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Acting Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

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BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

September 01, 2020

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

27 September 1, 2020

CELIA ZAVALA
EXECUTIVE OFFICER

Dear Supervisors:

MEDICAL, DENTAL, LIFE INSURANCE, AND DISABILITY PLANS FOR 2021 (ALL DISTRICTS) (3-VOTES)

SUBJECT

Recommendation to approve premium rates for the 2021 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 for represented employees for the period January 1, 2021 through December 31, 2021, as recommended in this letter and shown in Exhibit I; (b) medical and dental rates for non-represented employees for the period January 1, 2021 through December 31, 2021, 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 term life insurance rates, for the period January 1, 2021 through December 31, 2022, as shown in Exhibit III; (d) Optional Group Variable Universal Life (GVUL) and dependent term life insurance for non-represented employees for the period January 1, 2021 through December 31, 2021, as shown in Exhibit III; (e) Survivor Income Benefit (SIB) rates for non-represented employees for the period January 1, 2021 through December 31, 2021, 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 as follows:

- a. Anthem Blue Cross and Anthem Blue Cross Life and Health Insurance Company (Anthem Blue Cross); Cigna Healthcare of California, Inc. (Cigna); Kaiser Foundation Health Plan, Inc. (Kaiser); Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. (Kaiser Mid-Atlantic); UnitedHealthcare of California and UnitedHealthcare Insurance Company (UnitedHealthcare); Delta Dental of California (Delta Dental Preferred Provider Organization (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, 2021 through December 31, 2021.
 - b. SafeGuard Health Plans, Inc. (MetLife/SafeGuard); and Life Insurance of North America (LINA) or their successors or affiliates, as necessary, for the period January 1, 2021 through December 31, 2022.
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 for the California Association of Professional Employees (CAPE), for the period January 1, 2021 through December 31, 2021, 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, 2021.

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 and dental insurance plans will end on December 31, 2020.

The purpose of the recommendations contained in this letter is to implement negotiated agreements with carriers to continue existing medical and dental benefits and to adopt changes, as recommended, for the 2021 calendar year.

The current premium rates for optional and dependent term life insurance for represented employees, and basic life and AD&D insurance for represented and non-represented employees were approved by the Board of Supervisors (Board) in 2019, effective through December 31, 2022. The 2021 rates are included in the Exhibits for informational purposes for the Board and for payroll purposes for the Auditor-Controller.

The current premium rates for Optional GVUL and dependent term life insurance and SIB for non-represented employees were approved by the Board in 2016, effective through December 31, 2021. For the 2021 Plan Year, in response to the financial impact of the Novel Coronavirus ("COVID-19") pandemic, MetLife has voluntarily agreed to reduce the optional GVUL rates by 5.0 percent for employees under the age of 35, and by 2.0 percent for employees ages 35 through 59. Optional

GVUL rates for employees age 60 and above will remain unchanged. The 2021 rates are included in the Exhibits for informational purposes for the Board and for payroll purposes for the Auditor-Controller.

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. The Unions and the Unions' benefit consultants also provided input during the insurance carrier negotiation process for County-sponsored plans with benefits governed by the 2018-2021 Fringe Benefits Memoranda of Understanding (MOUs) with Service Employees International Union 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 trends, 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 5.8 percent for represented employees and 2.0 percent for non-represented employees, for an overall average increase of 5.1 percent over 2020 rates. The nationwide medical trend for 2021 is estimated by Aon to average 7.4 percent to 8.6 percent.

The nationwide dental cost trend continues to be moderate, averaging an estimated 3.2 percent to 4.1 percent increase over 2020 rates, depending on the type of plan. For 2021, the rates for the County's Delta Dental PPO plan and DeltaCare USA plan, which cover the majority of the County's employees, will decrease 2.9 percent for represented employees and will decrease 0.6 percent for non-represented employees.

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 Benefits 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 2021 (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 2021 with the final result after performance guarantee review, challenges to carrier underwriting, and negotiation. Total savings to the County from initial carrier proposals for 2021 will be \$37.8 million. This amount

includes \$37.2 million in negotiated savings and \$0.6 million from performance guarantee refunds and rate credits.

Total 2021 premiums to be paid to health, dental, group life and other insurance plan carriers are estimated to be \$1.8 billion. Of this total, approximately \$1.5 billion is for County-sponsored plans and \$313.1 million for Union-sponsored plans. This is an increase of approximately \$70.0 million (4 percent) over 2020.

Attachment C also reflects the percentage increase for each carrier by cafeteria plan and 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 2021, as shown on Attachment C, will range from 0.0 percent to 6.3 percent (5.1 percent weighted average). Basic life insurance rates and AD&D insurance rates will remain unchanged for both represented and non-represented employees for 2021. For represented employees, optional life, and dependent life insurance rates will remain unchanged for 2021. For non-represented employees, Optional GVUL rates will decrease 5.0 percent for employees under the age of 35 and 2.0 percent for employees age 35 to 59, and will remain unchanged for employees age 60 and above. Dependent life, and SIB rates will remain unchanged for 2021 for non-represented employees. The 2021 Delta PPO and DeltaCare USA rates, which cover the majority of employees, will decrease approximately 2.9 percent for represented employees and will decrease 0.6 percent for non-represented employees.

2021 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 2018-2021 MOUs or County Code provisions. 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 9, 2020, by teleconference, and by subsequent emails on July 16 and July 21, 2020, the CCU and management representatives in the Joint Labor-Management Employee Benefits Administration Committee (EBAC) voted to recommend the premium rates for employees represented by the CCU.

On July 15 and July 24, 2020, by teleconference, Local 721 and management representatives in the Joint Labor-Management Benefits Administration Committee (BAC) voted to recommend the premium rates for the County-sponsored plans applicable to employees represented by Local 721.

Impact of the Affordable Care Act (ACA) --- In general, the ACA enacted reforms to provide affordable health insurance to uninsured Americans. The health coverage offered to County employees more than meets the standards of the ACA.

The health insurance marketplaces and exchanges operated by or for the states under the ACA are designed primarily for individuals who are not offered employer subsidized health insurance coverage or are offered coverage that does not meet the ACA's minimum value and affordability standards, and are therefore generally not relevant to County employees. Nevertheless, as required by the United States (U.S.) Department of Labor, the County will continue to deliver an informational notice about the health insurance marketplaces in the County's benefits enrollment packages.

For 2021, federal and State of California taxes, fees and assessments related to the ACA on health insurance providers will have a minimal impact. ACA-related taxes and fees are expected to account for between 0.0 to 0.1 percent of the County's health care premium costs. The ACA-related taxes and fees are subject to legislative and regulatory uncertainty and may change at any time. The Patient-Centered Outcomes Research Institute (PCORI) fee on health insurers and self-funded group health plans has now been extended through 2029. The 40.0 percent excise "Cadillac" tax on high-cost employer medical plans, and the medical device tax, were both repealed by Congress, effective January 1, 2020. The Health Insurance Industry Fee (HIIF) was repealed by Congress, effective January 1, 2021. The Managed Care Organization (MCO) tax, a California assessment on federal funds, which requires federal regulatory approval, is in effect until 2022, and is included in the rates in this letter. If any ACA-related State or federal fees or taxes, including, but not limited to the PCORI, Cadillac, medical device, HIIF or MCO taxes or fees, are reinstated, changed, suspended or imposed in 2021 due to changes in State or federal law or regulation after the date of the Board's approval of this letter, the 2021 rates shown in the attached rate exhibits will be equitably adjusted between the carriers and the County.

Impact of the COVID-19 Pandemic --- The COVID-19 pandemic has very little impact on the 2021 medical and dental rates recommended in this letter. The 2021 rates are based on actuarial plan experience from 2019 and the first quarter of 2020, which largely pre-dates the pandemic. The 2022 rates will be negotiated in 2021, which will include the impact of the pandemic. Currently, the impact of the pandemic on 2022 rates is unknown and impossible to forecast.

Implementation of Strategic Plan Goals

The recommended actions are consistent with the principles of the County of Los Angeles' Strategy III.3, by pursuing operational effectiveness, fiscal responsibility, and accountability in managing and maximizing County assets in the medical and dental renewal process to provide County employees comprehensive employee benefits.

