiation. Summary reasons for the negotiated reductions are given.

Total 2015 premiums to be paid to health, dental, group life, and other insurance plan carriers are estimated to be $1.36 billion, of this total approximately $1.115 billion is for County-sponsored plans and $244.2 million for Union-sponsored plans. This is an increase of approximately $33 million (2.5 percent) over 2014.

Total savings from initial 2015 carrier proposals are $10.4 million. This amount includes $9.2 million in negotiated savings from 2015 carrier proposals and $1,249,174 from performance guarantee refunds and rate credits.

Attachment C also shows the percentage increase for each carrier by cafeteria plan, as well as the total increase for County-sponsored health, dental, group life, and other insurance programs. The increase in medical plan premiums estimated to be paid to health carriers during 2015 will range

from -7.3 percent to 7.9 percent (1.8 percent average). This is lower than the expected average projected nationwide medical cost trend increase of 8.7 to 10 percent. The overall decrease for dental plans will be -0.4 percent. For 2015, AD&D insurance rates will remain the same for both represented and non-represented employees.

2015 Premium Rates Recommended for Approval:

Recommended Rates. County and union-sponsored health, dental, group life, and other insurance rates recommended for adoption are shown in Exhibits I through V. Unless otherwise noted in this letter, the rates support existing benefits consistent with the applicable MOU or County Code provision. The rates shown in these exhibits are the monthly prices that employees will pay from County cafeteria plan contributions after County subsidies are subtracted from negotiated premium rates paid to carriers. For this reason, percentage increases in premium rates to be charged to employees as shown in the Exhibits, in many cases, may differ from the negotiated increases in premium to be paid to carriers as reported in the body of this letter and in Attachment C.

Union Concurrence. On July 16, 2014, Local 721 and management representatives in the Labor-Management Benefits Administration Committee (BAC) voted to recommend the premium rates for the County-sponsored plans applicable to employees represented by Local 721.

On July 31, 2014, the CCU and management representatives in the Labor-Management Employee Benefits Administration Committee (EBAC) voted to recommend the premium rates for employees represented by the CCU.

Impact of the Affordable Care Act

In general, ACA enacted reforms to provide affordable health insurance to 44 million uninsured Americans and to reduce the growth in health care spending. In 2015, fees and assessments mandated by the ACA on health insurance providers will account for approximately 3.5 percent of health care premium costs. These fees and assessments include a Health Insurance Industry fee, a Reinsurance Assessment, and the Patient Centered Outcomes Research Institute (PCORI). These fees and taxes help fund the ACA.

The ACA requires that most Americans have health coverage in 2015 or pay a penalty. The health coverage offered to County employees more than meets the standards required under the ACA. The health insurance marketplaces are designed primarily for individuals who are not offered employer subsidized health insurance coverage or are offered coverage that does not meet certain minimum value and affordability standards required by the ACA. Therefore, the health insurance marketplaces and exchanges generally do not apply to County employees. Nevertheless, as required by the U.S. Department of Labor, the County will deliver an informational notice about the health insurance marketplaces in the County's benefits enrollment packages.

Beginning in January 2015, employees may decline County health coverage to enroll in an individual health insurance plan (including enrolling in health insurance coverage through a health care exchange); however, there will be no waiver contribution for employees who choose to decline coverage and enroll in an individual plan. The ACA also requires that any employer with 50 or more full-time equivalent employees may face penalties unless it offers affordable health insurance to its full-time employees. The ACA defines full-time employees as those who work an average of 30 or more hours per week. In addition, health insurance coverage must be provided to employees 90 days from the date of hire or date of eligibility.

As a result of these requirements, changes must be made to the County Code governing the cafeteria plan provisions affecting represented employees and the eligibility rules for permanent part-time employees working 30 hours or more per week. Our recommendations detailing these changes will be submitted in a separate Board letter.

Implementation of Strategic Plan Goals

The recommended actions are consistent with the principles of the Countywide Strategic Plan by promoting the well-being of County employees and their families by offering comprehensive employee benefits.

FISCAL IMPACT/FINANCING

Each cafeteria plan, including represented employee plans provided by MOUs with County unions, provides for a County contribution and, in some cases, an additional subsidy to help pay the cost of insurance benefits. Employees pay for additional costs above and beyond the County contributions through payroll deductions.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The general facts concerning 2015 premium rate and benefit adjustments for County-sponsored plans affecting both represented and non-represented employees are stated in this section. The details of each carriers' County-sponsored medical, dental, group life, and other insurance plan proposal, Aon's evaluation and opinion concerning their justifications and terms of offer are given in Attachments A and B.

Medical Plan Rates Affecting Represented Employees

Cigna Rates for 2015:

Cigna provides two different plans to employees represented by the CCU: a Health Maintenance Organization (HMO) and a point of service plan (POS). The 2015 negotiated contract rates for the HMO and POS plans will increase 6.3 percent. Aon's opinion certifying Cigna's 2015 rates as justified is included in Attachment A.

Kaiser Benefit Plan Changes and Rates for 2015:

Kaiser's 2015 rates will decrease by 0.4 percent for the CCU plan and by 1.1 percent for the Local 721 plan. Kaiser's rates for the CCU plan include coverage for chiropractic services starting in 2015.

Aon's opinion certifying Kaiser's 2015 rates as justified is included in Attachment A.

UnitedHealthcare Benefit Plan Changes and Rates for 2015:

UnitedHealthcare provides two fully insured plans to employees represented by Local 721: an HMO and a preferred provider organization (PPO) plan. To control premium costs, the PPO plan network will change from Choice Plus to Select Plus starting in 2015. There will be no disruption experienced by the employees and no changes to benefits. The 2015 overall negotiated contract premium rates for both plans will increase 5.8 percent (5.7 percent for the HMO and 11.2 percent for the PPO). Aon's opinion certifying UnitedHealthcare's 2015 rates as justified is included in Attachment A.

Union-Sponsored Plan Benefit Changes and Rates for 2015:

Premiums for County-approved union-sponsored plans will also increase for 2015. The estimated increase in premiums paid to carriers in 2015 on behalf of the union-sponsored plans is approximately $14.4 million or 6.3 percent over 2014. Proposed 2015 premium increases to be paid to carriers and benefit changes for the ALADS, CAPE, and Local 1014 plans are summarized below:

1. ALADS, 5.1 percent increase with no benefit changes;
2. CAPE, 7.2 percent increase with the following enhanced or added benefits:
    a. 100 percent coverage in diabetic supplies,
    b. Teledoc program,
    c. LTD health insurance, increased Survivor life insurance benefit, and reduced Mental Health copayments for Lite and Classic plans; and
3. Local 1014, 7.5 percent increase with no benefit changes.

The subsidized rates to be paid by employees enrolled in union-sponsored plans are summarized in Exhibit V. The complete list of carrier benefit changes, upon which the 2015 rates are based, is documented in the Union request letters attached to Exhibit V. We have reviewed the changes for all three plans and support them.

Dental Plan Rates Affecting Represented Employees

The recommended employee contribution rates for County-sponsored represented employee dental plans are summarized in Exhibit I. The employee contribution rates shown for the Delta Dental PPO plan are Delta's proposed rates for 2015, less current County subsidies included in the 2014-15 fringe benefit agreements with Local 721 and the CCU. Since subsidies can affect year-to-year differences, the percentage rate differences shown in Exhibit I differ from those described in this section. The rates for prepaid dental plans (DeltaCare USA and SafeGuard) are the rates negotiated with the carriers.

Delta Dental PPO plan contract rates will decrease by 2.4 percent for the CCU, and will remain the same as 2014 for Local 721 for 2015. Due to a surplus in the premium stabilization reserve, there may be a premium holiday during 2015 for the Delta Dental PPO to be decided at a later date by the County and respective Local 721 and CCU representatives.

The rates for DeltaCare USA will decrease by 2.1 percent for 2015. Delta Dental PPO and DeltaCare USA's rates are guaranteed through 2016 for both Local 721 and the CCU.

SafeGuard's contract rates will remain the same for 2015 and are guaranteed through 2016.

Aon's opinion certifying the dental rates as justified is included in Attachment B.

Life Insurance and Disability Programs for Represented Employees

Basic term life, optional group term life, dependent life insurance, and AD&D rates for 2015 are the same as 2014 and are guaranteed through 2016.

Medical Plan Rates Affecting Non-represented Employees

Non-represented employees who participate in the MegaFlex and Flexible Benefit plans have a choice between Kaiser and four Anthem Blue Cross health plans, which include an HMO, POS, PPO

and a Catastrophic Plan. For 2015, the average increase in contract rates for the Anthem Blue Cross HMO and Anthem Blue Cross indemnity plans (POS, PPO, and Catastrophic) will be 7.9 percent. Kaiser's 2014 rates will decrease by 7.3 percent.

There are currently no employees enrolled in the Kaiser Mid-Atlantic plan. This plan is offered to the few County employees working in the Washington, D.C. area. Kaiser notified the County that employees may enroll in the plan for 2015 if desired and rates will be set upon enrollment.

Aon has reviewed the proposed increases and recommends that the County accept the final 2015 renewals offered by Anthem Blue Cross and Kaiser. See attachment B for their review and opinion.

