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COUNTY OF LOS ANGELES

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Fesia A. Davenport

"To Enrich Lives Through Effective and Caring Service"

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

48 September 12, 2023

CELIA ZAVALA
EXECUTIVE OFFICER

September 12, 2023

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 PLAN RATES FOR 2024
(ALL DISTRICTS)
(3-VOTES)**

SUBJECT

Recommendation to approve premium rates for the 2024 calendar year for the medical, dental, life insurance and disability benefit plans applicable to represented and non-represented employees.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve the proposed premium rates for County-sponsored plans as follows: (a) medical and dental rates for represented employees for the period January 1, 2024 through December 31, 2024, as recommended in this letter and shown in Exhibit I; (b) medical and dental rates for non-represented employees for the period January 1, 2024 through December 31, 2024, 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, 2023 through December 31, 2025, 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, 2022 through December 31, 2026, as shown in Exhibit III; (e) Survivor Income Benefit (SIB) rates for non-represented employees for the period January 1, 2022 through December 31, 2026, as shown in Exhibit III; and (f) rates for Short-Term Disability (STD), Long-Term Disability (LTD) and LTD Health Insurance plans, for the period January 1, 2024 through December 31, 2024, as shown in Exhibit IV.

2. Instruct County Counsel to review and approve as to form the appropriate agreements and/or amendments with 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); SafeGuard Health Plans, Inc. (MetLife/SafeGuard); Metropolitan Life Insurance Company (MetLife); and Life Insurance of North America, a wholly owned subsidiary of New York Life; or their successors and affiliates, as necessary, for the period January 1, 2024 through December 31, 2024.
3. Instruct the Chair to sign the aforementioned agreements and/or amendments.
4. Approve the proposed premium rates for the health plans sponsored by the Association for Los Angeles Deputy Sheriffs, Inc. (ALADS), the Los Angeles County Fire Fighters Local 1014 (Local 1014), and the proposed premium rates for the California Association of Professional Employees (CAPE), for the period January 1, 2024 through December 31, 2024, 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, 2024.

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, 2023.

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 for the 2024 calendar year.

The current premium rates for Optional GVUL and dependent term life insurance, and SIB rates for non-represented employees were approved by the Board in 2021, effective through December 31, 2026. The 2024 rates will remain unchanged from 2023, as they are guaranteed through 2026. The 2024 rates are included in the Exhibits for informational purposes.

JUSTIFICATION

Overall Premium Negotiation Process and Results:

County-Sponsored Plans in General --- The recommendations for County-sponsored plans (Exhibits I, II, III and IV) are the results 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' benefit consultants also provided input during the insurance carrier negotiation process for County-sponsored plans with benefits currently governed by the Fringe Benefits Memoranda of Understanding (MOUs) with Service Employees International Union Local 721 (SEIU Local 721) and the Coalition of County Unions (CCU).

Aon has concluded that the County-sponsored plans carriers' final negotiated rates are justified, with the exception of Kaiser for both represented and non-represented employees. Aon has expressed reservations about Kaiser's rate increases based on plan experience and medical trend. Their opinion and the supporting due diligence are outlined 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 annual rates 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 10.6 percent for represented employees and increase by 9.3 percent for non-represented employees, for an overall average increase of 10.4 percent over 2023 rates. For 2024, the rates for the County's Delta Dental PPO plan and DeltaCare USA plan, which covers most County's employees, will increase 4.4 percent for represented employees and 1.1 percent for non-represented employees.

Aon's Health Care Trend Survey

The nationwide medical cost trend for 2024 is estimated by Aon to average an increase of 7.2 percent. The nationwide dental cost trend for 2024 is estimated by Aon to average an increase of 3.9 to 4.8 percent, depending on the type of plan.

Aon's health care carrier survey collected responses from more than 40 national and regional carriers that offer medical, prescription drug, dental, and/or vision benefits. The survey responses reflect the carriers' predicted increase in claims costs for renewals issued during 2023 for the 2024 plan year and are intended to assist in evaluating insurance premium renewals. The trend rates reflect increases in health plan costs that are anticipated to be required to address projected price inflation, technology advances, plan utilization patterns, and cost shifting from public to commercial payers.

Medical trend expectations are fairly consistent with trends reported for most major plan types, with less than a 0.5 percent change. Prescription drug trends decreased slightly from last year, which is primarily driven by the specialty prescription drug trend decrease among participating carriers. While general inflation is at its highest rate the U.S. has seen in the last 40 years, overall healthcare trend expectations continue to grow at a rate similar to last year and remain unsustainably high for employers and employees if no cost management actions are taken. In addition, economy-wide inflation rose significantly in late 2021 into 2022 and its impact on healthcare trends is expected to have a lagging effect and a greater impact in the coming years. This is because provider contracts with insurers typically last for three years. We expect providers to attempt to negotiate higher increases than in prior years as these contracts come up for renewal.

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.

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 2024 (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 2024 with the final result after performance guarantee review, challenges to carrier underwriting, and negotiation. Total savings to the County from initial carrier proposals for 2024 will be \$13.6 million.

Total 2024 premiums to be paid to health, dental, group life and other insurance plan carriers are estimated to be \$2.1 billion. Of this total, approximately \$1.7 billion is for County-sponsored plans and \$364.0 million for Union-sponsored plans. This is an increase of approximately \$184.0 million (9.6 percent) over 2023.

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 2024, as shown on Attachment C, will range from 0.02 percent increase to 14.5 percent increase (10.4 percent increase weighted average). Basic life insurance rates and AD&D insurance rates will remain unchanged for both represented and non-represented employees for 2024. For represented employees, optional life and dependent life insurance rates will remain unchanged for 2024. For non-represented employees, Optional GVUL rates, dependent life rates, and SIB rates will remain unchanged for 2024. The 2024 Delta PPO and DeltaCare USA rates, which cover the majority of employees, will increase approximately 4.4 percent for represented employees and will increase 1.1 percent for non-represented employees.

2024 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 Fringe Benefits MOUs and/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 noted in this letter and in Attachment C.

Union Concurrence

On July 12, 2023, by video conference, the CCU and management representatives in the Labor-Management Employee Benefits Administration Committee voted unanimously to recommend the premium rates for the County-sponsored plans applicable to employees represented by the CCU.

On July 13, 2023, by video conference, SEIU Local 721 and management representatives in the Labor-Management Benefits Administration Committee voted unanimously to recommend the premium rates for the County-sponsored plans applicable to employees represented by SEIU 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 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.

The Patient-Centered Outcomes Research Institute (PCORI) fee on health insurers and self-funded group health plans has been extended through 2029 with final payments due in 2030. The 2023 fee will be increased for inflation from \$3.00 to \$3.13 per person, as determined by the Department of Health and Human Services and will be payable in 2024. The Managed Care Organization (MCO) tax, a California assessment on federal funds, which requires federal regulatory approval is effective through 2026. If any ACA-related State or federal fees or taxes, including, but not limited to, the PCORI or MCO taxes or fees, are changed, reinstated, suspended or imposed in 2024 due to changes in State or federal law or regulation after the date of the Board's approval of this letter, the 2024 rates shown in the attached rate exhibits will be equitably adjusted between the carriers and the County.

Impact of COVID-19

The 2024 rates are based on plan experience from 2022 and the first quarter of 2023. Throughout 2022, non-emergency outpatient and inpatient medical and dental visits steadily increased from their suppressed levels during the height of the pandemic. Most if not all medical and dental facilities reopened and utilization ran higher than the year earlier, primarily due to delayed care. Though the pandemic is over, COVID-19 still remains and the continued impact on future rates is currently unknowable.