FISCAL IMPACT/FINANCING

Each cafeteria plan, including represented employee plans provided by the 2018-2021 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 benefits costs that exceed the County contributions through payroll deductions.

For represented employees, the County contributions and subsidies to the cafeteria plans are determined through the collective bargaining process. The negotiated amounts currently in effect are set out in the 2018-2021 Fringe Benefits MOU with CCU, which will expire on June 30, 2021, and the 2018-2021 Fringe Benefits MOU with Local 721, which will expire on September 30, 2021.

To preserve internal equity, similar treatment is extended to non-represented employees.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The general facts concerning 2021 premium rates for County-sponsored plans affecting both represented and non-represented employees are outlined below. The details of each carriers' County-sponsored medical, dental, and other insurance plan proposal, and Aon's evaluation and opinion concerning their justifications and terms of offer, are provided in Attachments A and B.

MEDICAL PLAN RATES AFFECTING REPRESENTED EMPLOYEES

Cigna Rates for 2021:

The 2021 negotiated contract rates for the Cigna HMO, Cigna Select HMO, and Cigna POS plans will increase 4.2 percent.

Aon's opinion certifying Cigna's 2021 rates as justified is included in Attachment A.

Kaiser Rates for 2021:

Kaiser's 2021 rates will increase 5.5 percent for the CCU plan and 6.3 percent for the Local 721 plan.

Aon's opinion certifying Kaiser's 2021 rates as justified is included in Attachment A.

UnitedHealthcare Benefit Plan Rates for 2021:

UnitedHealthcare has historically offered two fully insured plans to employees represented by Local 721: a full network HMO plan (Signature Value HMO) and a full network PPO plan (Select Plus PPO). Beginning in 2020, a third UnitedHealthcare narrow network HMO plan was offered to Local 721 employees. The UnitedHealthcare narrow network HMO plan (Harmony HMO) offers eligible Local 721 represented employees the same benefits as the traditional UnitedHealthcare Signature Value HMO, but gives employees the opportunity to realize significant monthly premium savings by restricting access to a narrow network of doctors, medical groups and hospitals.

The 2021 overall negotiated contract premium rates for the existing UnitedHealthcare full network plans will increase 5.1 percent (5.7 percent for the Signature Value HMO and 4.5 percent for the Select Plus PPO). The 5.1 percent overall increase is calculated based on the total premium dollars of both plans. The 2021 rates for the Harmony HMO will remain unchanged from 2020.

Aon's opinion certifying UHC's 2021 rates as justified is included in Attachment A.

Union-Sponsored Benefits Plan Rates for 2021:

Premiums for County approved union-sponsored plans will also increase on average for 2021. The estimated increase in overall premiums paid to carriers in 2021, on behalf of the union-sponsored plans, is approximately \$19.5 million or 6.6 percent over 2020. Proposed 2021 premium changes are summarized below.

1. ALADS Anthem Blue Cross plans, a 5.1 percent increase with the following enhanced or added benefits:
 - a. Vision Care benefits will be enhanced to provide in-network fully covered Retinal Imaging as part of an annual exam.
 - b. Increase frame/elective contact lenses allowance to \$150.
 - c. Increase lenses, frame and contact lenses frequencies to 12 months.
2. CAPE Blue Shield plans, an 8.3 percent increase with the following enhanced or added benefits:

- a. Add a supplemental dental rider to the current medical plans, as agreed between CAPE and the County, similar to the ALADS' and Fightfighters' dental riders for 2020, which provides \$2,000 lifetime maximum benefit and 60.0 percent up to \$1,000 calendar year maximum benefit for dental implants per person.
- b. Vision frames allowance will increase from \$120 to \$130 - \$150.

3. Local 1014 plan, a 6.7 percent increase.

The subsidized rates to be paid by employees enrolled in union-sponsored plans are summarized in Exhibit V. Union-sponsored plans' 2021 rates are documented in the Union request letters attached to Exhibit V.

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 2021, less current County subsidies included in the 2018-2021 Fringe Benefits MOUs with Local 721 and the CCU. The rates for prepaid dental plans (DeltaCare USA and MetLife/SafeGuard) are the rates negotiated with the carriers.

The Delta Dental PPO plan contract rates will decrease 3.5 percent for the CCU and will decrease 2.6 percent for Local 721 for 2021.

DeltaCare USA's rates will decrease 3.7 percent for CCU and 3.8 percent for Local 721 for 2021.

MetLife/SafeGuard contract rates will decrease 2.2 percent for both CCU and Local 721 for 2021. The rates are guaranteed through 2022. MetLife/SafeGuard billed rates will decrease 0.2 percent from its contract rates for 2021 due to the crediting of 2019 performance guarantee penalties.

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

OPTIONAL LIFE INSURANCE, DEPENDENT LIFE AND AD&D INSURANCE RATES FOR REPRESENTED EMPLOYEES

Optional group term life for represented employees will remain unchanged for 2021. Dependent life and AD&D insurance rates for represented employees will remain unchanged for 2021. The contract rates are guaranteed through 2022.

BASIC TERM LIFE INSURANCE FOR REPRESENTED AND NON-REPRESENTED EMPLOYEES

Basic term life for all represented and certain non-represented employees under the Flex plan will remain unchanged for 2021.

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: an HMO, a POS, a PPO, and a Catastrophic Plan.

For 2021, the contract rates for the Anthem Blue Cross HMO and Anthem Blue Cross indemnity plans (POS, PPO and Catastrophic) will remain unchanged from 2020.

Kaiser's 2021 rates will increase 5.2 percent over the 2020 rates for non-represented employees.

The 2021 negotiated contract rates for the Kaiser Mid-Atlantic plan, available to CEO employees working in the Washington, DC area, are community rated and will increase 3.6 percent for 2021. There are currently two employees enrolled in this plan.

Aon has reviewed the proposed increases and recommends that the County accept the final 2021 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. The rates for prepaid dental plans (DeltaCare USA and MetLife/SafeGuard) are the rates negotiated with the carriers.

The Delta Dental PPO plan contract rates will decrease 0.5 percent and DeltaCare USA's rates will decrease 3.8 percent for 2021.

MetLife/SafeGuard contract rates will decrease 2.2 percent for 2021 and the rates are guaranteed through 2022. MetLife/SafeGuard billed rates will decrease 0.2 percent from its contract rates for 2021 due to the crediting of 2019 performance guarantee penalties.

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

OPTIONAL LIFE INSURANCE, DEPENDENT LIFE AND DISABILITY INSURANCE RATES FOR NON-REPRESENTED EMPLOYEES

MetLife's Optional GVUL life, dependent term life, and SIB rates for non-represented employees were approved by the Board in 2016 through 2021. In response to the financial impact of the COVID-19 pandemic, for the 2021 Plan Year, MetLife has voluntarily agreed to reduce the Optional GVUL rates by 5.0 percent for employees under the age of 35 and 2.0 percent for employees age 35 to 59. The Optional GVUL rates for employees age 60 and above will remain unchanged. Cigna's AD&D insurance rates for 2021 for non-represented employees will remain unchanged.

There will be no changes in the cost of LTD, LTD Health Insurance and STD rates for 2021.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

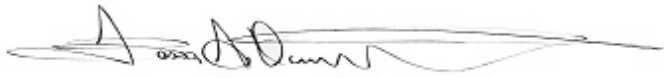
No impact on current services.

The Honorable Board of Supervisors

9/1/2020

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Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Fesia A. Davenport', with a long horizontal flourish extending to the right.