We recommend that the Board continue the historical County practice of funding any difference between the negotiated contract cost of these plans and the contribution paid by the employees. The recommended employee contribution rates for non-represented employees are summarized in Exhibit II.

Dental Plan Rates Affecting Non-represented Employees

The recommended employee contribution rates for County-sponsored non-represented employee dental plans are summarized in Exhibit II. The Delta Dental PPO rates have been reduced by current County subsidies previously approved by the Board. Since subsidies can affect year-to-year differences, the percentage rate differences shown in Exhibit II differ from those described in this section. The rates for prepaid dental plans (DeltaCare USA and SafeGuard) are the rates negotiated with the carriers.

The Delta Dental PPO plan contract rates will increase by 1.4 percent for 2015 and are guaranteed through 2016. Due to a surplus in the premium stabilization reserve, there may be a premium holiday during 2015 for the Delta Dental PPO to be decided at a later date by the County.

The rates for DeltaCare USA will decrease by 2.1 percent and are guaranteed through 2016.

SafeGuard's contract rates will remain the same and are guaranteed through 2016.

Aon's opinion certifying the dental rates as justified is included in Attachment B.

Life Insurance and Disability Programs for Non-represented Employees

GVUL life, dependent term life, and SIB insurance rates remain the same as 2014 and are guaranteed through 2016. Cigna's basic term life insurance for certain non-represented employees remain the same and are guaranteed through 2016. Cigna's AD&D rates remain the same and are guaranteed through 2016.

There will be no changes in the cost of LTD, LTD Health Insurance and STD rates for 2015.

Changes to the Minimum County Contribution Under the MegaFlex and Flexible Benefit Plans

Currently, non-represented employees covered by the MegaFlex and Flexible Benefit Plans receive a County contribution expressed as a percentage of salary, but not less than a minimum "floor" contribution of $1,078 per month under MegaFlex, and $809 per month under the Flexible Benefit Plan. For 2015, we recommend that the minimum contributions be increased to $1,158 for the MegaFlex Plan and $859 for the Flexible Benefit Plan. These minimum floor contributions have not

been changed since 2009 but need to be increased now due to five years worth of various benefit increases. These adjustments would be initially reflected on the County pay warrants issued on January 15, 2015.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

None.

Respectfully submitted,

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:BC:JA
MTK:LSB:mst

Enclosures

c: Auditor-Controller
County Counsel
Executive Office, Board of Supervisors
Human Resources
SEIU Local 721
Coalition of County Unions
Aon Hewitt

COUNTY-SPONSORED
MEDICAL AND DENTAL INSURANCE PLANS
FOR REPRESENTED EMPLOYEES
CURRENT 2014 RATES AND PROPOSED 2015 RATES

Plan	Option	Coverage Category[a]	Current 2014 Rates[b]	Proposed 2015 Rates[b]	Percentage Change
CIGNA	Network HMO	1	$ 659.26	$ 700.16	6.2%
Choices		2	$ 1,318.00	$ 1,400.88	6.3%
		3	$ 1,517.68	$ 1,613.17	6.3%
	Network POS	1	$ 1,185.09	$ 1,259.23	6.3%
		2	$ 2,110.27	$ 2,243.22	6.3%
		3	$ 2,213.71	$ 2,353.20	6.3%
CIGNA	Network HMO	1	$ 653.26	$ 694.16	6.3%
Options		2	$ 1,314.44	$ 1,397.32	6.3%
		3	$ 1,512.12	$ 1,607.61	6.3%
	Network POS	1	$ 1,179.09	$ 1,253.23	6.3%
		2	$ 2,106.71	$ 2,239.66	6.3%
		3	$ 2,208.15	$ 2,347.64	6.3%
KAISER		1	$ 640.46	$ 637.71	-0.4%
Choices		2	$ 1,275.49	$ 1,269.96	-0.4%
		3	$ 1,480.44	$ 1,474.02	-0.4%
KAISER		1	$ 606.79	$ 599.92	-1.1%
Options		2	$ 1,216.57	$ 1,202.85	-1.1%
		3	$ 1,410.66	$ 1,394.74	-1.1%
UNITEDHEALTHCARE	HMO	1	$ 587.37	$ 621.24	5.8%
Options		2	$ 1,189.60	$ 1,258.02	5.8%
		3	$ 1,377.50	$ 1,456.74	5.8%
	PPO	1	$ 1,562.36	$ 1,737.75	11.2%
		2	$ 3,158.27	$ 3,512.46	11.2%
		3	$ 3,658.85	$ 4,069.24	11.2%

[a] 1 = Employee only
2 = Employee + 1 Dependent
3 = Employee + 2 or more Dependents

[b] Rates reflect current negotiated County subsidies
CIGNA, Kaiser, and UnitedHealthCare rates include mandatory Federal healthcare reform & Autism benefit costs.
Kaiser 2015 rates for Choices plan include chiropractic benefit.

COUNTY-SPONSORED
MEDICAL AND DENTAL INSURANCE PLANS
FOR REPRESENTED EMPLOYEES
CURRENT 2014 RATES AND PROPOSED 2015 RATES

Plan	Option	Coverage Category[a]	Current 2014 Rates[b]	Proposed 2015 Rates[b]	Percentage Change
DELTA DENTAL[b]		1	$ 24.34	$ 23.26	-4.4%
Choices		2	$ 40.76	$ 38.92	-4.5%
		3	$ 61.16	$ 58.33	-4.6%
DELTA DENTAL[b]		1	$ 40.48	$ 40.48	0.0%
Options		2	$ 67.82	$ 67.82	0.0%
		3	$ 102.25	$ 102.25	0.0%
DELTACARE USA[c]		1	$ 15.41	$ 15.09	-2.1%
Choices & Options		2	$ 25.41	$ 24.88	-2.1%
		3	$ 37.59	$ 36.87	-1.9%
SAFEGUARD[d]		1	$ 11.34	$ 11.34	0.0%
Choices & Options		2	$ 21.87	$ 21.87	0.0%
		3	$ 28.51	$ 28.51	0.0%

[a] 1 = Employee only
2 = Employee + 1 Dependent
3 = Employee + 2 or more Dependents

[b] Delta Dental rates reflect negotiated County subsidy.
Delta Dental rates are guaranteed through 12/31/2016.

[c] DeltaCare rates are guaranteed through 12/31/2016.

[d] SafeGuard rates are guaranteed through 12/31/2016.

COUNTY-SPONSORED
MEDICAL AND DENTAL INSURANCE PLANS
FOR NON-REPRESENTED EMPLOYEES
CURRENT 2014 RATES AND PROPOSED 2015 RATES

Plan	Option	Coverage Category[a]	Current 2014 Rates[b]	Proposed 2015 Rates[b]	Percentage Change
ANTHEM BLUE CROSS	CaliforniaCare HMO	1	$ 263.00	$ 257.00	-2.3%
		2	$ 516.00	$ 504.00	-2.3%
		3	$ 541.00	$ 529.00	-2.2%
		4	$ 612.00	$ 598.00	-2.3%
	PLUS POS	1	$ 398.00	$ 389.00	-2.3%
		2	$ 800.00	$ 782.00	-2.3%
		3	$ 819.00	$ 801.00	-2.2%
		4	$ 912.00	$ 891.00	-2.3%
	Catastrophic	1	$ 204.00	$ 199.00	-2.5%
		2	$ 409.00	$ 400.00	-2.2%
		3	$ 416.00	$ 407.00	-2.2%
		4	$ 481.00	$ 470.00	-2.3%
	Prudent Buyer PPO	1	$ 509.00	$ 498.00	-2.2%
		2	$ 934.00	$ 913.00	-2.2%
		3	$ 969.00	$ 947.00	-2.3%
		4	$ 1,124.00	$ 1,099.00	-2.2%
KAISER		1	$ 263.00	$ 257.00	-2.3%
Flex/Megaflex		2	$ 516.00	$ 504.00	-2.3%
		3	$ 541.00	$ 529.00	-2.2%
		4	$ 612.00	$ 598.00	-2.3%
DELTA DENTAL[c]		1	$ 31.11	$ 31.85	2.4%
Flex/Megaflex		2	$ 49.78	$ 51.16	2.8%
		3	$ 53.27	$ 54.59	2.5%
		4	$ 79.77	$ 81.76	2.5%
DELTACARE USA[d]		1	$ 15.41	$ 15.09	-2.1%
Flex/Megaflex		2	$ 26.62	$ 26.07	-2.1%
		3	$ 26.43	$ 25.88	-2.1%
		4	$ 38.36	$ 37.57	-2.1%
SAFEGUARD[e]		1	$ 11.34	$ 11.34	0.0%
Flex/Megaflex		2	$ 21.23	$ 21.23	0.0%
		3	$ 23.93	$ 23.93	0.0%
		4	$ 31.23	$ 31.23	0.0%

[a] 1 = Employee only
2 = Employee + Child(ren)
3 = Employee + Spouse
4 = Employee + Spouse + Chil(ren)

[b] Rates, where applicable, are net of County subsidy; except that the premium charged to an employee whose benefits are subject to COBRA is the carrier quoted rate plus an administrative charge as prescribed by COBRA.
Anthem Blue Cross rates include the cost of the 360° health programs and the cost of the vision benefit for the HMO, POS, and PPO.
Anthem Blue Cross and Kaiser rates include mandatory Federal healthcare reform & Autism benefit costs.