Kaiser Rate Concerns

On average, from 2018 to 2023, Kaiser rates remained below 4.0 percent for the represented plans (3.4 percent for CCU and 3.6 percent for SEIU Local 721) and at 4.5 percent for the non-represented plan. The County has not seen double digit rate increases to the Kaiser plans since the 2008 plan year, when the non-represented plan increased by 15.0 percent. However, for the 2024 plan year, Kaiser rates will increase by 14.3 percent and 14.5 percent for CCU and SEIU Local 721, respectively. For the non-represented plan, Kaiser's rate will increase by 12.0 percent.

As indicated in Attachments A and B, Aon believes that these increases are not supported by the plans experiences and medical trend. Yet Kaiser refused to negotiate and move down from their initial proposed renewal increases for 2024.

Currently, the County does not have other options and must accept Kaiser's proposed rates increases for the 2024 plan year. Approximately 55.0 percent of County employees are enrolled in Kaiser. The County cannot drop Kaiser as a medical plan for the 2024 plan year without first negotiating with our labor partners. Furthermore, such action would have deleterious effects on our County employees and their dependents, because Kaiser offers a unique healthcare delivery

system, and eliminating it would result in all County enrollees and their dependents having to find new doctors, specialists, and hospitals with a different medical plan.

The County has already taken a step to ensure that the future premiums charged by Kaiser match the plan experience by implementing a two-way Risk Sharing Arrangement (RSA) with Kaiser in 2021. Through a reconciliation process of premiums, claims, and experiences, the County will be able to retain up to 3.0 percent in surpluses and apply them to reduce future rate renewals. Surpluses occur when the premiums paid by the County exceed the amount needed to cover claims and administrative expenses. However, the inverse is also true – if the claims and experiences are high when compared to the premiums paid by the County, then up to 3.0 percent of the shortfall would increase future rate renewals. The result of RSA reconciliations from 2022–2024 plan year will be applied to the 2025 rate renewal.

In addition to the RSA, to help mitigate the impact of unreasonably high renewals in the future, the County may want to consider options such as plan design changes (noting that certain plan design changes require the County’s labor partners’ support and willingness to amend negotiated fringe benefits contract language). Another option the County will exercise in the future is issuing a Request for Proposal for all County medical plans, including Kaiser, through the County’s competitive solicitation process.

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 provides for a County contribution and, in most 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 through the end of 2025 are set out in the 2022-2025 Fringe Benefits MOUs with CCU and SEIU Local 721. Any increase in 2024 premium costs for group insurance recommended herein will be borne entirely by the affected employees.

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

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The general facts concerning 2024 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 2024:

The 2024 negotiated contract rates for the Cigna Health Maintenance Organization (HMO) Full Network, and Cigna HMO Select Network will increase 12.7 percent with no benefit changes.

The Cigna Point of Service (POS) plan will increase 12.8 percent with no benefit changes.

Kaiser Rates for 2024:

Kaiser's 2024 rates will increase 14.3 percent for the CCU plan and 14.5 percent for the SEIU Local 721 plan. The 2024 rates reflect a 1.0 percent COVID-19 adjustment applied as a reduction to the rates for both plans.

UnitedHealthcare Benefit Plan Rates for 2024:

UnitedHealthcare offers three plans to employees represented by SEIU Local 721: a full network HMO plan (Signature Value HMO); a full network PPO plan (Select Plus PPO); and a narrow network HMO plan (Harmony HMO). The Harmony HMO offers eligible employees the same benefits as the 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 2024 overall negotiated contract premium rates for all existing UnitedHealthcare plans will increase 0.02 percent (0.1 percent increase for both the Signature Value HMO and the Harmony HMO, and 40.0 percent decrease for the Select Plus PPO) based on the total premium dollars of all plans.

Aon certifies the 2024 rates for Cigna, and UnitedHealthcare as justified in Attachment A, but has expressed concern regarding the 2024 Kaiser rates.

Union-Sponsored Benefits Plan Rates for 2024:

Premiums for County-approved union-sponsored plans will increase for 2024 by an average of 9.5 percent over 2023. The estimated increase in overall premiums paid to carriers in 2024, on behalf of the union-sponsored plans, is approximately \$31.6 million. Proposed 2024 premium changes are summarized below:

1. ALADS Anthem Blue Cross plans, a 5.7 percent increase.
2. CAPE Blue Shield plans, a 17.6 percent increase.
3. Local 1014 plan, a 3.0 percent increase.

The subsidized rates to be paid by employees enrolled in union-sponsored plans are summarized in Exhibit V. Union-sponsored plans' 2024 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 Dental's proposed rates for 2024, less current County subsidies included in the Fringe Benefits MOUs with SEIU 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 increase 4.5 percent for SEIU Local 721 and the CCU. The rate increase is the limited rate cap for 2024; the same limited rate cap of 4.5 percent applies for 2025.

DeltaCare USA's rates will decrease 2.3 percent for both SEIU Local 721 and CCU for 2024.

MetLife/SafeGuard contract rates will remain unchanged for both SEIU Local 721 and CCU for 2024 and include an expansion of the American Dental Association (ADA) procedure codes to cover 263 additional dental services. MetLife/SafeGuard 2024 negotiated rate options also include a 3.0 percent rate cap for 2025 and 2026.

Aon certifies the 2024 dental rates as justified in Attachment A.

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

Optional group term life, dependent life, and AD&D insurance rates for represented employees in 2024 will remain unchanged from 2023.

BASIC TERM LIFE INSURANCE AND LONG TERM DISABILITY HEALTH INSURANCE FOR REPRESENTED AND NON-REPRESENTED EMPLOYEES

For 2024, basic term life for all represented and certain non-represented employees under the Flex plan will remain unchanged from 2023.

There will be an increase from \$3.00 to \$4.75 per month in the cost of the LTD Health Insurance for 100.0 percent coverage level for all represented and non-represented employees in 2024.

MEDICAL PLAN RATES AFFECTING NON-REPRESENTED EMPLOYEES

Non-represented employees and Board-approved classes of 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 2024, the contract rates for the Anthem Blue Cross HMO and Anthem Blue Cross indemnity plans (POS, PPO and Catastrophic) will increase 9.8 percent from 2023.

Kaiser's 2024 rates will increase 8.4 percent from the 2023 rates for non-represented employees.

The Kaiser plan and all four Anthem plans will have minor benefit plan design changes in 2024 in an effort to mitigate rate increases. Namely, there will be minor increases to copays for office visits and pharmacy, and an increase to the out-of-pocket maximums for applicable plans.

The 2024 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 9.3 percent for 2024. Plan design changes do not apply to this plan. There are currently two employees enrolled in this plan.

Aon has reviewed the proposed increases and recommends that the County accept the final 2024 renewals offered by Anthem Blue Cross and Kaiser. However, Aon maintains its position of concern regarding the Kaiser 2024 renewal. See Attachment B for their review and opinion.

We recommend that the Board continue the historical County practice of funding the 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 the 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 increase 1.1 percent and DeltaCare USA's rates will decrease 2.3 percent for 2024. Delta Dental PPO and DeltaCare 2024 negotiated rate options include a 4.5 percent rate cap for 2025.

MetLife/SafeGuard contract rates will remain unchanged for 2024 and include an expansion of the ADA procedure codes to cover 263 additional dental services. MetLife/SafeGuard 2024 negotiated rates include a 3.0 percent rate cap for 2025 and 2026.

Aon certifies the dental rates as justified in Attachment B.

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

The 2024 GVUL life insurance rates, dependent term life, and SIB rates for non-represented employees will remain unchanged from the 2023 rates, as they are guaranteed through 2026. AD&D insurance rates for 2024 will also remain unchanged.

The STD rate will remain unchanged for 2024. The LTD rates will have a minor increase for 2024 as shown in Exhibit IV.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

No impact on current services.