FESIA A. DAVENPORT

Acting Chief Executive Officer

FAD:MM:TP

SRM:DC:TP:mst

Enclosures

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

COUNTY-SPONSORED MEDICAL AND DENTAL INSURANCE PLANS FOR REPRESENTED EMPLOYEES CURRENT 2020 RATES AND PROPOSED 2021 RATES						
Plan	Option	Coverage Category ^a	Current 2020 Rates ^b	Proposed 2021 Rates ^b	Percentage Change	
CIGNA Choices	Select Network HMO	1	\$ 697.12	\$ 726.61	4.2%	
		2	\$ 1,396.56	\$ 1,455.86	4.2%	
		3	\$ 1,608.86	\$ 1,677.14	4.2%	
		Full Network HMO	1	\$ 961.98	\$ 1,002.67	4.2%
			2	\$ 1,929.25	\$ 2,011.09	4.2%
	3		\$ 2,222.21	\$ 2,316.44	4.2%	
		Network POS	1	\$ 1,730.94	\$ 1,804.16	4.2%
2			\$ 3,087.31	\$ 3,218.13	4.2%	
3	\$ 3,238.68		\$ 3,375.91	4.2%		
CIGNA Options	Full Network HMO	1	\$ 955.98	\$ 996.67	4.3%	
		2	\$ 1,925.69	\$ 2,007.53	4.2%	
		3	\$ 2,216.65	\$ 2,310.88	4.3%	
		Network POS	1	\$ 1,724.94	\$ 1,798.16	4.2%
			2	\$ 3,083.75	\$ 3,214.57	4.2%
3	\$ 3,233.12		\$ 3,370.35	4.2%		
KAISER Choices		1	\$ 734.53	\$ 775.23	5.5%	
		2	\$ 1,463.62	\$ 1,545.02	5.6%	
		3	\$ 1,698.67	\$ 1,793.08	5.6%	
KAISER Options		1	\$ 699.88	\$ 744.69	6.4%	
		2	\$ 1,402.76	\$ 1,492.38	6.4%	
		3	\$ 1,626.64	\$ 1,730.60	6.4%	
UNITEDHEALTHCARE Options	Signature Value HMO	1	\$ 859.00	\$ 908.41	5.8%	
		2	\$ 1,738.31	\$ 1,838.12	5.7%	
		3	\$ 2,013.11	\$ 2,128.73	5.7%	
		Harmony HMO ^c	1	667.62	\$ 667.62	0.0%
			2	1351.72	\$ 1,351.72	0.0%
	3		1565.27	\$ 1,565.27	0.0%	
		PPO	1	\$ 3,774.69	\$ 3,944.82	4.5%
2			\$ 7,626.01	\$ 7,969.58	4.5%	
3	\$ 8,835.51		\$ 9,233.60	4.5%		
^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 current mandatory Federal healthcare reform taxes and fees.						
^c Effective 2020, UHC Harmony HMO was added to the Options plan.						

COUNTY-SPONSORED					
MEDICAL AND DENTAL INSURANCE PLANS					
FOR REPRESENTED EMPLOYEES					
CURRENT 2020 RATES AND PROPOSED 2021 RATES					
Plan	Option	Coverage Category ^a	Current 2020 Rates ^b	Proposed 2021 Rates ^b	Percentage Change
DELTA DENTAL ^{b,c}		1	\$ 19.89	\$ 18.47	-7.1%
Choices		2	\$ 33.15	\$ 30.72	-7.3%
		3	\$ 49.49	\$ 45.76	-7.5%
DELTA DENTAL ^{b,c}		1	\$ 29.57	\$ 30.20	2.1%
Options		2	\$ 49.29	\$ 50.35	2.2%
		3	\$ 73.89	\$ 75.52	2.2%
DELTACARE USA ^c		1	\$ 15.09	\$ 14.52	-3.8%
Choices & Options		2	\$ 24.88	\$ 23.95	-3.7%
		3	\$ 36.87	\$ 35.49	-3.7%
METLIFE/SAFEGUARD ^d		1	\$ 10.73	\$ 10.49	-2.2%
Choices & Options		2	\$ 20.73	\$ 20.27	-2.2%
		3	\$ 27.04	\$ 26.44	-2.2%
^a 1 = Employee only					
2 = Employee + 1 Dependent					
3 = Employee + 2 or more Dependents					
^b Delta Dental rates reflect negotiated County subsidy.					
^c Delta Dental and DeltaCare rates are guaranteed through 12/31/2021.					
^d MetLife/SafeGuard rates are guaranteed through 12/31/2022 and the 2021 rates reflect a credit adjustment of four (4) cents for 2019 performance guarantee penalty.					

COUNTY-SPONSORED MEDICAL AND DENTAL INSURANCE PLANS FOR NON-REPRESENTED EMPLOYEES CURRENT 2020 RATES AND PROPOSED 2021 RATES					
Plan	Option	Coverage Category ^a	Current 2020 Rates ^b	Proposed 2021 Rates ^b	Percentage Change
ANTHEM BLUE CROSS	CaliforniaCare HMO	1	\$ 273.00	\$ 277.00	1.5%
		2	\$ 536.00	\$ 543.00	1.3%
		3	\$ 562.00	\$ 569.00	1.2%
		4	\$ 635.00	\$ 643.00	1.3%
	PLUS POS	1	\$ 413.00	\$ 418.00	1.2%
		2	\$ 831.00	\$ 842.00	1.3%
		3	\$ 851.00	\$ 862.00	1.3%
		4	\$ 946.00	\$ 959.00	1.4%
	Catastrophic	1	\$ 93.00	\$ 93.00	0.0%
		2	\$ 425.00	\$ 431.00	1.4%
		3	\$ 432.00	\$ 438.00	1.4%
		4	\$ 499.00	\$ 506.00	1.4%
	Prudent Buyer PPO	1	\$ 528.00	\$ 535.00	1.3%
		2	\$ 970.00	\$ 983.00	1.3%
		3	\$ 1,006.00	\$ 1,019.00	1.3%
		4	\$ 1,168.00	\$ 1,183.00	1.3%
KAISER Flex/Megaflex		1	\$ 273.00	\$ 277.00	1.5%
		2	\$ 536.00	\$ 543.00	1.3%
		3	\$ 562.00	\$ 569.00	1.2%
		4	\$ 635.00	\$ 643.00	1.3%
KAISER - MID-ATLANTIC		1	\$ 292.00	\$ 296.00	1.4%
		2	\$ 568.00	\$ 576.00	1.4%
		3	\$ 614.00	\$ 622.00	1.3%
		4	\$ 869.00	\$ 880.00	1.3%
DELTA DENTAL ^c Flex/Megaflex		1	\$ 30.57	\$ 29.54	-3.4%
		2	\$ 48.75	\$ 46.82	-4.0%
		3	\$ 52.28	\$ 50.42	-3.6%
		4	\$ 78.28	\$ 75.49	-3.6%
DELTACARE USA Flex/Megaflex		1	\$ 15.09	\$ 14.52	-3.8%
		2	\$ 26.07	\$ 25.09	-3.8%
		3	\$ 25.88	\$ 24.91	-3.7%
		4	\$ 37.57	\$ 36.16	-3.8%
METLIFE/SAFEGUARD ^d Flex/Megaflex		1	\$ 10.73	\$ 10.49	-2.2%
		2	\$ 20.12	\$ 19.68	-2.2%
		3	\$ 22.68	\$ 22.18	-2.2%
		4	\$ 29.62	\$ 28.97	-2.2%
^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 current mandatory Federal healthcare reform taxes and fees.					
^c Delta Dental rates reflect negotiated County subsidy.					
^d MetLife/SafeGuard rates are guaranteed through 12/31/2022 and the 2021 rates reflect a credit adjustment of four (4) cents for 2019 performance guarantee penalty.					

LIFE, ACCIDENTAL DEATH AND DISMEMBERMENT AND SURVIVOR INCOME BENEFIT PROGRAMS CURRENT 2020 RATES AND PROPOSED 2021 RATES					
				Monthly Cost per \$1,000 of Insurance	
				<u>2020^a</u>	<u>2021^a</u>
COUNTY-PAID BASIC GROUP TERM-LIFE INSURANCE				\$0.161	\$0.161
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:					
	<u>Age</u>			<u>2020^a</u>	<u>2021^a</u>
	Less than 30			\$0.033	\$0.033
	30-34			\$0.056	\$0.056
	35-39			\$0.063	\$0.063
	40-44			\$0.071	\$0.071
	45-49			\$0.105	\$0.105
	50-54			\$0.162	\$0.162
	55-59			\$0.304	\$0.304
	60-64			\$0.466	\$0.466
	65-69			\$0.664	\$0.664
	70 and over			\$1.278	\$1.278
Dependent Term Life Insurance:				<u>2020</u>	<u>2021</u>
Cost per month per \$5,000 of coverage, no matter how many eligible dependents employee may have.				\$0.832	\$0.832
Coverage is offered in increments of \$5,000 up to \$20,000.					
Dependent coverage cost is charged to the employee.					
^a The County subsidizes 15% of the monthly premium.					