[c] Delta Dental rates reflect negotiated County subsidy.
Delta Dental rates are guaranteed through 12/31/2016.

[d] DeltaCare rates are guaranteed through 12/31/2016.

[e] SafeGuard Rates are guaranteed through 12/31/2016.

LIFE, ACCIDENTAL DEATH AND DISMEMBERMENT AND SURVIVOR INCOME BENEFIT PROGRAMS CURRENT 2014 RATES AND PROPOSED 2015 RATES

	Monthly Cost per $1,000 of Insurance	
	2014[a]	**2015[a]**
COUNTY-PAID BASIC GROUP TERM-LIFE INSURANCE	$0.146	$0.146
OPTIONAL GROUP TERM LIFE INSURANCE FOR REPRESENTED EMPLOYEES		

Employee: The monthly premium per $1,000 of insurance is based on the employee's age as shown in the following table:

Age	**2014[a,b]**	**2015[a,b]**
Less than 30	$0.037	$0.037
30-34	$0.064	$0.064
35-39	$0.072	$0.072
40-44	$0.081	$0.081
45-49	$0.120	$0.120
50-54	$0.184	$0.184
55-59	$0.346	$0.346
60-64	$0.530	$0.530
65-69	$0.756	$0.756
70 and over	$1.454	$1.454

Dependent Term Life Insurance:	**2014[a]**	**2015[a]**
Cost per month per $5,000 of coverage, no matter how many eligible dependents employee may have. Coverage is offered in increments of $5,000 up to $20,000. Dependent coverage cost is charged to the employee.	$0.876	$0.876

[a] Rates are guaranteed through 12/31/2016.
[b] The County subsidizes 15% of the monthly premium.

LIFE, ACCIDENTAL DEATH AND DISMEMBERMENT AND SURVIVOR INCOME BENEFIT PROGRAMS CURRENT 2014 RATES AND PROPOSED 2015 RATES

OPTIONAL ACCIDENTAL DEATH & DISMEMBERMENT INSURANCE - Cost per Month

	Current 2014 Rates*		Proposed 2015 Rates*	
Employee Coverage	Employee Only Plan G	Employee & Dependents Plan H	Employee Only Plan G	Employee & Dependents Plan H
$ 10,000	$0.13	$0.25	$0.13	$0.25
$ 25,000	$0.33	$0.63	$0.33	$0.63
$ 50,000	$0.65	$1.25	$0.65	$1.25
$100,000	$1.30	$2.50	$1.30	$2.50
$150,000	$1.95	$3.75	$1.95	$3.75
$200,000	$2.60	$5.00	$2.60	$5.00
$250,000	$3.25	$6.25	$3.25	$6.25
$300,000	$3.90	$7.50	$3.90	$7.50
$350,000	$4.55	$8.75	$4.55	$8.75

These figures apply regardless of employee's age. If Plan H is selected, all eligible dependents will be insured automatically.

The maximum insurance coverage amount for represented participants is $250,000.

* Rates are guaranteed through 12/31/2016.

LIFE, ACCIDENTAL DEATH AND DISMEMBERMENT AND SURVIVOR INCOME BENEFIT PROGRAMS CURRENT 2014 RATES AND PROPOSED 2015 RATES

OPTIONAL GROUP VARIABLE UNIVERSAL LIFE INSURANCE FOR FLEX/MEGAFLEX PARTICIPANTS

Employee: The monthly premium per $1,000 of insurance is based on the employee's age as shown in the following table:

Age	2015 Rate*	Age	2015 Rate*	Age	2015 Rate*
20-24	$0.038	57	$0.283	77**	$2.074
25-29	$0.047	58	$0.319	78**	$2.341
30-34	$0.055	59	$0.357	79**	$2.638
35-39	$0.056	60	$0.400	80**	$3.405
40	$0.065	61	$0.451	81**	$3.930
41-42	$0.066	62	$0.498	82**	$4.287
43	$0.074	63	$0.535	83**	$4.674
44	$0.084	64	$0.593	84**	$5.092
45	$0.093	65	$0.616	85**	$5.556
46	$0.102	66	$0.692	86**	$6.042
47	$0.110	67	$0.736	87**	$6.574
48	$0.129	68	$0.820	88**	$7.144
49	$0.138	69	$0.911	89**	$7.730
50	$0.147	70	$1.003	90**	$8.329
51	$0.165	71	$1.109	91**	$8.960
52	$0.174	72	$1.231	92**	$9.607
53	$0.191	73	$1.352	93**	$10.275
54	$0.210	74	$1.496	94**	$10.953
55	$0.238	75	$1.649		
56	$0.256	76**	$1.831		

* Rates are guaranteed through 12/31/2016.
Employee cost for MegaFlex employees is half of actual premium. The County pays the other 50%.

** For employees age 76-94 who remain in County service, County will subsidize the difference between the employee's cost of coverage using the premiums for the employee's actual age and cost of coverage using age 75 rate.

LIFE, ACCIDENTAL DEATH AND DISMEMBERMENT AND SURVIVOR INCOME BENEFIT PROGRAMS CURRENT 2014 RATES AND PROPOSED 2015 RATES

Dependent Term Life Insurance for Flex and MegaFlex Participants

Cost per month per $5,000 of dependent life coverage, up to $20,000.	**2015 Rate***
	1.12**

SURVIVOR INCOME BENEFIT - For MegaFlex participants enrolled in Retirement Plan E

	2015 Rates*				
Employee Age	Employee Cost**				
	(10% Option)	(15% Option)	(25% Option)	(35% Option)	(50% Option)
Under 30	0.062%	0.093%	0.160%	0.216%	0.309%
30 to 34	0.082%	0.123%	0.198%	0.285%	0.408%
35 to 39	0.106%	0.159%	0.259%	0.372%	0.531%
40 to 44	0.146%	0.219%	0.370%	0.510%	0.729%
45 to 49	0.198%	0.297%	0.494%	0.691%	0.988%
50 to 54	0.262%	0.393%	0.655%	0.916%	1.308%
55 to 59	0.378%	0.567%	0.938%	1.322%	1.889%
60 to 64	0.514%	0.771%	1.284%	1.799%	2.569%
65 to 69	0.706%	1.059%	1.765%	2.471%	3.530%
70 and over	1.254%	1.881%	3.136%	4.389%	6.270%

* Dependent Life and Survivor Income Benefit rates are guaranteed through 12/31/2016.

** Employee cost for MegaFlex is half of the actual premium. The County pays the other 50%.

SHORT-TERM DISABILITY, LONG-TERM DISABILITY AND LONG-TERM DISABILITY HEALTH INSURANCE CURRENT 2014 RATES AND PROPOSED 2015 RATES

MEGAFLEX SHORT-TERM DISABILITY PLAN

Employee Cost as a Percentage of Monthly Salary:

Current 2014 Rates			Proposed 2015 Rates		
Income Replacement	Waiting Period	Cost	Income Replacement	Waiting Period	Cost
70%	14 Days	0.000%	70%	14 Days	0.000%
100%*	7 Days	0.934%	100%*	7 Days	0.934%

* Reduced to 80% after 21 days

MEGAFLEX LONG-TERM DISABILITY PLAN

Employee Cost as a Percentage of Monthly Salary:

	Current 2014 Rates			Proposed 2015 Rates	
Income Replacement	Plan E + * Retirement Plan	All Other Plans		Plan E + * Retirement Plan	All Other Plans
40%	0.000%	0.040%		0.000%	0.040%
60%	0.117%	0.157%		0.117%	0.157%

* Plan E plus 5 or more years of continuous service

SHORT-TERM DISABILITY, LONG-TERM DISABILITY AND LONG-TERM DISABILITY HEALTH INSURANCE CURRENT 2014 RATES AND PROPOSED 2015 RATES

LONG-TERM DISABILITY HEALTH INSURANCE - Cost per month

For Flex/MegaFlex Employees

Current 2014 Rate		Proposed 2015 Rate	
75 % Premium Payment	100 % Premium Payment	75 % Premium Payment	100 % Premium Payment
$0.00	$3.00	$0.00	$3.00

For Represented Employees

Current 2014 Rate		Proposed 2015 Rate	
75 % Premium Payment	100 % Premium Payment	75 % Premium Payment	100 % Premium Payment
$0.00	$3.00	$0.00	$3.00