The Honorable Board of Supervisors

9/12/2023

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Respectfully submitted,

A handwritten signature in black ink, appearing to read "Fesia A. Davenport". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

FESIA A. DAVENPORT

Chief Executive Officer

FAD:JMN:MM:TP

SRM:DC:TTP:mst

Enclosures

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

COUNTY-SPONSORED MEDICAL AND DENTAL INSURANCE PLANS FOR REPRESENTED EMPLOYEES CURRENT 2023 RATES AND PROPOSED 2024 RATES					
Plan	Option	Coverage Category ^a	Current 2023 Rates ^b	Proposed 2024 Rates ^b	Percentage Change
CIGNA Choices	Select Network HMO	1	\$ 770.22	\$ 867.97	12.7%
		2	\$ 1,543.60	\$ 1,739.68	12.7%
		3	\$ 1,778.22	\$ 2,002.86	12.6%
	Full Network HMO	1	\$ 1,062.83	\$ 1,198.12	12.7%
		2	\$ 2,132.11	\$ 2,403.70	12.7%
		3	\$ 2,455.85	\$ 2,767.43	12.7%
	Network POS	1	\$ 1,906.59	\$ 2,151.13	12.8%
		2	\$ 3,401.15	\$ 3,838.08	12.8%
		3	\$ 3,567.88	\$ 4,026.19	12.8%
CIGNA Options	Full Network HMO	1	\$ 1,056.83	\$ 1,192.12	12.8%
		2	\$ 2,128.55	\$ 2,400.14	12.8%
		3	\$ 2,450.29	\$ 2,761.87	12.7%
	Network POS	1	\$ 1,900.59	\$ 2,145.13	12.9%
		2	\$ 3,397.59	\$ 3,834.52	12.9%
		3	\$ 3,562.32	\$ 4,020.63	12.9%
KAISER Choices		1	\$ 823.81	\$ 941.16	14.2%
		2	\$ 1,642.18	\$ 1,876.88	14.3%
		3	\$ 1,905.78	\$ 2,178.05	14.3%
KAISER Options		1	\$ 783.23	\$ 897.80	14.6%
		2	\$ 1,569.46	\$ 1,798.60	14.6%
		3	\$ 1,820.02	\$ 2,085.82	14.6%
UNITEDHEALTHCARE Options	Signature Value HMO	1	\$ 958.70	\$ 959.85	0.1%
		2	\$ 1,940.28	\$ 1,942.60	0.1%
		3	\$ 2,247.37	\$ 2,250.05	0.1%
	Harmony HMO	1	\$ 704.67	\$ 705.51	0.1%
		2	\$ 1,427.13	\$ 1,428.84	0.1%
		3	\$ 1,652.91	\$ 1,654.89	0.1%
	PPO	1	\$ 2,427.10	\$ 1,453.86	-40.1%
		2	\$ 4,904.59	\$ 2,939.15	-40.1%
		3	\$ 5,682.25	\$ 3,404.95	-40.1%
^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.					

EXHIBIT I
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DELTA DENTAL ^{b,c}		1	\$ 19.48	\$ 21.28	9.2%
Choices		2	\$ 32.44	\$ 35.52	9.5%
		3	\$ 48.40	\$ 53.12	9.8%
DELTA DENTAL ^{b,c}		1	\$ 28.42	\$ 30.62	7.7%
Options		2	\$ 47.33	\$ 51.08	7.9%
		3	\$ 70.90	\$ 76.64	8.1%
DELTACARE USA ^c		1	\$ 14.84	\$ 14.50	-2.3%
Choices & Options		2	\$ 24.47	\$ 23.92	-2.2%
		3	\$ 36.27	\$ 35.45	-2.3%
METLIFE/SAFEGUARD ^d		1	\$ 10.57	\$ 10.60	0.3%
Choices & Options		2	\$ 20.41	\$ 20.44	0.1%
		3	\$ 26.53	\$ 26.56	0.1%
^a 1 = Employee only					
2 = Employee + 1 Dependent					
3 = Employee + 2 or more Dependents					
^b Delta Dental rates reflect negotiated County subsidies.					

COUNTY-SPONSORED MEDICAL AND DENTAL INSURANCE PLANS FOR NON-REPRESENTED EMPLOYEES CURRENT 2023 RATES AND PROPOSED 2024 RATES					
Plan	Option	Coverage Category ^a	Current 2023 Rates ^b	Proposed 2024 Rates ^b	Percentage Change
ANTHEM BLUE CROSS	CaliforniaCare HMO	1	\$ 323.00	\$ 388.00	20.1%
		2	\$ 634.00	\$ 760.00	19.9%
		3	\$ 664.00	\$ 798.00	20.2%
		4	\$ 749.00	\$ 900.00	20.2%
	PLUS POS	1	\$ 487.00	\$ 585.00	20.1%
		2	\$ 982.00	\$ 1,180.00	20.2%
		3	\$ 1,105.00	\$ 1,327.00	20.1%
		4	\$ 1,119.00	\$ 1,344.00	20.1%
	Catastrophic	1	\$ 105.00	\$ 105.00	0.0%
		2	\$ 503.00	\$ 604.00	20.1%
		3	\$ 511.00	\$ 614.00	20.2%
		4	\$ 590.00	\$ 709.00	20.2%
	Prudent Buyer PPO	1	\$ 624.00	\$ 750.00	20.2%
		2	\$ 1,146.00	\$ 1,377.00	20.2%
		3	\$ 1,188.00	\$ 1,427.00	20.1%
		4	\$ 1,379.00	\$ 1,657.00	20.2%
KAISER Flex/Megaflex	1	\$ 323.00	\$ 388.00	20.1%	
	2	\$ 633.00	\$ 760.00	20.1%	
	3	\$ 664.00	\$ 798.00	20.2%	
	4	\$ 749.00	\$ 900.00	20.2%	
KAISER - MID-ATLANTIC	1	\$ 345.00	\$ 414.00	20.0%	
	2	\$ 672.00	\$ 807.00	20.1%	
	3	\$ 725.00	\$ 871.00	20.1%	
	4	\$ 1,026.00	\$ 1,233.00	20.2%	
DELTA DENTAL ^c Flex/Megaflex	1	\$ 26.07	\$ 26.59	2.0%	
	2	\$ 40.33	\$ 41.30	2.4%	
	3	\$ 44.19	\$ 45.12	2.1%	
	4	\$ 66.11	\$ 67.51	2.1%	
DELTACARE USA ^c Flex/Megaflex	1	\$ 14.84	\$ 14.50	-2.3%	
	2	\$ 25.64	\$ 25.06	-2.3%	
	3	\$ 25.45	\$ 24.87	-2.3%	
	4	\$ 36.95	\$ 36.11	-2.3%	
METLIFE/SAFEGUARD ^d Flex/Megaflex	1	\$ 10.57	\$ 10.60	0.3%	
	2	\$ 19.82	\$ 19.85	0.2%	
	3	\$ 22.34	\$ 22.37	0.1%	
	4	\$ 29.17	\$ 29.20	0.1%	
^a 1 = Employee only 2 = Employee + Child(ren) 3 = Employee + Spouse 4 = Employee + Spouse + Child(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.					

LIFE, ACCIDENTAL DEATH AND DISMEMBERMENT AND SURVIVOR INCOME BENEFIT PROGRAMS CURRENT 2023 RATES AND PROPOSED 2024 RATES					
				Monthly Cost per \$1,000 of Insurance	
				<u>2023^a</u>	<u>2024^a</u>
COUNTY-PAID BASIC GROUP TERM-LIFE INSURANCE				\$0.201	\$0.201
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>2023^a</u>	<u>2024^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>2023</u>	<u>2024</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.					