**LIFE, ACCIDENTAL DEATH AND DISMEMBERMENT
AND SURVIVOR INCOME BENEFIT PROGRAMS
CURRENT 2020 RATES AND PROPOSED 2021 RATES**

OPTIONAL ACCIDENTAL DEATH & DISMEMBERMENT INSURANCE - Cost per Month

Employee Coverage	Current 2020 Rates			Approved 2021 Rates		
	Employee Only	Employee & Dependents		Employee Only	Employee & Dependents	
	Plan G	Plan H		Plan G	Plan H	
\$ 10,000	\$0.124	\$0.238		\$0.124	\$0.238	
\$ 25,000	\$0.310	\$0.595		\$0.310	\$0.595	
\$ 50,000	\$0.620	\$1.190		\$0.620	\$1.190	
\$100,000	\$1.240	\$2.380		\$1.240	\$2.380	
\$150,000	\$1.860	\$3.570		\$1.860	\$3.570	
\$200,000	\$2.480	\$4.760		\$2.480	\$4.760	
\$250,000	\$3.100	\$5.950		\$3.100	\$5.950	
\$300,000	\$3.720	\$7.140		\$3.720	\$7.140	
\$350,000	\$4.340	\$8.330		\$4.340	\$8.330	
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.						

LIFE, ACCIDENTAL DEATH AND DISMEMBERMENT AND SURVIVOR INCOME BENEFIT PROGRAMS CURRENT 2020 RATES AND PROPOSED 2021 RATES					
OPTIONAL GROUP VARIABLE UNIVERSAL LIFE INSURANCE FOR FLEX/MEGAFLEX PARTICIPANTS¹					
Employee: The monthly premium per \$1,000 of insurance is based on the employee's age as shown in the following table:					
<u>Age</u>	<u>2021 Rate*</u>	<u>Age</u>	<u>2021 Rate*</u>	<u>Age</u>	<u>2021 Rate*</u>
20-24	\$0.033	57	\$0.255	77**	\$1.908
25-29	\$0.041	58	\$0.287	78**	\$2.154
30-34	\$0.048	59	\$0.321	79**	\$2.427
35-39	\$0.051	60	\$0.368	80**	\$3.133
40	\$0.059	61	\$0.415	81**	\$3.616
41-42	\$0.060	62	\$0.458	82**	\$3.944
43	\$0.067	63	\$0.492	83**	\$4.300
44	\$0.075	64	\$0.546	84**	\$4.685
45	\$0.084	65	\$0.567	85**	\$5.112
46	\$0.092	66	\$0.637	86**	\$5.559
47	\$0.099	67	\$0.677	87**	\$6.048
48	\$0.117	68	\$0.754	88**	\$6.572
49	\$0.124	69	\$0.838	89**	\$7.112
50	\$0.132	70	\$0.923	90**	\$7.663
51	\$0.149	71	\$1.020	91**	\$8.243
52	\$0.157	72	\$1.133	92**	\$8.838
53	\$0.172	73	\$1.244	93**	\$9.453
54	\$0.189	74	\$1.376	94**	\$10.077
55	\$0.215	75	\$1.517		
56	\$0.231	76**	\$1.685		
* 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.					
¹ The County Board approved the rates in 2016.					

SHORT-TERM DISABILITY, LONG-TERM DISABILITY AND LONG-TERM DISABILITY HEALTH INSURANCE CURRENT 2020 RATES AND PROPOSED 2021 RATES					
<u>MEGAFLEX SHORT-TERM DISABILITY PLAN</u>					
Employee Cost as a Percentage of Monthly Salary:					
Current 2020			Proposed 2021		
Rates			Rates		
<u>Income</u>	<u>Waiting</u>		<u>Income</u>	<u>Waiting</u>	
<u>Replacement</u>	<u>Period</u>	<u>Cost</u>	<u>Replacement</u>	<u>Period</u>	<u>Cost</u>
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					
<u>MEGAFLEX LONG-TERM DISABILITY PLAN</u>					
Employee Cost as a Percentage of Monthly Salary:					
Current 2020 Rates			Proposed 2021 Rates		
<u>Income</u>	<u>Plan E + *</u>	<u>All Other</u>	<u>Income</u>	<u>Plan E + *</u>	<u>All Other</u>
<u>Replacement</u>	<u>Retirement Plan</u>	<u>Plans</u>	<u>Replacement</u>	<u>Retirement Plan</u>	<u>Plans</u>
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 2020 RATES AND PROPOSED 2021 RATES

<u>LONG-TERM DISABILITY HEALTH INSURANCE - Cost per month</u>					
For Flex/MegaFlex Employees					
<u>Current 2020 Rate</u>			<u>Proposed 2021 Rate</u>		
	75 % Premium Payment	100 % Premium Payment		75 % Premium Payment	100 % Premium Payment
	\$0.00	\$3.00		\$0.00	\$3.00
For Represented Employees					
<u>Current 2020 Rate</u>			<u>Proposed 2021 Rate</u>		
	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 2020 RATES AND PROPOSED 2021 RATES					
Plan	Option	Coverage Category ^a	Current 2020 Rates ^b	Proposed 2021 Rates ^b	Percentage Change
ALADS	Prudent Buyer Plan	1	\$ 1,091.27	\$ 1,012.67	-7.2%
Blue Cross	Under Age 50	2	\$ 2,109.04	\$ 1,965.17	-6.8%
		3	\$ 2,414.83	\$ 2,354.58	-2.5%
	Prudent Buyer Plan	1	\$ 1,091.27	\$ 1,012.67	-7.2%
	Age 50 and Over	2	\$ 2,109.04	\$ 1,965.17	-6.8%
		3	\$ 2,414.83	\$ 2,354.58	-2.5%
	CaliforniaCare	1	\$ 713.26	\$ 768.67	7.8%
	Basic Plan	2	\$ 1,471.85	\$ 1,601.17	8.8%
	(All Ages)	3	\$ 1,788.28	\$ 1,927.22	7.8%
	Prudent Buyer Plan	1	\$ 1,111.16	\$ 1,031.14	-7.2%
	Premier Plan	2	\$ 2,142.19	\$ 1,995.89	-6.8%
	Under Age 50	3	\$ 2,464.32	\$ 2,400.34	-2.6%
	Prudent Buyer Plan	1	\$ 1,111.16	\$ 1,031.14	-7.2%
	Premier Plan	2	\$ 2,142.19	\$ 1,995.89	-6.8%
	Age 50 and Over	3	\$ 2,464.32	\$ 2,400.34	-2.6%
	CaliforniaCare	1	\$ 733.15	\$ 787.14	7.4%
	Premier Plan	2	\$ 1,505.00	\$ 1,631.89	8.4%
	(All Ages)	3	\$ 1,837.77	\$ 1,972.98	7.4%
CAPE (Choices)	Classic	1	\$ 1,225.00	\$ 1,389.35	13.4%
Blue Shield		2	\$ 2,383.00	\$ 2,706.62	13.6%
		3	\$ 2,838.00	\$ 3,252.82	14.6%
	Lite	1	\$ 623.00	\$ 665.41	6.8%
		2	\$ 1,279.00	\$ 1,367.43	6.9%
		3	\$ 1,612.00	\$ 1,753.94	8.8%
	PPO	1	\$ 1,225.00	\$ 1,389.35	13.4%
	(Out-of-state only)	2	\$ 2,383.56	\$ 2,706.62	13.6%
		3	\$ 2,838.56	\$ 3,252.82	14.6%
CAPE (Options)	Classic	1	\$ 1,219.00	\$ 1,383.35	13.5%
Blue Shield		2	\$ 2,379.44	\$ 2,703.06	13.6%
		3	\$ 2,832.44	\$ 3,247.26	14.6%
	Lite	1	\$ 617.00	\$ 659.41	6.9%
		2	\$ 1,275.44	\$ 1,363.87	6.9%
		3	\$ 1,606.44	\$ 1,748.38	8.8%
	PPO	1	\$ 1,219.00	\$ 1,383.35	13.5%
	(Out-of-state only)	2	\$ 2,380.00	\$ 2,703.06	13.6%
		3	\$ 2,833.00	\$ 3,247.26	14.6%
FIREFIGHTERS LOCAL 1014		1	\$ 890.00	\$ 950.00	6.7%
		2	\$ 1,693.56	\$ 1,807.56	6.7%
		3	\$ 2,013.56	\$ 2,149.56	6.8%
^a 1 = Employee only					
2 = Employee + 1 Dependent					
3 = Employee + 2 or more Dependents					
^b Rates reflect current negotiated County subsidies					