UNION-SPONSORED
MEDICAL AND DENTAL INSURANCE PLANS
CURRENT 2014 RATES AND PROPOSED 2015 RATES

Plan	Option	Coverage Category[a]	Current 2014 Rates[b]	Proposed 2015 Rates[b]	Percentage Change
ALADS	Prudent Buyer Plan	1	$ 872.08	$ 917.42	5.2%
Blue Cross	Under Age 50	2	$ 1,698.92	$ 1,787.94	5.2%
		3	$ 1,953.74	$ 2,055.90	5.2%
	Prudent Buyer Plan	1	$ 872.08	$ 917.42	5.2%
	Age 50 and Over	2	$ 1,698.92	$ 1,787.94	5.2%
		3	$ 1,953.74	$ 2,055.90	5.2%
	CaliforniaCare	1	$ 590.97	$ 621.62	5.2%
	Basic Plan	2	$ 1,147.98	$ 1,208.55	5.3%
	(All Ages)	3	$ 1,421.97	$ 1,496.81	5.3%
	Prudent Buyer Plan	1	$ 990.93	$ 1,039.09	4.9%
	Premier Plan	2	$ 1,817.77	$ 1,909.61	5.1%
	Under Age 50	3	$ 2,072.59	$ 2,177.57	5.1%
	Prudent Buyer Plan	1	$ 990.93	$ 1,039.09	4.9%
	Premier Plan	2	$ 1,817.77	$ 1,909.61	5.1%
	Age 50 and Over	3	$ 2,072.59	$ 2,177.57	5.1%
	CaliforniaCare	1	$ 709.82	$ 743.29	4.7%
	Premier Plan	2	$ 1,266.83	$ 1,330.22	5.0%
	(All Ages)	3	$ 1,540.82	$ 1,618.48	5.0%
CAPE (Choices)	Classic	1	$ 776.00	$ 832.00	7.2%
Blue Shield		2	$ 1,502.00	$ 1,611.00	7.3%
		3	$ 1,789.00	$ 1,918.00	7.2%
	Lite	1	$ 477.00	$ 512.00	7.3%
		2	$ 980.00	$ 1,051.00	7.2%
		3	$ 1,224.00	$ 1,312.00	7.2%
	PPO	1	$ 770.00	$ 827.00	7.4%
	(Out-of-state only)	2	$ 1,496.56	$ 1,606.56	7.4%
		3	$ 1,783.56	$ 1,913.56	7.3%
CAPE (Options)	Classic	1	$ 770.00	$ 826.00	7.3%
Blue Shield		2	$ 1,498.44	$ 1,607.44	7.3%
		3	$ 1,783.44	$ 1,912.44	7.2%
	Lite	1	$ 471.00	$ 506.00	7.4%
		2	$ 976.44	$ 1,047.44	7.3%
		3	$ 1,218.44	$ 1,306.44	7.2%
	PPO	1	$ 764.00	$ 821.00	7.5%
	(Out-of-state only)	2	$ 1,493.00	$ 1,603.00	7.4%
		3	$ 1,778.00	$ 1,908.00	7.3%
FIREFIGHTERS LOCAL 1014		1	$ 673.00	$ 723.00	7.4%
		2	$ 1,278.56	$ 1,374.56	7.5%
		3	$ 1,519.56	$ 1,633.56	7.5%

[a] 1 = Employee only
2 = Employee + 1 Dependent
3 = Employee + 2 or more Dependents

[b] Rates reflect current negotiated County subsidies; all CAPE 2015 rates include enhanced 100% diabetic supplies and Blue Shield's Teledoc program benefits.

ENCLOSURES TO EXHIBIT V

1. ALADS Request
2. CAPE Request
3. Los Angeles County Fire Fighters Local 1014 Request

ENCLOSURE 1

ALADS Insurance Trust

9500 Topanga Canyon Blvd. Chatsworth, CA 91311
Tel (818) 678-0040 • (800) 842-6635 • Fax (818) 678-0030

July 30, 2014

VIA U.S. MAIL AND E-MAIL: ECarillo@hr.lacounty.gov

Ms. Lisa M. Garrett, Director of Personnel
County of Los Angeles
Hall of Administration, Room 579
500 West Temple Street
Los Angeles, California 90012

Attention: Ms. Eliza Carrillo, Human Resources Manager
Department of Human Resources
Employee Benefits – Deferred Income Division
3333 Wilshire Blvd., Suite #1000
Los Angeles, California 90010

RE: ALADS/ANTHEM BLUE CROSS 2015 HEALTHCARE PLAN PREMIUMS

Dear Ms. Carrillo:

Following are the monthly premium rates for the ALADS Anthem Blue Cross Prudent Buyer and CaliforniaCare medical and dental plans for the 2015 plan year:

Plan	**Employee**	Employee + 1	**Employee + 2**
Prudent Buyer Basic	$917.42	$1,793.38	$2,061.34
Prudent Buyer Premier	$1,039.09	$1,915.05	$2,183.01
CalifforniaCare Basic	$621.62	$1,213.99	$1,502.25
CaliforniaCare Premier	$743.29	$1,335.66	$1,623.92

Further, the ALADS plans do provide "Creditable Coverage" as required by CMS. There will be no benefit changes for the benefit plan year 2015 other than as required by law.

Sincerely,

Bud Treece
ALADS Trust Administrator

(Computer generated and laser printed in-house)

ENCLOSURE 2

CAPE AFL-CIO
California Association of Professional Employees
Benefit Trust

July 28, 2014

Eliza Carrillo
Senior Human Resources Manager
Employee Benefits-Deferred Income Division
County of Los Angeles
Department of Human Resources
3333 Wilshire Boulevard
Los Angeles, CA 90010

Re: 2015 RENEWAL – CAPE/BLUE SHIELD MEDICAL PLANS

Dear Ms. Carrillo:

This letter is to advise you of the CAPE Benefit Trust Board of Trustees' approval of the renewal of Blue Shield's contracts for the year 2015 for the CAPE/Blue Shield Point of Service Classic, Lite and the out-of-state PPO COBRA medical plans. Attached please find the benefit structures and rates for all three plans.

The benefits listed below have been enhanced or added, as follows:

- Diabetic supplies will be covered at 100% in all three rate tiers for the Lite, Classic and both PPO tiers.
- Blue Shield's Teledoc program will be available to all members providing access to Board certified doctors by phone or Skype 24/7 effective January 1, 2015 for the Lite, Classic and PPO plans.
- The $10,000 Survivor life insurance benefit will be increased to $20,000 for the Lite and Classic plans.

The County's LTDHI plan will be offered to County employees enrolled in the CAPE/Blue Shield Lite or Classic plans according to the agreement with the CCU effective January 1, 2015. The Lite and Classic PPO copayments for outpatient mental health have been changed to 100% after a $10 copay through Magellan providers for both plans, and the percentages for the Lite and Classic plans' PPO tiers for inpatient mental health have been changed to 100% no copayments through Magellan providers. There are no other core benefit changes for 2015 other than any mandated regulatory changes. We appreciate you forwarding the 2015 CAPE/Blue Shield medical plans' information to the Board of Supervisors for their timely approval.

Sincerely,

CALIFORNIA ASSOCIATION OF
PROFESSIONAL EMPLOYEES BENEFIT TRUST

John W. Fallon
Chairman
CAPE Benefit Trust Board of Trustees

Attachments

3018 E. Colorado Boulevard, Suite 200 • Pasadena, CA 91107-3840 • (626) 243-0340 • Fax (626) 243-0368 CCU 1165-M

ENCLOSURE 2

2015 CAPE/Blue Shield
Classic Plan*

(800) 487-3092 www.blueshieldca.com

BENEFITS	PRIMARY CARE NETWORK	PPO NETWORK	OUT-OF-NETWORK (Reimbursements Based On Allowable Amount)
Type of Plan	A Point of Service Plan		
Who is Eligible	All Participants	All Participants	All Participants
Calendar Year Deductible	None	$300 per person; $600 per family maximum (combined-PPO Network and Out-of-Network)	$300 per person; $600 per family maximum (combined-PPO Network and Out-of-Network)
Maximum Annual Out-of-pocket Expenses	$1,500/person; $3,000/family	After deductible, $4,000/person; $8,000/family (combined - PPO Network and Out-of-Network)	After deductible, $6,000/person; $12,000/family (combined - PPO Network and Out-of-Network)
Lifetime Maximum Benefit	Unlimited	Unlimited	Unlimited
PREVENTIVE CARE			
Immunizations	100%; no copayment	100% ; no copayment	100%; no copayment
Periodic Health Exams	100%; no copayment (including Well Baby/Well Woman Exam,	100% ; no copayment (inlcuding Well Baby/Well Woman Exam,	100% ; no copayment (inlcuding Well Baby/Well Woman Exam,
	Pap Smear, and Mammography)	Pap Smear, and Mammography-not subject to deductible)	Pap Smear, and Mammography-not subject to deductible)
Vision Care	VSP Providers-$10 exam copayment; $10 lenses/frames/contact	Non-VSP Providers-reimbursement per 12 months-exam up to $45;	Non-VSP Providers-reimbursement per 12 months-exam up to $45;
	lenses copayment-up to $120-one per 12 months	frames up to $70; Lenses up to $65; contacts up to $105	frames up to $70; Lenses up to $65; contacts up to $105
MEDICALLY NECESSARY CARE			
Ambulance	100% after $50 copayment	90% after deductible	90% after deductible
Doctor Office Visits	100% after $10 copayment	100% after $20 copayment forr consultation only (not subject to deductible)	70% after deductible
Emergency Room	100% after $50 copayment (waived if admitted)	100% after $50 copayment (waived if admitted)	100% after $50 copayment (waived if admitted)
Hospital Care	100%; no copayment	90% after deductible	70% after deductible, carrier max payment $360 per day
Maternity	100%; no copayment	100% after $20 copayment for consultation only (not subject to deductible)	70% after deductible
Surgery	100%; no copayment (outpatient $50 copayment)	90% after deductible	70% after deductible, outpatient-carrier max pymt $360 per day
X-Ray & Lab Tests	100%; no copayment	90% after deductible	70% after deductible
Prescription Drugs	$5 (generic), $15 (brand name), $30 (nonformulary-requires	$5 (generic), $15 (brand name), $30 (nonformulary-requires	Covered emergencies only - copayment applies
	preapproval); Mail-Order- 90-day Supply: $10 (generic),	preapproval); Mail-Order- 90-day Supply: $10 (generic),	
	$30 (brand name), $60 (nonformulary-requires preapproval)	$30 (brand name), $60 (nonformulary-requires preapproval)	
MENTAL HEALTH CARE			
Mental Health-Outpatient	100% after $10 copayment	100% after $10 copayment	70% after deductible
	---Provided by Magellan. Must be arranged through MHSA---'		
Mental Health-Inpatient	100% no copayment	100% no copayment	70% after deducitble, carrier max payment $360 per day
	---Provided by Magellan. Must be arranged through MHSA---'		
OTHER PLAN BENEFITS			
Chiropractic Care	100% after $10 copayment	100% after $10 copayment	Not covered
	----Includes acupuncture; unlimited visits/calendar year (based on medical necessity)----		
	---Provided through American Specialty Health Plans----'		
Hearing Aids	$1,000 maximum benefit every two years	Not covered	Not covered
Home Health Care	100% after $10 copayment	90% after deductible	70% after deductible
	(combined 100 visits per calendar year)	(combined 100 visits per calendar year)	(combined 100 visits per calendar year)
Hospice Care	100% when provided by authorized hospice agency	100% when provided by authorized hospice agency	100% when provided by authorized hospice agency
Physical Therapy	100% after $10 copayment	90% after deductible	70% after deductible
Skilled Nursing Facility	100%; no copayment (combined 100 days per calendar year)	90% after deductible (combined 100 days per calendar year)	70% after deductible (combined 100 days per calendar year)