OPTIONAL ACCIDENTAL DEATH & DISMEMBERMENT INSURANCE - Cost per Month					
	Current 2023 Rates			Approved 2024 Rates	
Employee Coverage	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
<p>These figures apply regardless of employee's age. If Plan H is selected, all eligible dependents will be insured automatically.</p> <p>The maximum insurance coverage amount for represented participants is \$250,000.</p>					

**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:

<u>Age</u>	<u>2024 Rate*</u>	<u>Age</u>	<u>2024 Rate*</u>	<u>Age</u>	<u>2024 Rate*</u>
20-24	\$0.037	57	\$0.268	77**	\$2.003
25-29	\$0.045	58	\$0.301	78**	\$2.262
30-34	\$0.054	59	\$0.337	79**	\$2.548
35-39	\$0.055	60	\$0.386	80**	\$3.290
40	\$0.063	61	\$0.446	81**	\$3.797
41-42	\$0.064	62	\$0.481	82**	\$4.141
43	\$0.071	63	\$0.517	83**	\$4.515
44	\$0.081	64	\$0.573	84**	\$4.919
45	\$0.090	65	\$0.595	85**	\$5.368
46	\$0.099	66	\$0.669	86**	\$5.837
47	\$0.106	67	\$0.711	87**	\$6.350
48	\$0.125	68	\$0.792	88**	\$6.901
49	\$0.133	69	\$0.880	89**	\$7.468
50	\$0.142	70	\$0.969	90**	\$8.046
51	\$0.160	71	\$1.071	91**	\$8.655
52	\$0.168	72	\$1.190	92**	\$9.280
53	\$0.185	73	\$1.306	93**	\$9.926
54	\$0.203	74	\$1.445	94**	\$10.581
55	\$0.230	75	\$1.593		
56	\$0.248	76**	\$1.769		

* 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 and who now participate in the MetLife GVUL Plan, 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.

Dependent Term Life Insurance for Flex and MegaFlex Participants						
Cost per month per \$5,000 of dependent life coverage, up to \$20,000.				2024 Rate \$1.03		
<u>SURVIVOR INCOME BENEFIT - For MegaFlex participants enrolled in Retirement Plan E</u>						
2024 Rates						
	<u>Employee Age</u>	<u>Employee Cost*</u>				
		<u>(10% Option)</u>	<u>(15% Option)</u>	<u>(25% Option)</u>	<u>(35% Option)</u>	<u>(50% Option)</u>
	Under 30	0.050%	0.080%	0.135%	0.185%	0.260%
	30 to 34	0.070%	0.105%	0.170%	0.240%	0.345%
	35 to 39	0.090%	0.135%	0.220%	0.315%	0.450%
	40 to 44	0.125%	0.185%	0.315%	0.435%	0.620%
	45 to 49	0.170%	0.250%	0.420%	0.585%	0.840%
	50 to 54	0.220%	0.335%	0.555%	0.780%	1.110%
	55 to 59	0.320%	0.480%	0.795%	1.125%	1.605%
	60 to 64	0.435%	0.655%	1.090%	1.530%	2.185%
	65 to 69	0.600%	0.900%	1.500%	2.100%	3.000%
	70 and over	1.065%	1.600%	2.665%	3.730%	5.330%
* 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 2023 RATES AND PROPOSED 2024 RATES					
MEGAFLEX SHORT-TERM DISABILITY PLAN					
Employee Cost as a Percentage of Monthly Salary:					
Current 2023 Rates			Proposed 2024 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 2023 Rates			Proposed 2024 Rates		
Income Replacement	Plan E + * Retirement Plan	All Other Plans	Income Replacement	Plan E + * Retirement Plan	All Other Plans
40%	0.000%	0.040%	40%	0.000%	0.056%
60%	0.117%	0.157%	60%	0.125%	0.182%
* Plan E plus 5 or more years of continuous service					

<u>LONG-TERM DISABILITY HEALTH INSURANCE - Cost per month</u>					
For Flex/MegaFlex Employees					
<u>Current 2023 Rate</u>			<u>Proposed 2024 Rate</u>		
	75 % Premium Payment	100 % Premium Payment		75 % Premium Payment	100 % Premium Payment
	\$0.00	\$3.00		\$0.00	\$4.75
For Represented Employees					
<u>Current 2023 Rate</u>			<u>Proposed 2024 Rate</u>		
	75 % Premium Payment	100 % Premium Payment		75 % Premium Payment	100 % Premium Payment
	\$0.00	\$3.00		\$0.00	\$4.75

UNION-SPONSORED					
MEDICAL AND DENTAL INSURANCE PLANS					
CURRENT 2023 RATES AND PROPOSED 2024 RATES					
Plan	Option	Coverage Category ^a	Current 2023 Rates ^b	Proposed 2024 Rates ^b	Percentage Change
ALADS	Prudent Buyer Plan	1	\$ 1,047.88	\$ 1,130.84	7.9%
Blue Cross	Under Age 50	2	\$ 2,028.62	\$ 2,204.51	8.7%
		3	\$ 2,427.57	\$ 2,640.97	8.8%
	Prudent Buyer Plan	1	\$ 1,047.88	\$ 1,130.84	7.9%
	Age 50 and Over	2	\$ 2,028.62	\$ 2,204.51	8.7%
		3	\$ 2,427.57	\$ 2,640.97	8.8%
	CaliforniaCare	1	\$ 819.86	\$ 861.40	5.1%
	Basic Plan	2	\$ 1,700.13	\$ 1,776.11	4.5%
	(All Ages)	3	\$ 2,042.53	\$ 2,131.21	4.3%
	Prudent Buyer Plan	1	\$ 1,067.36	\$ 1,152.12	7.9%
	Premier Plan	2	\$ 2,061.06	\$ 2,240.03	8.7%
	Under Age 50	3	\$ 2,475.97	\$ 2,694.09	8.8%
	Prudent Buyer Plan	1	\$ 1,067.36	\$ 1,152.12	7.9%
	Premier Plan	2	\$ 2,061.06	\$ 2,240.03	8.7%
	Age 50 and Over	3	\$ 2,475.97	\$ 2,694.09	8.8%
	CaliforniaCare	1	\$ 839.34	\$ 882.68	5.2%
	Premier Plan	2	\$ 1,732.57	\$ 1,811.63	4.6%
	(All Ages)	3	\$ 2,090.93	\$ 2,184.33	4.5%
CAPE (Choices)	Classic	1	\$ 1,689.03	\$ 2,024.36	19.9%
Blue Shield		2	\$ 3,284.11	\$ 3,918.06	19.3%
		3	\$ 3,895.65	\$ 4,649.52	19.4%
	Lite	1	\$ 725.10	\$ 881.95	21.6%
		2	\$ 1,486.56	\$ 1,758.35	18.3%
		3	\$ 1,875.94	\$ 2,183.56	16.4%
	PPO	1	\$ 1,689.03	\$ 2,024.36	19.9%
	(Out-of-state only)	2	\$ 3,284.11	\$ 3,918.06	19.3%
		3	\$ 3,895.65	\$ 4,649.52	19.4%
CAPE (Options)	Classic	1	\$ 1,683.03	\$ 2,018.36	19.9%
Blue Shield		2	\$ 3,280.55	\$ 3,914.50	19.3%
		3	\$ 3,890.09	\$ 4,643.96	19.4%
	Lite	1	\$ 719.10	\$ 875.95	21.8%
		2	\$ 1,483.00	\$ 1,754.79	18.3%
		3	\$ 1,870.38	\$ 2,178.00	16.4%
	PPO	1	\$ 1,683.03	\$ 2,018.36	19.9%
	(Out-of-state only)	2	\$ 3,280.55	\$ 3,914.50	19.3%
		3	\$ 3,890.09	\$ 4,643.96	19.4%
FIREFIGHTERS LOCAL 1014		1	\$ 1,016.00	\$ 1,047.00	3.1%
		2	\$ 1,932.56	\$ 1,990.56	3.0%
		3	\$ 2,298.56	\$ 2,367.56	3.0%
^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. California Association of Professional Employees Request
3. Los Angeles County Fire Fighters Local 1014 Request

ALADS Insurance Trust

ENCLOSURE 1

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

June 23, 2023

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
510 South Vermont Avenue, 12th Floor
Los Angeles, California 90020

RE: ALADS/ANTHEM BLUE CROSS 2024 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 2024 plan year:

<u>Plan</u>	<u>Employee</u>	<u>Employee + 1</u>	<u>Employee + 2</u>
Prudent Buyer Basic	\$1,130.84	\$2,209.95	\$2,646.41
Prudent Buyer Premier	\$1,152.12	\$2,245.47	\$2,699.53
CaliforniaCare Basic	\$861.40	\$1,781.55	\$2,136.65
CaliforniaCare Premier	\$882.68	\$1,817.07	\$2,189.77

There will be no benefit plan design changes for the 2024 plan year.