ENCLOSURES TO EXHIBIT V

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

ALADS Insurance Trust

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

July 24, 2020

VIA U.S. MAIL AND E-MAIL: BKemper@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: Mr. Ben Kemper, Senior Human Resources Manager
Employee Benefits Division
3333 Wilshire Blvd.
Los Angeles, California 90010

RE: ALADS/ANTHEM BLUE CROSS 2021 HEALTHCARE PLAN PREMIUMS

Dear Mr. Kemper:

Following are the monthly premium rates for the ALADS Anthem Blue Cross Prudent Buyer and CaliforniaCare medical and dental plans for the 2021 plan year:

Plan	Employee	Employee + 1	Employee + 2
Prudent Buyer Basic	\$1,012.67	\$1,970.61	\$2,360.02
Prudent Buyer Premier	1,031.14	2,001.33	2,405.78
CaliforniaCare Basic	768.67	1,606.61	1,932.66
CaliforniaCare Premier	787.14	1,637.33	1,978.42

Beginning January 1, 2021, the updated Vision Care benefits will provide in-network fully covered Retinal Imaging as part of an annual eye exam; frame/elective contact lens allowance to \$150 and lens, frame and contact lens frequencies to 12 months.

Sincerely,



Bud Treece
ALADS Trust Administrator

cc: Lilian Zohrab, LZohrab@hr.lacounty.gov



July 23, 2020

Ben Kemper
Senior Human Resources Manager
Employee Benefits Division
Department of Human Resources
County of Los Angeles
3333 Wilshire Boulevard
Los Angeles, CA 90010

Re: 2021 RENEWAL - CAPE/BLUE SHIELD MEDICAL PLANS

Dear Mr. Kemper:

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 2021 for the CAPE/Blue Shield Point of Service Lite, Classic and the out-of-state PPO COBRA medical plans. Attached please find the benefit summaries and rates for all three plans. The average increase spread across all three tiers is 7.2% for the Lite and 13.5% for the Classic. The Classic plan increase is due to over a 100% average medical loss ratio. Since approximately 98% of our membership is in the Lite plan, we are requesting that the County list the Lite plan above the Classic in all of the County's Annual Enrollment materials.

The CAPE Benefit Trust Board of Trustees met with representatives of the Los Angeles County's Chief Executive Officer on August 15, 2019. As a result of the agreement reached at that meeting, the CAPE Benefit Trust agreed to remove the full dental plan added to our 2020 plans that were submitted to Mr. Kemper's office on July 26, 2019, and in return, the County representatives agreed to support the addition of a supplemental wrap around dental rider to be added to our medical plans for the 2021 plan year. In accordance with that agreement, the Trust is adding a wrap around, supplemental dental rider for 2021 bundled with the medical plans for employees and their dependents enrolled in one of the CAPE/Blue Shield medical plans similar to the ALADS' and Firefighters' dental riders added to their medical plans. The dental rider cannot be purchased separately. The above increases include the dental rider. The rider includes a \$2,000 lifetime maximum benefit for adult and children orthodontia and 60% up to a \$1,000 calendar year maximum benefit for dental implants per person. There is a minimal 25% preventative benefit combined with the implants benefit which is mandated by the state of California for a fully insured rider. Attached are the medical plan summaries. The only core benefit change for 2021 is an increase in the vision frames allowance from \$120 to \$130-\$150. There are no other core benefit changes other than any mandated regulatory changes. We appreciate you forwarding the 2021 CAPE/Blue Shield medical plans' information to the Board of Supervisors for their timely approval.

Sincerely,

Nelson Manabat

Nelson Manabat
Chairman
CAPE Benefit Trust Board of Trustees
Attachments

2021 CAPE/Blue Shield

Lite Plan*1

(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, Pap Smear, and Mammography)	100%; no copayment (including Well Baby/Well Woman Exam, Pap Smear, and Mammography-not subject to deductible)	100%; no copayment (including Well Baby/Well Woman Exam, Pap Smear, and Mammography-not subject to deductible)
Vision Care	VSP Providers-\$10 exam copayment; \$10 copayment lenses/frames up to \$130-\$150 allowance; or up to \$120 contact lenses allowance (+up to \$60 fitting charge) - every 12 months	Non-VSP Providers-reimbursement per 12 months-exam up to \$45; frames up to \$70; Lenses up to \$65; contacts up to \$105	Non-VSP Providers-reimbursement per 12 months-exam up to \$45; 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
Urgent Care	\$10 if referred or rendered by Primary Care Physician (PCP) or Medical Group w/i service area/\$50 outside PCP/Med. Grp. area	80% after 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% of \$600 daily maximum after deductible
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% of \$600 daily maximum after deductible
X-Ray & Lab Tests	100%; no copayment	80% after deductible	70% after deductible
Prescription Drugs	\$5 (generic), \$15 (brand name), \$30 (nonformulary-requires preapproval); Mail-Order- 90-day Supply: \$10 (generic), \$30 (brand name), \$60 (nonformulary-requires preapproval)	\$5 (generic), \$15 (brand name), \$30 (nonformulary-requires preapproval); Mail-Order- 90-day Supply: \$10 (generic), \$30 (brand name), \$60 (nonformulary-requires preauthorization)	Covered emergencies only - copayment applies
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% of \$600 daily maximum after deductible
	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		
Hearing Aids	\$1,000 maximum benefit every two years	Not covered	Not covered
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.			
1. The CAPE/Blue Shield Plans provide an orthodontia lifetime benefit of 50% up to \$2,000 and 25% preventative and/or 60% dental implants up to \$1,000 per person per year combined		2021 Premium Rates	
		Employee Only:	\$ 665.41
		Employee + One:	\$1,372.87
		Employee + Family:	\$1,759.38

2021 CAPE/Blue Shield

Classic Plan*1

(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, Pap Smear, and Mammography)	100% ; no copayment (including Well Baby/Well Woman Exam, Pap Smear, and Mammography-not subject to deductible)	100% ; no copayment (including Well Baby/Well Woman Exam, Pap Smear, and Mammography-not subject to deductible)
Vision Care	VSP Providers-\$10 exam copayment; \$10 copayment lenses/frames up to \$130-\$150 allowance; or up to \$120 contact lenses allowance (+up to \$60 fitting charge) - every 12 months	Non-VSP Providers-reimbursement per 12 months-exam up to \$45; frames up to \$70; Lenses up to \$65; contacts up to \$105	Non-VSP Providers-reimbursement per 12 months-exam up to \$45; 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 for consultation only (not subject to deductible)	70% after deductible
Urgent Care	\$10 if referred or rendered by Primary Care Physician (PCP) or M /\$50 outside PCP/Med. Grp. area	90% after 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% of \$600 daily maximum after deductible
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% of \$600 daily maximum after deductible
X-Ray & Lab Tests	100%; no copayment	90% after deductible	70% after deductible
Prescription Drugs	\$5 (generic), \$15 (brand name), \$30 (nonformulary-requires preapproval); Mail-Order- 90-day Supply: \$10 (generic), \$30 (brand name), \$60 (nonformulary-requires preapproval)	\$5 (generic), \$15 (brand name), \$30 (nonformulary-requires preapproval); Mail-Order- 90-day Supply: \$10 (generic), \$30 (brand name), \$60 (nonformulary-requires preapproval)	Covered emergencies only - copayment applies
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% of \$600 daily maximum after deductible
	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 Plan		
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.			
1. The CAPE/Blue Shield Plans provide an orthodontia lifetime benefit of 50% up to \$2,000 and 25% preventative and/or 60% dental implants up to \$1,000 per person per year combined		2021 Premium Rates	
		Employee:	\$1,389.35
		Employee + One:	\$2,712.06
		Employee + Family:	\$3,258.26