*This is a limited benefit summary. Refer to the carrier summary for further details.

In case of discrepancies, the carrier's summary takes precedence.

2015 Premium Rates

Employee Only:	$ 832.00
Employee + One:	$1,616.44
Employee + Family:	$1,923.44

2015 CAPE/Blue Shield
Lite Plan*

ENCLOSURE 2

(800) 487-3092 www.blueshieldca.com

BENEFITS	PRIMARY CARE NETWORK	PPO NETWORK	OUT-OF-NETWORK (Reimbursements Based On Allowable Amount)
Type of Plan	A Point of Service Plan		
Who is Eligible	All Participants	All Participants	All Participants
Calendar Year Deductible	None	$400 per person; $800 per family maximum (combined-PPO Network and Out-of-Network)	$400 per person; $800 per family maximum (combined-PPO Network and Out-of-Network)
Maximum Annual Out-of-pocket Expenses	$1,500/person; $3,000/family	After deductible, $4,000/person; $8,000/family (combined - PPO Network and Out-of-Network)	After deductible, $6,000/person; $12,000/family (combined - PPO Network and Out-of-Network)
Lifetime Maximum Benefit	Unlimited	Unlimited	Unlimited
PREVENTIVE CARE			
Immunizations	100%; no copayment	100%; no copayment	100%; no copayment
Periodic Health Exams	100%; no copayment (including Well Baby/Well Woman Exam,	100%; no copayment (including Well Baby/Well Woman Exam,	100%; no copayment (including Well Baby/Well Woman Exam,
	Pap Smear, and Mammography)	Pap Smear, and Mammography-not subject to deductible)	Pap Smear, and Mammography-not subject to deductible)
Vision Care	VSP Providers-$10 exam copayment; $10 lenses/frames/contact	Non-VSP Providers-reimbursement per 12 months-exam up to $45;	Non-VSP Providers-reimbursement per 12 months-exam up to $45;
	lenses copayment-up to $120-one per 12 months	frames up to $70; Lenses up to $65; contacts up to $105	frames up to $70; Lenses up to $65; contacts up to $105
MEDICALLY NECESSARY CARE			
Ambulance	100% after $50 copayment	80% after deductible	80% after deductible
Doctor Office Visits	100% after $10 copayment	100% after $25 copayment for consultation only (not subject to deductible)	70% after deductible
Emergency Room	100% after $50 copayment (waived if admitted)	100% after $50 copayment (waived if admitted)	100% after $50 copayment (waived if admitted)
Hospital Care	100%; no copayment	80% after deductible	70% after deductible, carrier max payment $360 per day
Maternity	100%; no copayment	100% after $25 copayment for consultation only (not subject to deductible)	70% after deductible
Surgery	100%; no copayment (outpatient $75 copayment)	80% after deductible	70% after deductible, outpatient-carrier max pymt $360 per day
X-Ray & Lab Tests	100%; no copayment	80% after deductible	70% after deductible
Prescription Drugs	$5 (generic), $15 (brand name), $30 (nonformulary-requires	$5 (generic), $15 (brand name), $30 (nonformulary-requires	Covered emergencies only - copayment applies
	preapproval); Mail-Order- 90-day Supply: $10 (generic),	preapproval); Mail-Order- 90-day Supply: $10 (generic),	
	$30 (brand name), $60 (nonformulary-requires preapproval)	$30 (brand name), $60 (nonformulary-requires preauthorization)	
MENTAL HEALTH CARE			
Mental Health-Outpatient	100% after $10 copayment	100% after $10 copayment	70% after deductible
	---Provided by Magellan. Must be arranged through MHSA---'		
Mental Health-Inpatient	100% no copayment	100% no copayment	70% after deducitble, carrier max payment $360 per day
	---Provided by Magellan. Must be arranged through MHSA---'		
OTHER PLAN BENEFITS			
Chiropractic Care	100% after $15 copayment	100% after $15 copayment	Not covered
	----Includes acupuncture; unlimited visits/calendar year (based on medical necessity)----		
	---Provided through American Specialty Health Plans----'		
Home Health Care	100% after $10 copayment	80% after deductible	70% after deductible
	(combined 100 visits per calendar year)	(combined 100 visits per calendar year)	(combined 100 visits per calendar year)
Hospice Care	100% when provided by authorized hospice agency	100% when provided by authorized hospice agency	100% when provided by authorized hospice agency
Physical Therapy	100% after $10 copayment	80% after deductible	70% after deductible
Skilled Nursing Facility	100%; no copayment (combined 100 days per calendar year)	80% after deductible (combined 100 days per calendar year)	70% after deductible (combined 100 days per calendar year)

*This is a limited benefit summary. Refer to the carrier summary for further details.

In case of discrepancies, the carrier's summary takes precedence.

2015 Premium Rates

Employee Only:	$ 512.00
Employee + One:	$1056.44
Employee + Family:	$1,317.44

ENCLOSURE 2

2015 CAPE/Blue Shield
COBRA PPO Plan*

(800) 487-3092 www.blueshieldca.com

BENEFITS	IN-NETWORK	OUT-OF-NETWORK (Reimbursements Based On Allowable Amount)
Type of Plan	A Preferred Provider Option Plan	
Who is Eligible	Participants residing outside the State of California	Participants residing outside the State of California
Calendar Year Deductible	$250 per person; $500 per family maximum (combined-In-Network and Out-of-Network)	$250 per person; $500 per family maximum (combined-In-Network and Out-of-Network)
Maximum Annual Out-of-pocket Expenses	After deductible, $3,000/person; $6,000/family (combined - In-Network and Out-of-Network)	After deductible, $10,000/person; $20,000/family (combined - In-Network and Out-of-Network)
Lifetime Maximum Benefit	Unlimited	Unlimited
PREVENTIVE CARE		
Immunizations	100%; no copayment and not subject to the deductible	100%; no copayment and not subject to the deductible
Periodic Health Exams	100%: no copayment (Includes Well Woman Pap Smear and Mammography/	100%: no copayment (Includes Well Woman Pap Smear and Mammography/
	Well Baby Lab subject to deductible)	Well Baby Lab subject to deductible)
Vision Care	VSP Providers-$10 exam copayment; $10 lenses/frames/contact	Non-VSP Providers-reimbursement per 12 months-exam up to $45;
	lenses copayment-up to $120-one per 12 months	frames up to $70; Lenses up to $65; contacts up to $105
MEDICALLY NECESSARY CARE		
Ambulance	90% after deductible	90% after deductible
Doctor Office Visits	$20 copayment (not subject to deductible)	70% after deductible
Emergency Room	90% after $50 copayment (waived if admitted)	90% after $50 copayment (waived if admitted)
Hospital Care	90% after deductible	70% after deductible, carrier max payment $420 per day
Maternity	100% after $20 copayment (not subject to deductible)	70% after deductible
Surgery	90% after deductible	70% after deductible, outpatient-carrier max pymt $420 per day
X-Ray & Lab Tests	90% after deductible	70% after deductible
Prescription Drugs	$10 (generic), $15 (brand name), $30 (nonformulary)	Covered for emergencies only- 75% of lesser of actual price or
	Mail-Order 90-day Supply: $20 (generic), $30 (brand name),	reasonable charge, minus copayment
	$60 (nonformulary)	
MENTAL HEALTH CARE		
Mental Health-Outpatient	$20 copayment (not subject to deductible)	70% after deductible
Mental Health-Inpatient	90% after deductible	70% after deductible, carrier max payment $420 per day
	Provided by Magellan. Must be arranged through MHSA	
Chiropractic Care	$20 copayment - maximum 12 visits per calendar year combined with	70% - maximum 12 visits per calendar year combined with
	Out-of-Network visits	In-Network visits
OTHER PLAN BENEFITS		
Home Health Care	90% after deductible	70% after deductible
	(combined 100 visits per calendar year)	(combined 100 visits per calendar year)
Hospice Care	100% when provided by authorized hospice agency	100% when provided by authorized hospice agency
Physical Therapy	90% after deductible	70% after deductible
Skilled Nursing Facility	90% after deductible (combined 100 days per calendar year)	70% after deductible (combined 100 days per calendar year)

*This is a limited benefit summary. Refer to the carrier summary for further details.
In case of discrepancies, the carrier's summary takes precedence.