Sincerely,



Bud Treece
ALADS Trust Administrator

cc: Julieanna Garcia-Jimenez JGarcia-Jimenez@Hr.LACounty.gov



July 21, 2023

Sent via email

Ben Kemper
Senior Human Resources Manager
Employee Benefits Division
Department of Human Resources
County of Los Angeles
510 S. Vermont Ave., 12th Floor
Los Angeles, CA 90020

Re: 2024 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 2024 for the CAPE/Blue Shield Point of Service Lite, Classic and the out-of-state PPO COBRA medical plans. The negotiations were very challenging this year due to the high MLR experience. COVID related treatments and complications, increases in cancer cases, increased claims over \$50,000 and higher industry provider costs all contributed to high MLR. The average premium increase spread across all three tiers is 19% for the Lite and 19.5% for the Classic. Since approximately 99% of our membership is in the Lite plan, we are once again requesting that the County list the Lite plan above the Classic in the County's Annual Enrollment materials. Below are the rates for 2024:

	LITE	CLASSIC
Single:	\$ 881.95	\$2,024.36
Two-party:	\$1,763.79	\$3,923.50
Family:	\$2,189.00	\$4,654.96

There are no core benefit changes other than any mandated regulatory changes. We appreciate you forwarding the 2024 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

**2024 CAPE/Blue Shield
Lite Plan*1**

(800) 487-3092 www.blueshieldca.com/cape; choosecape.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/follow up(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
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 (combined 100 visits per calendar year)	80% after deductible (combined 100 visits per calendar year)	Requires pre-approval, if approved, covered as in network (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 carriers' summaries for further details.

In case of discrepancies, the carriers' summaries take precedence.

1. The CAPE/Blue Shield Plans provide an orthodontia lifetime benefit of 50% up to \$2,500 and 25% preventative/basic services, and/or 60% dental implants up to \$1,500 per person per year combined through Ameritas.

2024 Premium Rates*
Employee Only: \$ 881.95
Employee + One: \$1,763.79
Employee + Family: \$2,189.00
*w/o \$5.44 EE+1, Family County Subsidy Applied

2024 CAPE/Blue Shield
Classic Plan*1

(800) 487-3092 www.blueshieldca.com;chooscape.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 forr consultation only (not subject to deductible)	70% after deductible
Urgent Care	\$10 if referred or rendered by Primary Care Physician (PCP) or Medic /\$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/follow up (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 Provided by Magellan.	100% after \$10 copayment Must be arranged through MHSA	70% after deductible
Mental Health-Inpatient	100% no copayment Provided by Magellan.	100% no copayment Must be arranged through MHSA	70% of \$600 daily maximum after deductible
OTHER PLAN BENEFITS			
Chiropractic Care	100% after \$10 copayment Includes acupuncture; unlimited visits/calendar year (based on medical necessity) Provided through American Specialty Health Plan	100% after \$10 copayment	Not covered
Hearing Aids	\$1,000 maximum benefit every two years	Not covered	Not covered
Home Health Care	100% after \$10 copayment (combined 100 visits per calendar year)	90% after deductible (combined 100 visits per calendar year)	Requires pre-approval, if approved, covered as in network (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 carriers' summaries for further details.

In case of discrepancies, the carriers' summaries take precedence.

1. The CAPE/Blue Shield Plans provide an orthodontia lifetime benefit of 50% up to \$2,500 and 25% preventative/basic services and/or 60% dental implants up to \$1,500 per person per year combined through Ameritas.

2024 Premium Rates*

Employee: \$2,024.36
Employee + One: \$3,923.50
Employee + Family: \$4,654.96

*w/o \$5.44 EE+1, Family County Subsidy Applied

**2024 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 for consultation/follow up (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)	Requires pre-approval, if approved, covered as in network (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 carriers' summaries for further details.

*In case of discrepancies, the carriers' summaries take precedence.

1. The CAPE/Blue Shield Plans provide an orthodontia lifetime benefit of 50% up to \$2,500 and 25% preventative/basic and/or 60% dental implants up to \$1,500 per person per year combined through Ameritas

2024 Premium Rates

Employee Only: \$2,024.36
Employee + One: \$3,923.50
Employee + Family: \$4,654.96



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)



June 28, 2023

Mr. Ben Kemper
Senior Human Resources Manager
Department of Human Resources
Employee Benefits Division
510 S. Vermont Avenue, 12th Floor
Los Angeles, CA 90020

Plan Year 2024 Employee Insurance Information Los Angeles County Fire Fighters Local 1014 Health and Welfare Plan

Dear Mr. Kemper:

I am providing the plan year 2024 premium changes that were approved by the Board of Trustees.

After conferring with Mercer, the Plan's consultant, the Board of Trustees approved a 3.01% premium increase for 2024. Our monthly rates for 2024, rounded to the nearest dollar are as follows:

Member Only	\$1,047.00
Member + 1 Dependent	\$1,996.00
Family	\$2,373.00

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

Sincerely,

Reginald A. Cyrus, CEBS
Administrative Manager

c: Local 1014 Health Plan Trustees



August 10, 2023

Mr. Ben Kemper
Senior HR Manager
County of Los Angeles
510 South Vermont Avenue, 12th Floor
Los Angeles, CA 90020

Delivered via email.

Subject: Summary of 2024 Renewal Results and Recommendations (Represented Plans)

Dear Ben:

The following letter summarizes the 2024 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.

Renewal costs include the Patient-Centered Outreach Research Institute (PCORI) Fee imposed under the Affordable Care Act (ACA). The PCORI fees for the 2024 renewal had a minimal impact on the renewal. The PCORI fees increased the rates for each carrier as listed below:

- Kaiser's rates increased by approximately 0.04%
- CIGNA rates increased by approximately 0.04%
- UHC rates increased by approximately 0.04%

For the dental plans, the additional cost increases are approximately 0.00% for the Delta DPPO and for the Delta DHMO and 0.96% for MetLife to account for the Managed Care Assessment tax.

Fees imposed under the Affordable Care Act (ACA) have changed over the last 3 years. The Health Insurance Industry Fee was repealed effective January 1, 2021. The final payment for the PCORI fee was expected to be in 2020 however it was extended through 2029 with final payments due in 2030. The PCORI fee is \$3.00 per covered life for 2022 and was \$2.79 for 2021. The 2022 \$3.00 fee will be increased for inflation for 2023, as determined by the Department of Health and Human Services (HHS) and payable in 2024.



Medical Plans

Overview

For all represented medical plans, the final projected premium increase for 2024 is **10.6%**, or about **\$124.6 million** over 2023 premiums. The initial proposed renewal increase for the represented medical plans was **11.6%**. Negotiated reductions to the medical renewals equate to approximately **\$10.8 million**. For more details on final rate increases, please refer to Attachment C.

The 2024 renewals offered by Cigna, Kaiser and UHC are outlined in the table below.