2021 CAPE/Blue Shield

COBRA PPO Plan*₁

(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/Well Baby Lab subject to deductible)	100%; no copayment (Includes Well Woman Pap Smear and Mammography/Well Baby Lab subject to deductible)
Vision Care		VSP Providers-\$10 exam copayment; \$10 copayment lenses/frames up to \$130-\$150 allowance; or up to \$120 contact lenses allowance (+up to \$60 fitting charge) - every 12 months	Non-VSP Providers-reimbursement per 12 months-exam up to \$45; 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% of \$600 daily maximum after deductible
Maternity		100% after \$20 copayment (not subject to deductible)	70% after deductible
Surgery		90% after deductible	70% of \$600 daily maximum after deductible
X-Ray & Lab Tests		90% after deductible	70% after deductible
Prescription Drugs		\$10 (generic), \$15 (brand name), \$30 (nonformulary) Mail-Order 90-day Supply: \$20 (generic), \$30 (brand name), \$60 (nonformulary)	Covered for emergencies only - 75% of lesser of actual price or reasonable charge, minus copayment
MENTAL HEALTH CARE			
Mental Health-Outpatient		\$20 copayment (not subject to deductible)	70% after deductible
Mental Health-Inpatient		90% after deductible	70% of \$600 daily maximum after deductible
		Provided by Magellan. Must be arranged through MHSA	
Chiropractic Care		\$20 copayment - maximum 12 visits per calendar year combined with Out-of-Network visits	70% - maximum 12 visits per calendar year combined with In-Network visits
OTHER PLAN BENEFITS			
Home Health Care		90% after deductible (combined 100 visits per calendar year)	70% after deductible (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)
*In case of discrepancies, the carrier's summary takes precedence.			
		2021 Premium Rates	
1. The CAPE/Blue Shield Plans provide an orthodontia lifetime benefit of 50% up to \$2,000 and 25% preventative and/or 60% dental implants up to \$1,000 per person per year combined		Employee Only:	\$1,389.35
		Employee + One:	\$2,712.06
		Employee + Family:	\$3,258.26



LOS ANGELES COUNTY FIRE FIGHTERS LOCAL 1014 HEALTH AND WELFARE PLAN

3480 FLETCHER AVENUE • EL MONTE, CALIFORNIA 91731
(310) 639-1014 (900) 680-1014 (within California)



July 31, 2020

Mr. Ben Kemper
Senior Human Resources Manager
Department of Human Resources
Employee Benefits Division
3333 Wilshire Blvd., Suite 1000
Los Angeles, CA 90010

**RE: Plan Year 2021 Employee Insurance Information
Los Angeles County Fire Fighters Local 1014 Health and Welfare Plan**

Dear Mr. Kemper:

I am providing the plan year 2021 premium changes that were approved by the Board of Trustees.

After conferring with Mercer, the Plan's consultant, the Board of Trustees approved a 6.73% premium increase for 2021. Our monthly rates for 2021, rounded to the nearest dollar are as follows:

Member Only	\$ 950.00
Member + 1 Dependent	\$1,813.00
Family	\$2,155.00

Should you have any questions, please contact me by e-mail at rcyrus@local1014.org or call me at (800) 680-1014.

Sincerely,

Reginald A. Cyrus, CEBS
Administrative Manager

C: Local 1014 Health Plan Trustees



Mr. Ben Kemper
County of Los Angeles
Page 1

August 7, 2020

Mr. Ben Kemper
Senior HR Manager
County of Los Angeles
3333 Wilshire Boulevard, Suite 1000
Los Angeles, CA 90010-4101

Subject: Summary of 2021 Renewal Results and Recommendations (Represented Plans)

Dear Ben:

The following letter summarizes the 2021 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 are outlined in the attached Addendum.

For the 2021 renewal, the fees imposed under the Affordable Care Act (ACA) had a minimal impact on the renewal. The excise tax (Cadillac tax) and the medical devices tax were repealed effective January 1, 2020. The Health Insurance Industry Fee was repealed effective January 1, 2021. The final payment for the PCORI fee was expected to be in 2020 and is now extended through 2029 with final payments due in 2030. The PCORI fee is \$2.54 per covered life for 2019 and was \$2.45 for 2018. The 2019 \$2.54 fee will be increased for inflation for 2020, as determined by the Department of Health and Human Services (HHS) and payable in 2021. Kaiser's rates increased by approximately 0.04%, the CIGNA rates increased by approximately 0.03% more, and the UHC rates by approximately 0.03% due to the PCORI fee. For the dental plans, the additional cost increases are approximately 0.00% for the Delta DPO and for the Delta HMO and 0.25% for MetLife to account for the Managed Care Assessment tax. The Transitional Reinsurance Fee was in place for 2014 – 2016 and was not extended beyond 2016.

Medical Plans

Overview

For all represented medical plans, the final projected premium increase for 2021 is **5.8%**, or about **\$62.6 million** over 2020 premiums. The initial proposed renewal increase for the represented medical plans was **7.1%**. Negotiated reductions to the medical renewals equate to approximately **\$14.5 million**. For more details on final rate increases, please refer to Attachment C.

After evaluation of the renewal proposals, Aon recommends that the County accept the final 2021 renewals offered by Cigna, Kaiser and UHC as outlined in the table below.



	Cigna (Choices & Options)	Kaiser Choices	Kaiser Options	UHC Options
Initial 2021 Renewal Action	+7.3%	6.9%	+7.7%	+6.1%
Final 2021 Renewal Action	+4.2%	5.5%	+6.3%	+5.1%

The represented groups voluntarily relinquished grandfathered status as defined by the ACA on the Kaiser plans, effective January 1, 2019. Should there be additional questions or concerns in this regard, we recommend the County seek the advice of their own legal counsel, as Aon 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 7.3% increase to the combined HMO and POS rates for 2021, representing an increase over 2020 premiums of approximately **\$3.52 million; \$2.69 million** for Choices and **\$831,000** for Options. Cigna did not have any performance guarantee penalties for the 2019 plan year.

Renewal discussions with Cigna targeted the following issues:

- Medical and pharmacy trend methodology
- Demographic adjustment
- Analysis of expense calculation
- High per member per month retention charges

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 Premium Stabilization Reserve (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 the claims 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 renewals from 2011 to 2020, and again there is no premium offset for 2021. The chart below summarizes the most recent five years of the PSR (updated based on settlements provided by Cigna).



	2015	2016	2017	2018	2019
Premium	\$53,054,005	\$50,035,035	\$48,801,149	\$47,106,899	\$45,121,892
Year-end (PSR)	(\$1,442,064)	(\$3,020,466)	(\$2,721,315)	(\$5,446,473)	(\$5,361,446)
PSR % of Premium	-2.72%	-6.04%	-5.58%	-11.56%	-11.88%

Negotiations with Cigna resulted in a final **4.2%** increase including continuing Cigna's Select HMO network alongside the current full HMO network for Choices. The Select HMO network is not available for Options as the Cigna offering is a grandfathered plan. This amounts to an increase of approximately **\$1.55 million** for Choices, and approximately **\$479,000** for Options over current costs, and negotiated savings of approximately **\$1.5 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 **6.9%** increase for the Choices plan, representing an increase from 2020 premiums of approximately **\$12.0 million**. Kaiser's renewal proposal for Options was a **7.7%** increase, representing an increase from 2020 premiums of approximately **43.3 million**. Combined, Kaiser's initial renewal proposal for the represented population is a **7.5%** increase, representing an increase from 2020 premiums of approximately **\$55.3 million**.

Kaiser's Southern California commercial trend rate for 2021 is projected to be 3.8%. Kaiser had performance guarantee penalties of \$382,545 that will be applied to the 2021 rates.

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

- Large claims pooling point
- Medical and pharmacy claims trend
- Incurred claims adjustment
- Retention charges

Negotiations with Kaiser resulted in a final **6.2%** increase. This amounts to an increase of approximately \$9.7 million for Choices and approximately \$35.8 million for Options over current costs, and a savings of approximately \$9.8 million from Kaiser's original proposal. The total renewal impact increase for Choices is 5.5% for Choices and Options is 6.3% above 2021. The optical rider for Options was offered as a 5-year rate guarantee from January 1, 2020 through December 31, 2024.