2015 Premium Rates

Employee Only:	$ 827.00
Employee + One:	$1,612.00
Employee + Family:	$1,919.00

ENCLOSURE 3

LOS ANGELES COUNTY FIRE FIGHTERS
LOCAL 1014 HEALTH AND WELFARE PLAN

3460 FLETCHER AVENUE · EL MONTE, CALIFORNIA 91731
(310) 639-1014 (800) 660-1014 (within California)

July 31, 2014

Ms. Eliza M. Carrillo
Senior Human Resources Manager
Employee Benefits/ Deferred Income Division
County of Los Angeles
Department of Human Resources
3333 Wilshire Boulevard
Los Angeles, California 90010

RE: Plan Year 2015 Employee Insurance Information
Los AngelesCounty Fire Fighters Local 1014 Health and Welfare Plan

Dear Ms. Carrillo:

In response to your letter of June 23, 2014, I am providing the plan year 2015 employee benefit and premium changes that were approved by the Board of Trustees.

There are no benefit plan changes for 2015. After conferring with Mercer, the Plan's consultant, the Board of Trustees approved a 7.49% premium increase for 2015. Our monthly rates for 2015, rounded to the nearest dollar are as follows:

Member Only	$ 723.00
Member + 1 Dependent	$1,380.00
Family	$1,639.00

Should you have any questions, please contact me by E-mail at rcyrus@local1014.org or call me at (800) 660-1014.

Sincerely,

Reginald A. Cyrus, CEBS
Administrative Manager

C: Dave Gillotte

Attachment A

August 13, 2014

Ms. Eliza Carrillo Senior
HR Manager **County of**
Los Angeles
3333 Wilshire Boulevard, Suite 1000
Los Angeles, CA 90010-4101

Subject: Summary of 2015 Renewal Results and Recommendations (Represented Plans)

Dear Eliza:

The following letter summarizes the 2015 renewal proposals for medical, dental, life and AD&D plans offered to the represented employees at the County of Los Angeles (the County), including our analysis, observations, and recommendations. The renewal request and negotiation process is outlined in the attached Addendum.

The 2015 renewal was also impacted by fees imposed under the Affordable Care Act (ACA), the Patient Centered Outcomes Research Institute (PCORI), the insurer fee and the reinsurance fee. Some of these fees are assessed on a per member basis and others are a percent of premium basis. For the medical carriers, Cigna, Kaiser and UHC, the additional cost impact included in the renewal is between 1.9% - 3.4% of total cost. For the dental carriers, Delta Dental and Safeguard/MetLife, the additional cost impact included in the renewal is between 1.0% - 2.1% of total cost.

Medical Plans

Overview

For all represented medical plans, the final projected premium increase for 2014 is **1.7%,** or about **$14 million** over 2014 premiums. The initial proposed renewal increase for the represented medical plans was **2.8%.** Negotiated reductions to the medical renewals (exclusive of benefit design changes) equate to approximately **$8.7 million**. For more details on final rate increases, please refer to Attachment C.

After evaluation of the renewal proposals, Aon Hewitt recommends that the County accept the final 2015 renewals offered by Cigna, Kaiser and United Healthcare (UHC) as outlined in the table below.

	Cigna (Choices & Options)	**Kaiser Choices**	**Kaiser Options**	**UHC Options**
Initial 2015 Renewal Action	**+11.7%**	**-0.8%**	**-1.1%**	**+8.1%**
Final 2015 Renewal Action	**+6.3%**	**-0.4%**	**-1.1%**	**+5.8%**

It is our opinion that as the County is not making any carrier changes and did not reduce benefits, but added the chiropractic benefit for Kaiser Choices; all plans should continue to maintain 'grandfathered' status with respect to health care reform. We recommend the County seek the advice of their own legal counsel in this regard, as Aon Hewitt is not a law firm and cannot provide legal advice.

A summary of key issues, proposal terms, and negotiation results are outlined by carrier on the following pages.

Cigna

Cigna initially proposed a **11.7%** increase to the combined HMO and POS rates for 2015, representing an increase over 2014 premiums of approximately $5.1 **million** for Choices and **$1.8 million** for Options. $65,000 in performance guarantee penalties were generated in 2013 and will be applied to the PSR.

Renewal discussions with Cigna targeted the following issues:

- Midpoint to midpoint calculation used by Cigna
- Increase in retention costs
- Analysis of expenses for Health Care Reform
- Factors used to generate demographic adjustment
- Improvements in overall experience

The County's financial arrangement with Cigna provides for a year-end reconciliation of premiums, claims, and expenses associated with the plan. Surpluses are deposited to the PSR and any shortfall is withdrawn from the PSR, to the extent that funds are available. The PSR had grown to a significant level by 2008 and a premium subsidy was applied to the 2009 renewal. No subsidy was applied to the 2010 rates. As claim experience deteriorated, the annual accounting resulted in a deficit, and the stabilization reserve was exhausted. Therefore, there has been no premium offset from the PSR for for renewals from 2011 to 2014, and again there is no premium offset for 2015.The chart below summarizes the most recent four years of the PSR (updated based settlements provided by Cigna).

	2010	**2011**	**2012**	**2013**
Premium	$54,445,612	$61,154,703	$61, 520,806	$60,801,757
Year-end Premium Stabilization Reserve (PSR)	($1,552,812)	($414,033)	($1,320,683)	($1,238,710)
PSR % of Premium	-2.85%	-0.68%	-2.15%	-2.04%

Negotiations with Cigna resulted in a final **6.3%** increase. This amounts to an increase of approximately **$2.7 million** for Choices, and **$1.0 million** for Options over current costs, and a savings of approximately **$3.2 million** from Cigna's original proposal. We believe that Cigna has justified their renewal position and that the County should accept their offer.

Kaiser

Kaiser's initial renewal proposal was a **0.8%** decrease for the Choices plan, representing a reduction from 2014 premiums of approximately **$1.0 million**. Kaiser's renewal proposal for Options was **1.1%** decrease, representing a reduction from 2014 premiums of approximately **$4.2 million.** Combined, Kaiser's initial renewal proposal for the represented population is a **1.0%** decrease, representing a reduction from 2014 premiums of approximately **$5.2 million**.

For the Choices plan, an adjustment was made to the existing plan design to add a chiropractic benefit. This plan design change resulted in a reducing the decrease for Choices from 0.8% to 0.4% when compared to current. Final premiums are approximately **$0.5 million** below current premiums.

The adjusted total decrease for Kaiser represented plans is **0.9%** or **$4.7 million** below current premiums.

Kaiser's Southern California commercial trend rate for 2015 is projected to be 5.3%, which does not include ACA taxes and fees. In 2012 and the first half of 2013, Kaiser had performance guarantee penalties of $63,249 for Choices and $179,562 for Options, to be applied to the 2015 rates. Performance guarantee results for the remainder of 2013 are not yet final and will be applied to the 2016 renewal.

Discussions with Kaiser on the renewal proposal targeted the following areas:

- Large claims pooling point
- Emergency room and overall utilization
- Disease management
- Grandfathered status
- Addition of Chiropractic benefit for Choices

Aon Hewitt believes that the requested rate increase for the Kaiser Permanente represented plans is reasonable and justified.

United Healthcare

UHC's initial renewal proposal was a **8.1%** overall increase. The increases were a **7.9%** increase to the HMO and a **19.8%** increase to the PPO rates for 2015, representing a total increase of approximately **$21.0 million** over current premiums.

Discussions with UHC targeted the following key areas:

- Medical & Rx claims trend
- Out-of-pocket maximum charges
- Capitation projections
- Pooling charges
- Retention
- Large claims projections
- ER copay alternatives
- Alternative network options for the PPO

Negotiations with UHC resulted in an increase of **5.7%** for the HMO and a **11.2%** increase for the PPO with a change in the network contract, with no impact to the employees, from UHC's Choice Plus PPO network to UHC's Select Plus PPO network, for a combined increase of **5.8%**, representing a total increase of approximately **$15.0 million,** and a total savings of **$5.9 million** over the initial renewal position. UHC had 2013 performance guarantee penalties of **$775,527.04**, to be applied to the 2015 rates. We believe that UHC has justified their renewal position and the County should accept their offer.