	Cigna (Choices & Options)	Kaiser Choices	Kaiser Options	UHC Options
Initial 2024 Renewal Action	+15.64%	+15.40%	+15.67%	+0.02%
Negotiated 2024 Renewal Action	+12.68%	+14.25%	+14.52%	+0.02%

Aon recommends the County accepts UHC’s **+0.02%**. While Cigna’s renewal percentage is higher than medical trend, the committee approved the renewal of **12.68%**. Aon believes that the requested rate increases for Kaiser represented plans is not justified based on the plan experience and medical trend. After several rounds of negotiation, Kaiser is unwilling to reduce the renewal beyond **14.25%** for Choices and **14.52%** for Options.

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

Cigna

Cigna initially proposed a **15.64%** increase to the combined HMO and POS rates for 2024, representing an increase over 2023 premiums of approximately **\$7.1 million; \$5.6 million** for Choices and **\$1.5 million** for Options. Cigna had \$165,000 in performance guarantee penalties for the 2022 plan year which will be credited to the Premium Stabilization Reserve (PSR) balance.

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
- COVID adjustment

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 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 2023, and again there is no premium offset for 2024. The chart below summarizes the most recent five years of the PSR (updated based on settlements provided by Cigna).

	2018	2019	2020	2021	2022
Premium	\$47,106,899	\$45,121,892	\$48,275,845	\$46,308,873	\$44,966,131
Year-end (PSR)	(\$5,446,473)	(\$5,361,446)	(\$5,789,470)	(\$4,545,309)	(\$3,429,563)
PSR % of Premium	-11.56%	-11.88%	-11.99%	-9.82%	-7.63%

Negotiations with Cigna resulted in a final **12.68%** increase. This amounts to an increase of approximately **\$4.5 million** for Choices, and approximately **\$1.2 million** for Options over current costs, and negotiated savings of approximately **\$1.3 million** from Cigna's original proposal.

While Cigna's renewal percentage is higher than medical trend, the committee approved the renewal of **12.68%**.

Kaiser

Kaiser's initial renewal proposal was a **15.40%** increase for the Choices plan, representing an increase from 2023 premiums of approximately **\$29.6 million**. Kaiser's renewal proposal for Options was a **15.67%** increase, representing an increase from 2023 premiums of approximately **\$98.7 million**. Combined, Kaiser's initial renewal proposal for the represented population is a **15.61%** increase, representing an increase from 2023 premiums of approximately **\$128.3 million**. It is worth noting that the County's actual claims experience increased only **3.7%** for the period used to determine the renewal. Kaiser's Southern California commercial rate increase for 2024 is projected to be 10.5% to 12.5%.

Kaiser had \$907,674 in performance guarantee penalties, \$696,257 from Options and \$211,417 from Choices, from 2021 applied to the 2024 renewal.

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

- Kaiser's rating methodology and operating margin assumptions
- Large claims pooling point
- Medical and pharmacy claims trend
- Incurred claims adjustment
- Retention charges
- COVID adjustments

Aon negotiated with Kaiser; however, Kaiser only reduced their initial renewal increase for the previously negotiated COVID adjustment. The 1% COVID adjustment to the represented



population could be taken in whole or in part in the 2023 renewal and/or the 2024 renewal. Both Choices and Options elected to apply the 1% COVID adjustment to the 2024 renewal. The estimated saving is **\$9.5 million**.

Aon believes the requested rate increase for the Kaiser Permanente represented plans is not justified based on the plan experience and medical trend. While there have been several rounds of negotiations with Kaiser, Kaiser attendance at the EBAC and BAC meetings as well as a letter from the County, CCU and SEIU, Kaiser is unwilling to reduce the renewal beyond the 1% noted above which was negotiated back in 2022. With this adjustment the renewal rate increases are 14.25% for Choices and 14.52% for Options.

The Kaiser renewal increase for 2024 is higher than prior years. To mitigate variation in renewal rate actions, the County entered into a two-way Risk Sharing Arrangement (RSA) with Kaiser effective January 1, 2022. The two-way RSA enables the County to share in any savings based on their group's performance on future renewals, while limiting its risk of deficits. Kaiser is to release by August 15, 2023, a reconciliation of premiums, claims, and expenses associated with the plan for the 2022 plan year. Surpluses will be applied to future renewal rates to reduce the premium owed to Kaiser while a shortfall would increase the future renewal rates. The two-way RSA will not impact the renewal until the 2025 rate renewal cycle.

United Healthcare

UHC's initial renewal proposal was a **0.02%** overall increase representing a total increase of approximately **\$100,000** over current premiums. UHC provided two rating options for the HMO plans – un-pooled and pooled experience. The un-pooled option rates each HMO plan individually. For this option, the initial renewal was a **0.11%%** increase to the Signature Value HMO plan and a **0.15%** increase to the Harmony HMO plan. The pooled option helps address the adverse selection on the Signature Value HMO plan and blends the experience for the two HMO plans. For this option, the initial renewal was **0.12%%** increase for the combined HMO plans. The renewal for the PPO plan was a **40.00%** decrease for 2024.

UHC had \$200,000 in performance guarantee penalties from 2022 applied to the 2024 renewal.

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. No premium subsidy will be applied for 2024.

Aon believes that UHC initial renewal is below medical trend so further negotiations were not necessary. For the long-term viability of the plan options, Aon recommends that the County accept the pooled rating option for the HMO plans which is a **0.12%** increase for the Signature Value HMO and the Harmony HMO and a **-40.00%** decrease for the PPO.

Dental Plans

***Delta Dental***

Delta's initial increase to the DPPO was **8.30%** for Choices and **6.34%** for Options. However, Delta was limited to increasing the renewal to no greater than a 4.5% based on terms negotiated during the 2023 renewal. The 2024 not-to-exceed percentage increase of **4.5%** applied for both Choices and Options. Delta's initial increase to the DHMO was **-1.10%** for Choices and Options. Overall, Delta initially proposed a combined **4.4%** increase to the rates for 2024, representing an increase over the 2023 premiums of approximately **\$3,167,000**; an increase of **\$860,000** for Choices and an increase of **\$2,307,000** for Options.

Negotiations with Delta resulted in a renewal increase to the DPPO of **5.77%** for Choices and a **4.62%** increase for Options which was still limited to the 2024 not-to-exceed percentage increase of **4.5%** for both Choices and Options. Negotiations to the DHMO resulted in a final renewal of **-2.27%**, or total savings of **\$16,000** over the initial renewal position.

Overall, the final combined results are an increase of **4.4%** or an increase of approximately **\$3,151,000** from the 2023 rates. Delta offered Choices a **5.5%** not-to-exceed renewal for the DPPO and a **4.5%** not-to-exceed renewal for the DHMO for the 2025 plan year. Due to different plan designs, Delta offered Options a **5.0%** not-to-exceed renewal for the DPPO and a **4.5%** not-to-exceed renewal for the DHMO for the 2025 plan year.

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. 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. Options subsidized the renewal contract rate by 3% in 2021 and 6% for 2020 by withdrawing from the PSR balance. Due to COVID, the DPPO plan experienced reduced utilization and the PSR balance increased for both Options and Choices. In 2022, the Choices plan subsidized approximately \$4.7 million for a three-month premium holiday and the Options plan subsidized approximately \$4.3 million for a one-month premium holiday. There were no premium holidays for 2023 and no proposed premium holidays for 2024.

Delta provided their 2022 performance guarantee report and will apply a penalty of \$16,367 to Choices PSR and \$45,497 to Options PSR, so there is no direct impact to the renewal.

Aon recommends the County accept the revised Delta renewal for Choices and for Options for the DPPO and DHMO.

MetLife (Safeguard) Prepaid Dental

MetLife (Safeguard) initially calculated a **1.6%** increase to the 2023 rates, representing an increase over the 2023 premiums of approximately **\$13,000**. Negotiations with MetLife resulted in no change (**0.0%**) to the renewal. In addition, MetLife offered a not-to-exceed renewal increase of **3.0%** for both 2025 and 2026.