Aon 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 **6.1%** overall increase. The increase was a **6.9%** increase to the Signature Value HMO plan, a **0.0%** increase to the Harmony HMO and a



4.5% increase to the PPO rates for 2021, representing a total increase of approximately **\$18.2 million** over current premiums. Discussions with UHC targeted the following key areas:

- Medical & pharmacy claims trend
- Pooling charges
- Retention
- Changes in reserves

Negotiations with UHC resulted in an increase of **5.71%** for the Signature Value HMO, a **0.0%** increase for the Harmony HMO and a **4.5%** increase for the PPO, for a combined increase of **5.1%** representing a total increase of approximately **\$15.0 million**, and a total savings of **\$3.2 million** over the initial renewal position. UHC did not have any 2019 performance guarantee penalties.

The County's financial arrangement with UHC 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. UHC's preliminary 2019 year-end reconciliation resulted in an offset to the 2021 renewal. However, no premium subsidy should have been applied for 2021 as UHC had a calculation error in the year-end reconciliation. For the 2021 renewal, UHC honored the error and a reduction of \$2,197,529 was applied to the rates.

We believe that UHC has justified their renewal position and the County should accept their offer.

Dental Plans

Delta Dental

Delta initially proposed a **0.8% decrease** to the rates for 2021, representing a decrease over 2020 premiums of approximately **\$646,000**; **\$286,000** for Choices and **\$360,000** for Options.

Negotiations with Delta resulted in a decrease of **3.5%** for Choices and a **2.7%** decrease for Options, for a combined decrease of **2.9%**, representing a total decrease of approximately - **\$2.21 million** and a total savings of **\$1.58 million** over the initial renewal position.

The County's financial arrangement with Delta provides for a year-end reconciliation of premiums, claims, reserves for incurred but unreported claims, and expenses associated with the plan. Surpluses are deposited to the Premium Stabilization Reserve (PSR) and any shortfall is withdrawn from the PSR, to the extent that funds are available. The PSR balance is funded by County and employee contributions. After the end of each contract term, Delta Dental calculates any positive amount ("plus stabilization") which may be reflected in the calculation of the renewal rate for the succeeding contract term, may be used as a monthly premium holiday for the succeeding contract term and/or may be used to offset the additional cost of increased benefits for the succeeding contract term. Aon recommends that the PSR balance be maintained at 1-1.5 months of premium to cover incurred but not reported claims. In 2021, Options will be subsidizing the renewal contract rate by 3% by withdrawing from the PSR balance. In 2020, Options subsidized the renewal contract rate by 6%. Choices will not be utilizing funds from the PSR in 2021.



Mr. Ben Kemper
County of Los Angeles
Page 5

Delta did not have any missed performance guarantee penalties for Choices or for Options in 2019.

MetLife (Safeguard) Prepaid Dental

MetLife (Safeguard) initially proposed a 0.0% increase to the rates for 2021.

Negotiations with MetLife (Safeguard) resulted in a 2.2% renewal decrease for both Choices and Options, representing a savings of approximately \$28,000. MetLife offered a two-year rate guarantee from January 1, 2021 through December 31, 2022.

Due to 2019 performance guarantee penalties of \$1,053 for Choices and of \$1,698 for Options, MetLife's (Safeguard's) billed rates will be 0.22% less than the full renewal rates for 2021.

Life and AD&D

Cigna Life

The basic life plan is a participating contract, meaning the County shares in surpluses on the plan. At this time, Cigna is reconciling the 2019 settlement and the results will not impact the 2021 rates. Historically, any additional surpluses are applied after the rate guarantee period to reduce the basic life rate upon renewal. The basic life, employee and dependent supplemental life as well as the AD&D plans were offered as a three-year rate guarantee from January 1, 2020 through December 31, 2022.

If you have any questions about the above information, please give me a call at 213-998-1542 to discuss.

Sincerely,

A handwritten signature in black ink, appearing to read "Leslie McKee".

Leslie McKee
Senior Vice President
Aon, Los Angeles

CC:

Maggie Martinez – County of Los Angeles
Ben Kemper – County of Los Angeles
Tim Pescatello – County of Los Angeles
Susan Moomjean – County of Los Angeles
Robin Urban – County of Los Angeles
Loretta Valenzuela – County of Los Angeles
Daniel Cho – County of Los Angeles
Thien-Thu Pham – County of Los Angeles
Sandra Santana – County of Los Angeles
Hoa Phan – County of Los Angeles

Stefanie Hoan – Aon, Irvine
Cameron Luongo – Aon, Irvine
Chloe Watson – Aon, Irvine
Linda Ung – Aon, Los Angeles
Steve Charmello – Aon, Los Angeles
Kelly Wilson – Aon, Remote



Addendum

Process

The renewal request, analysis, and negotiation are multi-step processes, conducted over a period of several months. Requests for Renewal (RFRs) are drafted and reviewed by the Aon 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 carrier
- 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 meets with the County, the Unions and their respective consultants to solicit input and comments on the renewal proposals. All of the comments and input are summarized and communicated to the various carriers. Conference calls and meetings are held between Aon and the County as needed to discuss the renewal results, negotiation process, and any open issues.

Responses from the carriers are due prior to the renewal meetings and the responses are delivered to all stakeholders concurrently. Final issues are reviewed in preparation 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, 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.



Mr. Ben Kemper
County of Los Angeles
Page 1

August 7, 2020

Mr. Ben Kemper
Senior HR Manager
County of Los Angeles
3333 Wilshire Boulevard, Suite 1000
Los Angeles, CA 90010-4101

Subject: Summary of 2021 Renewal Results and Recommendations (Non-Represented Plans)

Dear Ben:

The following letter summarizes the 2021 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 are outlined in the attached Addendum.

For the 2021 renewal, the fees imposed under the Affordable Care Act (ACA) had a minimal impact on the renewal. The excise tax (Cadillac tax) and the medical devices tax were repealed effective January 1, 2020. The Health Insurance Industry Fee was repealed effective January 1, 2021. The final payment for the PCORI fee was expected to be in 2020 and is now extended through 2029 with final payments due in 2030. The PCORI fee is \$2.54 per covered life for 2019 and was \$2.45 for 2018. The 2019 \$2.54 fee will be increased for inflation for 2020, as determined by the Department of Health and Human Services (HSS) and payable in 2021. Kaiser's rates increased by approximately 0.04% due to the PCORI fee. The Anthem minimum premium funding arrangement is treated as a self-insured plan according to IRS guidelines. The PCORI fee is paid directly by the County. For the dental plans, the additional cost increases are approximately 0.00% for the Delta DPO and for the Delta HMO and 0.25% for MetLife to account for the Managed Care Assessment tax. The Transitional Reinsurance Fee was in place for 2014 – 2016 and was not extended beyond 2016.

Medical Plans

Overview

For all non-represented medical plans, the final projected premium increase for 2021 is **2.0%**, approximately **\$4.75 million** over 2020 premiums. The initial proposed renewal increase for the non-represented medical plans was **11.0%**. The final renewal reductions to the medical renewals equate to approximately **\$21.1 million**. For more details on final rate increases, please refer to Attachment C.



Mr. Ben Kemper
County of Los Angeles
Page 2

After evaluation of the renewal proposals, Aon recommends that the County accept the final 2021 renewals offered by Anthem and Kaiser.

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

	Anthem	Kaiser
Initial 2021 Renewal Action	+14.8%	+5.2%
Final 2021 Renewal Action	+0.0%	+5.2%

The Anthem PPO plan lost maintained grandfathered status for 2019. Should there be additional questions or concerns in this regard, we recommend the County seek the advice of their own legal counsel, as Aon is not a law firm and cannot provide legal advice.

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 **14.8%** increase across all plans or about **\$21.1 million** over 2020 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:

- Retention increase
- Pooling charges
- Medical and pharmacy trends by product
- Capitation rates
- Pharmacy rebates

The final renewal resulted in an overall increase of **0.0%** across all plans and a reduction of approximately **\$21.1 million** from the initial renewal. The final revised renewal was a result of a \$6.5 million reduction due to negotiations directly with Anthem, a \$5.8 million reduction for the medical and pharmacy trend used for the projection as Aon felt Anthem's trends were ultimately too conservative, and an \$8.8 million reduction due to the contingency reserve being used to hold the accruals flat.