Dental Plans

Delta Dental

Delta Dental's initial PPO renewal proposal was a **1.6%** decrease for the Choices plan and a **1.4%** decrease for the Options plan, representing a total decrease of approximately **$285,000** from current premiums for Choices and an approximate **$709,000** decrease for Options. Negotiations resulted in final renewal decreases of **2.4%**, for Choices and rate pass for Options. Delta's initial renewal proposal would have subsidized the rates by drawing from the Premium Stabilization Reserve (PSR). This in effect, reduces rates below the amount necessary to cover claims and administration costs. We requested a revised proposal with rates adequate to cover claims and administration costs over the two-year period and will recommend use of premium holidays for the County in order to reduce the PSR balance. Elimination of the subsidization resulted in a rate pass for Options. Continued good claim experience for Choices resulted in a further reduction in proposed premiums going from 1.6% below current to 2.4%. We also negotiated a reduction in retention for the County from 4.68% in 2014 to 4.41% for 2015, a savings of $1.9 million.

DeltaCare USA's initial renewal proposal was a rate pass for both the Choices plan and the Options plan, representing no increase over current premiums. Negotiations resulted in final renewal decrease of **2.0%** for both plans, for an approximate savings of **$19,000** for Choices and **$36,000** for Options.

DeltaCare USA HMO had performance guarantee penalties of $3,013 for Choices and $8,501 for Options, for a total penalty of $11,514 for the represented population. The HMO penalties will be applied towards reduction of the 2015 HMO renewal rates. No penalties were generated for the PPO plan. Based on our review, we believe that Delta's proposed rates are justified.

Safeguard Prepaid Dental

Safeguard's initial renewal proposal was a **1.8%** increase for both the Choices plan and the Options plan, representing an increase of approximately **$16,000** over current premiums for Choices and approximately **$27,000** for Options. Negotiations resulted in a rate pass, for an approximate savings of **$16,000** for Choices and **$27,000** for Options.

Safeguard had no performance guarantee penalties with the County. **No penalty** amounts will be applied to 2015 rates. We believe Safeguard's most recent renewal proposal is justified and recommend that the County accept it.

Life and AD&D

Cigna Life

The basic life plan is a participating contract, meaning the County shares in surpluses on the plan. At the end of the 2012 plan year, there was approximately **$1.0 million** available for refund to the County (Represented and Non-represented populations combined). The strategy over the past several years has been to apply rate decreases to the program in order to start reducing the surplus. The experience on the basic life is running at a 110% loss ratio, well over the target of 88% and no longer producing an annual surplus. Cigna is under rate guarantee through 12/31/2016.

The County's employee and dependent supplemental life insurance are under rate guarantee through 12/31/2016. The AD&D insurance will also maintain its current rates through 12/31/2016, the end of the rate guarantee period.

If you have any questions about the above information, please give me a call to discuss.

Sincerely,

Vern Menden
Senior Vice President
Aon Hewitt, Los Angeles

CC:

Shawn Atin – County of Los Angeles
Maryanne Keehn – County of Los Angeles
Hoa Phan – County of Los Angeles
Robin Urban – County of Los Angeles
Stephen Caulk – Aon Hewitt, Denver
Tim Conard – Aon Hewitt, Los Angeles

Addendum

Process

The renewal request, analysis, and negotiation are multi-step processes, conducted over a period of several months. Request for Renewals (RFRs) are drafted and reviewed by the Aon Hewitt and County stakeholders.

The RFR includes:

- Stated assumptions and requirements, including a submission letter to be signed by an officer with the authority to bind the company
- Questionnaire targeting key County objectives and issues, including rate development, utilization, and legislative issues such as health care reform
- Plan performance exhibits comparing the County's past plan results to the carriers' book of business results
- Rate quotation, rate development, and projected cost exhibits
- Benefit design and contract changes
- Performance guarantees

All stakeholders submit requested changes to the draft. These are reviewed and incorporated into the final RFR, which is then released to the carriers.

Carrier proposals are submitted to all stakeholders at the same time. Following a review and analysis period, Aon Hewitt drafts negotiation letters for each plan. The drafts are reviewed by the County and the Union consultants, and their respective comments are incorporated before release to the carriers. Conference calls and meetings are held between Aon Hewitt and the County as needed to discuss the renewal results, negotiation process, and any open issues.

Responses to the negotiation letters are due from the carriers prior to the renewal meetings. Again, the responses are delivered to all stakeholders concurrently. Final issues are reviewed and prepared for the renewal meetings.

Renewal meetings are conducted with each medical plan carrier. Attendees include representatives from the County of Los Angeles DHR and CEO offices, Union consultants, BAC and EBAC committees, and Aon Hewitt, as well as the carrier representatives. The carrier representatives generally include account/sales management, financial, operations, and medical/provider relations personnel. Issues discussed during the meetings include both financial and non-financial questions that explore carriers' methodologies for rate development. Outstanding issues and requests for reduced rates (when justified) are presented to each carrier. Following the meeting, carriers must respond to all identified issues in writing to all stakeholders.

The review and negotiation process continues until all open issues are resolved or the carrier has presented their final offer. The negotiation does not always result in agreement on particular topics; however, it may result in overall business concessions from the carriers.

Attachment B

August 13, 2014

Ms. Eliza Carrillo Senior
HR Manager **County of**
Los Angeles
3333 Wilshire Boulevard, Suite 1000
Los Angeles, CA 90010-4101

Subject: Summary of 2015 Renewal Results and Recommendations (Non-Represented Plans)

Dear Eliza:

The following letter summarizes the 2015 renewal proposals for medical, dental, life and AD&D plans offered to the non-represented employees at the County of Los Angeles (the County), including our analysis, observations, and recommendations. The renewal request and negotiation process is outlined in the attached Addendum.

The 2015 renewal was also impacted by fees imposed under the Affordable Care Act (ACA), the Patient Centered Outcomes Research Institute (PCORI), the insurer fee and the reinsurance fee. Some of these fees are assessed on a per member basis and others are a percent of premium basis. For the medical carriers Anthem and Kaiser the additional cost impact included in the renewal is between 1.9% - 3.4% of total cost. For the dental carriers, Delta Dental and Safeguard/MetLife, the additional cost impact included in the renewal is between 1.0% - 2.1% of total cost.

In May 2014 Anthem sent a notice to the sponsors of all of their minimum premium plans informing them that they have determined that minimum premium plans are not fully insured but self insured plans. Anthem further stated that as a self insured plan it becomes the responsibility of the plan sponsor to pay the Transitional Reinsurance Fee and the Patient-Centered Outcomes Research Institute (PCORI) Fee. The Insurer Fee is levied only on insurance companies so this Fee will not need to be paid by the County.

Medical Plans

Overview

For all non-represented medical plans, the final projected premium increase for 2015 is **2.0%**, approximately **$3.3 million** over 2014 premiums. The initial proposed renewal increase for the non-represented medical plans was **2.6%**. Negotiated reductions to the medical renewals (exclusive of benefit design changes) equate to approximately **$1.0 million**. For more details on final rate increases, please refer to Attachment C.

After evaluation of the renewal proposals, Aon Hewitt recommends that the County accept the final 2015 renewals offered by Anthem and Kaiser. Please see page 2 for a detailed summary of Aon Hewitt's findings.

It is our opinion that as the County is not making any carrier or benefit changes, all plans should continue to maintain 'grandfathered' status with respect to health care reform. We recommend the County seek the advice of their own legal counsel in this regard, as Aon Hewitt is not a law firm and cannot provide legal advice.

A summary of key issues, proposal terms and negotiation results are outlined by carrier on the following pages.

	Anthem	**Kaiser**
Initial 2015 Renewal Action	**+8.9%**	**-7.3%**
Final 2015 Renewal Action	**+7.9%**	**-7.3%**

Anthem Blue Cross

The Anthem Blue Cross program is a minimum premium arrangement, where expected and maximum liability costs are projected based on prior claims experience and the fixed costs associated with administration of the plan. The Anthem maximum liability costs are the basis for the renewals outlined in this letter. Anthem's initial renewal proposal was a **8.9%** increase across all plans or about **$8.9 million** over 2014 costs. All plans include specific stop loss of $300,000 per individual. Aggregate stop continues at 110% of projected claims for all Anthem lines of coverage.

Renewal discussions with Anthem targeted the following key areas:

- Rx discounts and rebates
- Margin
- Medical and Rx trends by product
- Components of retention
- Grandfathered status

Negotiations resulted in an overall increase of **7.9%** across all plans or about **$7.9 million** over 2014 costs, representing a savings of approximately **$1.0 million**.

Anthem provided their 2012 performance guarantee report and applied the penalty of **$125,457** to the County's April 2014 invoice, so there is no direct impact to the renewal.

Vision benefits for the HMO, POS and PPO plans are offered on a non-participating fully insured basis through an arrangement between Anthem and VSP. There is also a portion of the vision benefit (coverage for laser eye surgery) that is self-insured by the County. The insured portion of the VSP benefit renewed at an increase of **3.9%**, with a two-year rate guarantee through 12/31/2016. The cost of the vision program is included in the Anthem renewals described above.