The BAC and EBAC both agreed to recommend modernizing the MetLife dental codes for the DHMO plan:

- o Increase seventy-eight (78) American Dental Association (ADA) codes currently not covered. There is no increase to the rates in 2024. In addition, MetLife has offered a not-to-exceed renewal increase for 2025 and 2026 of 3.0% to offset possible increases for the addition of these codes.

MetLife had no missed performance guarantee penalties for 2022.

Life and AD&D

New York Life

The basic life plan is a participating contract, meaning the County shares in surpluses on the plan. There was no surplus from 2020 through 2022. The results for 2023 will be available in 2024. These results do not impact the 2024 rates. The basic life, employee and dependent supplemental life as well as the AD&D plans were offered at a three-year rate guarantee from January 1, 2023 through December 31, 2025. There are no changes to the life rates.

If you have any questions about the above information, please give me a call at 213-996-1542 to discuss.

Sincerely,

A handwritten signature in black ink, appearing to read 'Leslie McKee', is written in a cursive style.

Leslie McKee
Senior Vice President
Practice Leader Pacific Southwest Health and Benefits
Aon, Los Angeles

CC:

Maggie Martinez – County of Los Angeles	Jim Park – Aon
Ben Kemper – County of Los Angeles	Chloe Watson – Aon
Tim Pescatello – County of Los Angeles	Kelly Wilson – Aon
Susan Moomjean – County of Los Angeles	Dylan Tollett – Aon
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	



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 of the bidding carrier 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 Aon who reviews the materials for reasonableness and completeness. Aon then releases the responses 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 following Aon's review for completeness and accuracy. Final issues are reviewed in preparation for the renewal meetings.

The committee identifies which carriers to meet with for renewal negotiations. 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 its final offer. The negotiation does not always result in agreement on particular topics; however, it may result in overall business concessions from the carriers.



August 10, 2023

Mr. Ben Kemper
Senior HR Manager
County of Los Angeles
510 South Vermont Avenue, 12th Floor
Los Angeles, CA 90020

Delivered via email

Subject: Summary of 2024 Renewal Results and Recommendations (Non-Represented Plans)

Dear Ben:

The following letter summarizes the 2024 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.

Renewal costs include the Patient-Centered Outreach Research Institute (PCORI) Fee imposed under the Affordable Care Act (ACA). The PCORI fees for the 2024 renewal had a minimal impact on the renewal. The PCORI fees increased the rates for each carrier as listed below:

- Kaiser's rates increased by approximately 0.04%
- 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 DPPO and for the Delta DHMO and 0.96% for MetLife to account for the Managed Care Assessment tax.

Fees imposed under the Affordable Care Act (ACA) have changed over the last 3 years. The Health Insurance Industry Fee was repealed effective January 1, 2021. The final payment for the PCORI fee was expected to be in 2020 however it was extended through 2029 with final payments due in 2030. The PCORI fee is \$3.00 per covered life for 2022 and was \$2.79 for 2021. The 2022 \$3.00 fee will be increased for inflation for 2023, as determined by the Department of Health and Human Services (HHS) and payable in 2024.



Medical Plans

Overview

For all non-represented medical plans, the status quo projected premium for 2024 is an **14.28%** increase, approximately **\$38.6 million** above 2023 premiums before plan changes. With plan changes the final projected premium for 2024 and application of \$5M of reserves is a **9.25%** increase, approximately **\$25.0 million** above 2023 premiums. The initial proposed renewal increase for the non-represented medical plans was **14.39%**. The final renewal reductions to the medical renewals equate to approximately **\$13.9 million**. For more details on final rate increases, please refer to Attachment C.

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

	Anthem	Kaiser
Initial 2024 Renewal Action	+16.03%	+12.00%
Status Quo 2024 Renewal Action	+15.85%	+12.00%
Final 2024 Renewal Action	+9.83%	+8.40%

Anthem's most recent renewal proposal is above general medical trend but it is consistent with the County's plan experience. Aon recommends that the County consider the alternative plan designs and application of \$5M of the contingency reserves to alleviate the increase.

Aon believes Kaiser's status quo renewal proposal is not justified based on the plan experience and medical trend. Aon negotiated with Kaiser, however, Kaiser did not move from the initial renewal increase of **12.00%**. Kaiser provided alternative plan designs for the County's consideration. The plan design changes are in alignment with that of other employers and would result in a renewal increase of **8.40%**.

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 expected liability costs are the basis for the renewals outlined in this letter. Anthem's initial renewal proposal was a **16.03%** increase across all plans or about **\$25.7 million** over 2023 costs. All plans include specific stop loss of \$400,000 per individual. Aggregate stop loss 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
- COVID adjustments
- Plan design changes

The final renewal resulted in an overall increase of **9.83%** across all plans and a reduction of approximately **\$9.9M** from the initial renewal with \$5M of the reduction being paid from contingency reserves.

Anthem provided their 2022 performance guarantee report and will apply a penalty of \$391,879 as a credit to the County's future 2023 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 guaranteed for 48 months through 12/31/2026. The cost of the vision program is included in the Anthem renewals described above.

Anthem's status quo renewal rate increase proposal is **15.85%** which is above the general medical trend but it is consistent with the County's plan experience. The 12 month experience April 1, 2022 through March 31, 2023 shows that claims exceed premiums paid by the County. Aon recommends that the County consider alternative plan designs and use some of the existing reserves. The following are the proposed plan designs for Anthem:

- Increase the Out-of-Pocket for the HMO, POS and PPO for the employee by \$500 and various amounts for other tiers
- Increase the PCP/Specialist copay for the HMO and POS Tier 1 by \$5
- Change HMO fertility diagnosis and testing coverage from 50% to \$40 copay
- Increase the Rx copay for the HMO, POS and PPO from \$10/\$20 for generic/brand to \$20/\$30/\$30 for general/brand/compound

The proposed plan design changes are in alignment with that of other employers and would result in an increase of 12.95%. If \$5M of the existing reserves are also used the renewal increase would be 9.83%. A use of \$5M would still retain an adequate expected reserve level based on current plan experience.

Kaiser and Kaiser Mid-Atlantic

Kaiser's initial renewal proposal was an **12.00%** increase or about **\$13.2 million** above 2023 costs for the Flex/MegaFlex plans; **9.32%** increase for the Mid-Atlantic plan. It is worth noting that the County's actual claims experience increased only **4.1%** for the period used to determine the renewal. Kaiser's Southern California commercial rate increase for 2024 is projected to be **10.5% to 12.5%**.

Kaiser applied a credit of \$99,325 to the 2024 renewal as a result of missed performance guarantees in 2021.

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



- Kaiser's rating methodology and operating margin assumptions
- Large claims pooling point
- Medical and pharmacy claims trend
- Incurred claims adjustment
- Retention charges

Aon negotiated with Kaiser, however, Kaiser did not move from the initial renewal increase of **12.00%** above 2023 costs for the Flex/MegaFlex plans.

As of January 1, 2023, the Mid-Atlantic region plan design changed to KPMP Standard HMO plan which is similar to the prior plan structure. As of January, 2023, there were only 2 members enrolled in the Kaiser Mid-Atlantic.

The Kaiser renewal increase for 2024 is higher than prior years. To mitigate variation in renewal rate actions, the County entered into a two-way Risk Sharing Agreement (RSA) with Kaiser effective January 1, 2022. The two-way RSA enables the County to share in any savings based on their group's performance on future renewals, while limiting its risk of deficits. Kaiser is to release by August 15, 2023, a reconciliation of premiums, claims and expenses associated with the plan for the 2022 plan year. Surpluses will be applied to future renewal rates to reduce the premium owed to Kaiser while a shortfall would increase the future renewal rates. The two-way RSA will not impact the renewal until the 2025 rate renewal.