Anthem provided their 2019 performance guarantee report and will apply a penalty of \$150,433 as a credit to the County's a future 2020 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 vision is under a 48-month rate guarantee from January 1, 2019 through December 31, 2022. 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 was a 5.2% increase or about **\$4.75 million** above 2020 costs for the Flex/MegaFlex plan. Kaiser's Southern California commercial trend rate for 2021 is projected to be 3.8%. Kaiser had performance guarantee penalties of \$47,281 that will be applied to 2021 rates.

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

- Large claims pooling point
- Medical and pharmacy claims trend
- Incurred claims management
- Retention charges

Aon negotiated with Kaiser, however, Kaiser did not move from the initial renewal increase of 5.2% above 2020 costs for the Flex/MegaFlex plan. We believe Kaiser's renewal proposal is justified and recommend that the County accept it.

Dental Plans

Delta Dental

Delta initially proposed a 0.4% decrease to the rates for 2021, representing a decrease over 2020 premiums of approximately **\$62,000**.

Negotiations with Delta resulted in a 0.6% decrease, representing a total savings of **\$21,000** over the initial renewal position.

The County's financial arrangement with Delta provides for a year-end reconciliation of premiums, claims, reserves for incurred but unreported claims, and expenses associated with the plan. Surpluses are deposited to the Premium Stabilization Reserve (PSR) and any shortfall is withdrawn from the PSR, to the extent that funds are available. The PSR balance is funded by County and employee contributions. After the end of each contract term, Delta Dental calculates any positive amount ("plus stabilization") which may be reflected in the calculation of the renewal rate for the succeeding contract term, may be used as a monthly premium holiday for the succeeding contract term and/or may be used to offset the additional cost of increased benefits for the succeeding contract term. Aon recommends that the PSR balance be maintained at 1-1.5 months of premium to cover incurred but not reported claims. The Flex/MegaFlex plan will not be utilizing funds from the PSR in 2021.

Delta did not have any missed performance guarantee penalties in 2019.

MetLife (Safeguard) Prepaid Dental

MetLife (Safeguard) initially proposed a 0.0% increase for 2021.



Mr. Ben Kemper
County of Los Angeles
Page 4

Negotiations with MetLife (Safeguard) resulted in a 2.2% decrease and a total savings of **\$3,300** over the initial renewal position. MetLife offered a two-year rate guarantee from January 1, 2021 through December 31, 2022.

Due to 2019 performance guarantee penalties of **\$311**, MetLife's (Safeguard's) billed rates will be **0.2%** less than the full renewal rates.

Life and AD&D

Cigna Life

The basic life plan is a participating contract, meaning the County shares in surpluses on the plan. At this time, Cigna is reconciling the 2019 settlement and the results will not impact the 2021 rates. Historically, any additional surpluses are applied after the rate guarantee period to reduce the basic life rate upon renewal. The basic life, and AD&D plans are on a rate guarantee from January 1, 2020 through December 31, 2022.

MetLife GVUL

The MetLife GVUL supplemental life insurance plan is on a rate guarantee through December 31, 2021. However, in response to COVID-19, MetLife offered to reduce the rates between 0.0% - 5.0% decrease, depending on age band. The updated rates will be effective January 1, 2021.

If you have any questions about the above information, please give me a call at 213-998-1542 to discuss.

Sincerely,

A handwritten signature in black ink, appearing to read 'Leslie McKee', is positioned above the printed name.

Leslie McKee
Senior Vice President
Aon, Los Angeles

CC:

Maggie Martinez – County of Los Angeles
Ben Kemper – County of Los Angeles
Tim Pescatello – County of Los Angeles
Susan Moomjean – County of Los Angeles
Robin Urban – County of Los Angeles
Loretta Valenzuela – County of Los Angeles
Daniel Cho – County of Los Angeles
Thien-Thu Pham – County of Los Angeles
Sandra Santana – County of Los Angeles
Hoa Phan – County of Los Angeles

Stefanie Hoan – Aon, Irvine
Cameron Luongo – Aon, Irvine
Chloe Watson – Aon, Irvine
Linda Ung – Aon, Los Angeles
Steve Charmello – Aon, Los Angeles
Kelly Wilson – Aon, Remote



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.

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 an officer of the carrier 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 solicits input and comments from the County, and their comments are incorporated into the communications to the various carriers. Conference calls and meetings are held between Aon and the County as needed to discuss the renewal results, negotiation process and any open issues.

Responses to the communications 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, 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.

**County of Los Angeles
2021 Renewal Results**

	2020 Current Plan	2021 Initial Renewal Current Plan	2021 Negotiated Renewal Current Plan	% Change from 2020	Negotiated Savings	Performance Guarantee Credits	Total Change from Base Renewal
Flex/MegaFlex							
Kaiser	\$91,431,510	\$96,185,807	\$96,185,807	5.2%	\$0	\$47,281	(\$47,281)
Anthem ¹	\$142,644,050	\$163,726,913	\$142,644,050	0.0%	\$21,082,863	\$150,433	(\$21,233,296)
Options							
Kaiser ²	\$563,819,158	\$607,151,176	\$599,611,150	6.3%	\$7,540,026	\$291,297	(\$7,831,323)
Cigna ³	\$11,331,018	\$12,162,000	\$11,810,321	4.2%	\$351,679	\$0	(\$351,679)
UnitedHealthcare	\$297,121,553	\$315,360,516	\$312,170,353	5.1%	\$3,190,163	\$0	(\$3,190,163)
Choices							
Kaiser ²	\$174,843,431	\$186,839,894	\$184,530,607	5.5%	\$2,309,287	\$91,248	(\$2,400,535)
Cigna ³	\$36,671,912	\$39,361,308	\$38,223,127	4.2%	\$1,138,182	\$0	(\$1,138,182)
Total Medical⁴	\$1,317,862,632	\$1,420,787,614	\$1,385,175,415	5.1%	\$35,612,199	\$580,259	(\$36,192,458)
Delta PPO & DeltaCare HMO⁵							
Flex	\$13,763,178	\$13,701,545	\$13,680,379	-0.6%	\$21,166	\$0	(\$21,166)
Options	\$56,462,904	\$56,103,349	\$54,959,655	-2.7%	\$1,143,693	\$0	(\$1,143,693)
Choices	\$20,382,321	\$20,096,076	\$19,664,382	-3.5%	\$431,695	\$0	(\$431,695)
MetLife/Safeguard⁶							
Flex	\$151,185	\$151,185	\$147,859	-2.2%	\$3,326	\$311	(\$3,637)
Options	\$779,991	\$779,991	\$762,685	-2.2%	\$17,306	\$1,698	(\$19,004)
Choices	\$499,387	\$499,387	\$488,307	-2.2%	\$11,080	\$1,053	(\$12,132)
Total Dental⁴	\$92,038,966	\$91,331,533	\$89,703,267	-2.5%	\$1,628,266	\$3,061	(\$1,631,327)
Cigna Basic Life	\$563,004	\$563,004	\$563,004	0.0%	\$0	\$0	\$0
Cigna AD&D	\$5,242,694	\$5,242,694	\$5,242,694	0.0%	\$0	\$0	\$0
Cigna Optional Employee Life	\$44,430,363	\$44,430,363	\$44,430,363	0.0%	\$0	\$0	\$0
Cigna Dependent Life	\$1,891,798	\$1,891,798	\$1,891,798	0.0%	\$0	\$0	\$0
Total Life & AD&D⁶	\$52,127,859	\$52,127,859	\$52,127,859	0.0%	\$0	\$0	\$0
TOTAL	\$1,462,029,457	\$1,564,247,007	\$1,527,006,541	4.4%	\$37,240,465	\$583,320	(\$37,823,785)

Footnotes:

1. Anthem rates are calculated based on an expected premium basis. For 2021, part of the County's contingency balance will be used to hold the accruals flat.
2. Performance guarantee penalties are reported together by carrier but are shown split by group based on premium volume; penalty amounts are credited by a billed rate reduction from full renewal rate.
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 2020 enrollment to project estimated annual cost.
5. Life & AD&D premiums are calculated using January 2020 premium payments to project estimated annual cost.
6. Underlying rates are rounded to two decimal places; percentages shown are rounded to one decimal point.