We believe Anthem's most recent renewal proposal is justified and recommend that the County accept it.

Kaiser

Kaiser's initial renewal proposal is a **7.3%** decrease or about **$4.6 million** below 2014 costs for the Flex/MegaFlex plan. Kaiser had performance guarantee penalties of $26,979 for the non-represented population that will be applied to 2015 rates. As performance guarantee results for 2013 are not yet final, any penalties incurred in the final months of 2013 will be applied to the 2016 renewal.

Discussions with Kaiser on the renewal proposal targeted the following areas:

- Large claims pooling point
- Emergency room and overall utilization
- Disease management
- Grandfathered status

We believe Kaiser's renewal proposal is justified and recommend that the County accept it.

Dental Plans

Delta Dental

Delta Dental's initial PPO renewal proposal was a **0.9%** increase for the non-represented plan, representing an increase of approximately **$104,000** over current premiums. Negotiations resulted in a **1.4%** increase from current rates, or approximately **$52,000** over the initial renewal. Delta's initial renewal would have subsidized the rates by drawing from the Premium Stabilization Reserve (PSR). This in effect, reduces rates below the amount necessary to cover claims and administration costs. We requested a revised proposal with rates adequate to cover claims and administration costs over the two year period and will recommend use of premium holidays for the County in order to reduce the PSR balance. We also negotiated a reduction in retention for the County from 4.68% in 2014 to 4.41% for 2015, a savings of $303,000.

DeltaCare USA's initial renewal proposal was **no** increase over current rates for the non-represented plan, representing a flat renewal and no change in premium. Negotiations resulted in final renewals of **2.1% below current rates**, for an approximate savings of **$6,000**.

DeltaCare USA DHMO had performance guarantee penalties of **$1,887** for the non-represented plan. The Delta DHMO penalties will be applied towards reduction of the 2015 DHMO renewal rates.

Based on our review, we believe that Delta's proposed rates are justified.

Safeguard Prepaid Dental

Safeguard's initial renewal proposal was a **1.8%** increase for the non-represented plan, representing an increase of approximately **$3,000** over current premiums. Negotiations resulted in a **rate pass and no increase in premiums,** for an approximate savings of **$3,000**.

Safeguard had no performance guarantee penalties with the County. **No penalty** amounts will be applied to 2015 rates.

We believe Safeguard's most recent renewal proposal is justified and recommend that the County accept it.

Life and AD&D

Cigna Life

The basic life plan is a participating contract, meaning the County shares in surpluses on the plan. At the end of the 2012 plan year, there was approximately **$1.0 million** available for refund to the County (Represented and Non-represented populations combined). The strategy over the past several years has been to apply rate decreases to the program in order to start reducing the surplus. The experience on the basic life is running at a 110% loss ratio, well over the target of 88% and no longer producing an annual surplus. Cigna is under rate guarantee through 12/31/2016.

The AD&D insurance will maintain its current rates through 12/31/2016, the end of the rate guarantee period. A review of the MetLife GVUL plan was conducted, and based upon required premiums and claims experience, plan rates were deemed to be set at appropriate levels.

If you have any questions about the above information, please give me a call to discuss.

Sincerely,

Vern Menden
Senior Vice President
Aon Hewitt, Los Angeles

CC:

Shawn Atin – County of Los Angeles
Maryanne Keehn – County of Los Angeles
Hoa Phan – County of Los Angeles
Robin Urban – County of Los Angeles
Stephen Caulk – Aon Hewitt, Denver
Tim Conard – Aon Hewitt, Los Angeles

Addendum

Process

The renewal request, analysis and negotiation are multi-step processes, conducted over a period of several months. A planning meeting with the County begins the process in which objectives for the following plan year are established. This process was conducted by the County and Aon Hewitt.

Based on the planning meeting discussions, a Request for Renewal (RFR) was drafted. The RFR includes:

- Stated assumptions and requirements, including a submission letter to be signed by a company officer with the authority to bind their proposal
- Questionnaire targeting key County objectives and issues, including rate development, utilization, legislative issues such as mental health parity and health care reform
- Plan performance exhibits comparing the County's past plan results to the carriers' book of business results
- Rate quotation, rate development and projected cost exhibits
- Benefit design and contract changes
- Performance guarantees

All stakeholders submit requested changes to the draft. These are reviewed and incorporated into the final RFR, which is then released to the carriers.

Carrier proposals are submitted to all stakeholders at the same time. Following a review and analysis period, Aon Hewitt drafts negotiation letters for each plan. The drafts are reviewed by the County, and their comments are incorporated before release to the carriers. Conference calls and meetings are held between Aon Hewitt and the County as needed to discuss the renewal results, negotiation process and any open issues.

Responses to the negotiation letters are due from the carriers prior to the renewal meetings. Again, the responses are delivered to all stakeholders concurrently. Final issues are reviewed and prepared for the renewal meetings.

Renewal meetings are conducted with each medical plan carrier. Attendees include representatives from the County of Los Angeles DHR and CEOs' offices, Aon Hewitt, and carrier representatives. The carrier representatives generally include account/sales management, financial, operations, and medical/provider relations personnel. Issues discussed during the meetings include both financial and non-financial questions that explore carriers' methodologies for rate development. Outstanding issues and requests for reduced rates (when justified) are presented to each carrier. Following the meeting, carriers must respond to all identified issues in writing to all stakeholders.

The review and negotiation process continues until all open issues are resolved or the carrier has presented their final offer. The negotiation does not always result in agreement on particular topics; however, it may result in overall business concessions from the carriers.

Attachment C

County of Los Angeles
2015 Renewal Results

	2014 Current Plan	2015 Initial Renewal Current Plan	2015 Negotiated Renewal Current Plan	% Change from 2014	Negotiated Savings	Performance Guarantee Credits	Total Change from Base Renewal
Flex/MegaFlex							
Kaiser	$63,122,590	$58,525,890	**$58,525,890**	**-7.3%**	$0	$26,979	($26,979)
Anthem[1]	$100,554,472	$109,471,640	**$108,455,035**	**7.9%**	$1,016,605	$125,457	($1,142,062)
Options							
Kaiser[2]	$371,578,429	$367,416,871	**$367,416,871**	**-1.1%**	$0	$179,562	($179,562)
Cigna[3]	$15,315,749	$17,106,681	**$16,274,119**	**6.3%**	$832,562	$16,866	($849,428)
UnitedHealthcare	$259,651,534	$280,638,247	**$274,688,614**	**5.8%**	$5,949,633	$775,527	($6,725,160)
Choices							
Kaiser[2]	$126,638,891	$125,644,614	**$126,092,385**	**-0.4%**	($447,772)	$63,249	$384,522
Cigna[3]	$43,709,617	$48,821,957	**$46,445,353**	**6.3%**	$2,376,604	$48,134	($2,424,738)
Total Medical[4]	$980,571,281	$1,007,625,899	**$997,898,267**	**1.8%**	$9,727,632	$1,235,774	($10,963,407)
Delta PPO & DeltaCare HMO[2]							
Flex	$11,325,227	$11,428,872	**$11,475,735**	**1.3%**	($46,863)	$1,887	$44,976
Options	$51,748,419	$51,038,937	**$51,711,948**	**-0.1%**	($673,011)	$8,501	$664,510
Choices	$18,772,056	$18,487,099	**$18,325,172**	**-2.4%**	$161,927	$3,013	($164,940)
Safeguard[2]							
Flex	$180,581	$183,808	**$180,581**	**0.0%**	$3,227	$0	($3,227)
Options	$1,520,894	$1,548,012	**$1,520,894**	**0.0%**	$27,118	$0	($27,118)
Choices	$877,076	$892,716	**$877,076**	**0.0%**	$15,640	$0	($15,640)
Total Dental[4]	$84,424,254	$83,579,446	**$84,091,407**	**-0.4%**	($511,961)	$13,400	$498,561
Cigna Basic Life	$834,538	$834,538	**$834,538**	**0.0%**	$0	$0	$0
Cigna AD&D	$4,014,411	$4,014,411	**$4,014,411**	**0.0%**	$0	$0	$0
Cigna Optional Life	$26,738,347	$26,738,347	**$26,738,347**	**0.0%**	$0	$0	$0
Cigna Dependent Life	$1,466,305	$1,466,305	**$1,466,305**	**0.0%**	$0	$0	$0
Total Life & AD&D[5]	$33,053,600	$33,053,600	**$33,053,600**	**0.0%**	$0	$0	$0

Footnotes:

1. Anthem rates are calculated based on an expected premium basis plus 1% claims margin
2. Performance guarantee penalties are reported together by carrier but are shown split by group based on premium volume
3. Cigna does not incorporate performance guarantee penalties into rates; penalty amounts are credited to the PSR
4. Medical & dental premiums are calculated using January 2014 enrollment to project estimated annual cost
5. Life & AD&D premiums are calculated using January 2013 premium payments to project estimated annual cost
6. Underlying rates are rounded to two decimal places; percentages shown are rounded to one decimal point