Aon believes Kaiser's renewal rate increase of **12.00%** was not supported by the plan experience and medical trend. Kaiser provided alternative plan designs for the County's consideration. The following are the proposed plan designs for Kaiser:

- Increase the PCP/Specialist copays from \$15/\$15 per visit to \$20/\$40 per visit
- Increase urgent care from \$15 per visit to \$20 per visit
- Increase outpatient surgery from \$15 per procedure to \$20 per procedure
- Increase mental health and substance abuse outpatient visits from \$15 per visit to \$20 per visit
- Change the Rx copays:
 - Tier 1 – Generic from \$10 for up to a 100-day supply to \$15 up to a 30-day supply; mail-order \$30 up to a 100-day supply
 - Tier 2 – Brand Formulary from \$20 for up to a 100-day supply to \$30 up to a 30-day supply; mail-order \$60 up to a 100-day supply
 - Tier 3 – Specialty from \$20 for up to a 30-day supply to \$30 for up to a 30-day supply

The plan design changes are in alignment with that of other employers and would result in a renewal increase of **8.40%** and a reduction of approximately **\$4.0M** from the initial renewal.



Dental Plans

Delta Dental

Delta initially proposed a **2.06%** increase to the rates for 2023, representing an increase over 2023 premiums of approximately **\$272,000**. By plan, this is a **2.10%** increase to the DPPO and a **-1.09%** decrease to the DHMO.

Negotiations with Delta resulted in a **1.05%** increase, representing a total savings of **\$133,000** over the initial renewal position. By plan, this is a **1.10%** increase to the DPPO and a **-2.28%** decrease to the DHMO. For both the DPPO and DHMO plans, Delta offered a **4.5%** not-to-exceed rate guarantee for the 2025 plan year.

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. 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. There is not a proposed premium holiday for 2024.

Delta provided their 2022 performance guarantee report and will apply a penalty of \$11,172 as a credit to the County's PSR, so there is no direct impact to the renewal.

Aon recommends the County accept the revised Delta 2024 renewal for the Flex/MegaFlex plan.

MetLife (Safeguard) Prepaid Dental

MetLife (Safeguard) initially calculated a **1.59%** increase from the 2023 rates, representing an increase over 2023 premiums of approximately **\$2,000**.

Negotiations with MetLife resulted in no change (**0.0%**) to the renewal, representing a total savings of **\$2,000** over the initial renewal position. MetLife offered a **3.00%** not-to-exceed rate guarantee for both the 2025 and 2026 plan year.

Management recommends modernizing the MetLife dental codes for the DHMO plan:

- Increase seventy-eight (78) American Dental Association (ADA) codes currently not covered. There is no increase to the rates in 2024. In addition, MetLife has offered a not-to-exceed renewal increase for 2025 and 2026 of **3.0%** to offset possible increases for the addition of these codes.

MetLife did not have any 2022 performance guarantee penalties.

Life and AD&D



New York Life

The basic life plan is a participating contract, meaning the County shares in surpluses on the plan. There was no surplus from 2020 through 2022. The results for 2023 will be available in 2024. These results do not impact the 2024 rates. The basic life, and AD&D plans are on a rate guarantee from January 1, 2023 through December 31, 2025. There are no changes to the life rates.

MetLife GVUL

The MetLife GVUL supplemental life insurance plan rates, dependent life and SIB rates are guaranteed for 60 months from January 1, 2022 through December 31, 2026.

If you have any questions about the above information, please give me a call at 213-996-1542 to discuss.

Sincerely,

A handwritten signature in black ink, appearing to read 'Leslie McKee', is written in a cursive style.

Leslie McKee
Senior Vice President
Practice Leader Pacific Southwest Health and Benefits
Aon, Los Angeles

CC:

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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 bidding 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 Aon who reviews the materials for reasonableness and completeness. Aon then releases the responses 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.

The committee identifies which carriers to meet with for renewal negotiations. 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 its 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
2024 Renewal Results

ATTACHMENT C

	2023 Current Plan	2024 Initial Renewal Current Plan	2024 Negotiated Renewal Current Plan	% Change from 2023	Negotiated (Savings)	2024 Negotiated Renewal With Plan Design Changes	% Change from 2023	Cost (Savings) of Plan Design Changes
Flex/MegaFlex								
Kaiser & Kaiser Mid-Atlantic Anthem ¹	\$110,036,134	\$123,236,323	\$123,235,418	12.00%	(\$905)	\$119,274,814	8.40%	(\$3,960,604)
	\$160,184,617	\$185,866,885	\$185,573,013	15.85%	(\$293,872)	\$175,929,290	9.83%	(\$9,643,723)
Options								
Kaiser	\$629,591,136	\$728,274,836	\$720,986,273	14.52%	(\$7,288,563)	\$720,986,273	14.52%	\$0
Cigna	\$9,561,630	\$11,057,290	\$10,774,590	12.69%	(\$282,700)	\$10,774,590	12.69%	\$0
UnitedHealthcare	\$304,994,464	\$305,046,361	\$305,048,034	0.02%	\$1,673	\$305,048,034	0.02%	\$0
Choices								
Kaiser	\$192,131,829	\$221,714,701	\$219,501,784	14.25%	(\$2,212,917)	\$219,501,784	14.25%	\$0
Cigna	\$35,662,282	\$41,238,344	\$40,184,464	12.68%	(\$1,053,880)	\$40,184,464	12.68%	\$0
Total Medical²	\$1,442,162,092	\$1,616,434,740	\$1,605,303,576	11.31%	(\$11,131,164)	\$1,591,699,249	10.37%	(\$13,604,327)
Delta PPO & DeltaCare HMO ²								
Flex	\$13,230,383	\$13,502,346	\$13,369,421	1.05%	(\$132,925)	\$13,369,421	1.05%	\$0
Options	\$52,290,926	\$54,597,484	\$54,587,821	4.39%	(\$9,663)	\$54,587,821	4.39%	(\$0)
Choices	\$19,754,633	\$20,615,019	\$20,609,218	4.33%	(\$5,801)	\$20,609,218	4.33%	\$0
MetLife/Safeguard ²								
Flex	\$115,208	\$117,043	\$115,208	0.00%	(\$1,835)	\$115,208	0.00%	\$0
Options	\$493,585	\$501,400	\$493,585	0.00%	(\$7,815)	\$493,585	0.00%	\$0
Choices	\$312,582	\$317,532	\$312,582	0.00%	(\$4,950)	\$312,582	0.00%	\$0
Total Dental²	\$86,197,317	\$89,650,824	\$89,487,835	3.82%	(\$162,989)	\$89,487,835	3.82%	(\$0)
New York Life Basic Life	\$1,534,909	\$1,534,909	\$1,534,909	0.00%	\$0	\$1,534,909	0.00%	\$0
New York Life AD&D	\$5,297,546	\$5,297,546	\$5,297,546	0.00%	\$0	\$5,297,546	0.00%	\$0
New York Life Optional Employee Life	\$53,972,420	\$53,972,420	\$53,972,420	0.00%	\$0	\$53,972,420	0.00%	\$0
New York Life Dependent Life	\$1,891,345	\$1,891,345	\$1,891,345	0.00%	\$0	\$1,891,345	0.00%	\$0
Total Life & AD&D³	\$62,696,220	\$62,696,220	\$62,696,220	0.00%	\$0	\$62,696,220	0.00%	\$0
TOTAL⁴	\$1,591,055,629	\$1,768,781,784	\$1,757,487,631	10.46%	(\$11,294,153)	\$1,743,883,304	9.61%	(\$13,604,327)

Footnotes:

1. Anthem rates are calculated based on an expected premium basis; For 2024, \$5.0M of the County's contingency balance will be used to reduce the increase of accrual rates; the Negotiated Renewal with Plan Changes column includes this \$5.0M subsidy
2. Medical & dental premiums are calculated using January 2023 enrollment to project estimated annual cost
3. Life & AD&D premiums are calculated using April 2023 premium payments to project estimated annual cost
4. Underlying rates are rounded to two decimal places