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COUNTY OF LOS ANGELES

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, CA 90012
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Chief Executive Officer
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"To Enrich Lives Through Effective and Caring Service"

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

September 10, 2024

34 September 10, 2024

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

Edward Yen
EDWARD YEN
EXECUTIVE OFFICER

Dear Supervisors:

**MEDICAL, DENTAL, LIFE INSURANCE, AND DISABILITY PLAN RATES FOR 2025
(ALL DISTRICTS)
(3-VOTES)**

SUBJECT

Recommendation to approve premium rates for the 2025 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 employees in the Choices and Options plans for the period of January 1, 2025 through December 31, 2025, as recommended in this letter and shown in Exhibit I; (b) medical and dental rates for employees in the Flexible (Flex) and MegaFlex plans for the period of January 1, 2025 through December 31, 2025, 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 Choices and Options employees only, optional group term life and dependent term life insurance rates, for the period of 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 Flex and MegaFlex employees for the period January 1, 2022 through December 31, 2026, as shown in Exhibit III; (e) Survivor Income Benefit (SIB) rates for MegaFlex 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, 2025 through December 31, 2025, 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, 2025 through December 31, 2025.
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, 2025, through December 31, 2025, 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, 2025.

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, 2024.

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 2025 calendar year.

The current premium rates for Optional Group Term Life insurance for Choices and Options employees were approved by the Board in 2021, effective through December 31, 2025. The current premium rates for Optional GVUL and dependent term life insurance for Flex and MegaFlex employees, and SIB rates for MegaFlex employees were approved by the Board in 2021, effective through December 31, 2026. The 2025 rates will remain unchanged from 2024, as they are guaranteed through 2026. The 2025 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. 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 8.2 percent for Choices and Options employees and increase by 7.53 percent for Flex and MegaFlex employees, for an overall average increase of 8.05 percent over 2024 rates. For 2025, the rates for the County's Delta Dental PPO plan and DeltaCare USA plan, which covers most County's employees, will increase 4.41 percent for Choices and Options employees and 1.08 percent for Flex and MegaFlex employees.

Aon's Health Care Trend Survey

The nationwide medical cost trend for 2025 is estimated by Aon to average an increase of 7.5 percent. The nationwide dental cost trend for 2025 is estimated by Aon to average an increase of 3.6 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 claim costs for renewals issued during 2024 for the 2025 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, drug mix changes, and cost shifting from public to commercial payers.

Medical trend expectations are fairly consistent with last year's trends reported for most major plan types, with 0.1 increase on average. Prescription drug trends increased 1.1% from last year, which is primarily driven by drug mix and specialty prescription drug trend among participating carriers.

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 2025 (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 2025 with the final result

after performance guarantee review, challenges to carrier underwriting, and negotiation. Total savings to the County from initial carrier proposals for 2025 will be \$11.8 million.

Total 2025 premiums to be paid to health, dental, group life and other insurance plan carriers are estimated to be \$2.3 billion. Of this total, approximately \$1.9 billion is for County-sponsored plans and \$379 million for Union-sponsored plans. This is an increase of approximately \$166 million (7.54 percent) over 2024.

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 2025, as shown on Attachment C, will range from 4.85 percent increase to 8.87 percent increase (8.05 percent increase weighted average). Basic life insurance rates and AD&D insurance rates will remain unchanged for both represented and non-represented employees for 2025. For Choices and Options employees, optional life and dependent life insurance rates will remain unchanged for 2025. Optional GVUL and dependent life rates for Flex and MegaFlex employees, and SIB rates for MegaFlex employees will remain unchanged for 2025. The 2025 Delta PPO and DeltaCare USA rates, which cover the majority of employees, will increase approximately 4.07 percent for employees in the Options plan, 5.34 percent for employees in the Choices plan, and 1.08 percent for Flex and MegaFlex employees.

2025 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. 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 10, 2024, 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 in the Choices plan.

On July 11, 2024, 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 in the Options plan.

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.

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 2024 fee

will be increased for inflation, as determined by the Department of Health and Human Services and will be payable in 2025. 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 2025 due to changes in State or federal law or regulation after the date of the Board's approval of this letter, the 2025 rates shown in the attached rate exhibits will be equitably adjusted between the carriers and the County.

Impact of COVID-19

The 2025 rates are based on plan experience from 2023 and the first quarter of 2024. Though the World Health Organization declared COVID-19 is no longer considered a Pandemic-level threat, its future impact on medical experience and rates is currently unknown.

Implementation of Strategic Plan Goals

The recommended actions are consistent with the principles of the County of Los Angeles' Strategic Plan North Star 1 - Make Investments That Transform Lives – Focus Area Goal: Healthy Individuals and Families.

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 employees in the Choices and Options plans, 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 2025 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 Flex and MegaFlex employees.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The general facts concerning 2025 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 UNDER CHOICES AND OPTIONS

Cigna Rates for 2025:

The 2025 negotiated contract rates for the Cigna Health Maintenance Organization (HMO) Full Network will increase 4.86 percent with no benefit changes. The Cigna HMO Select Network will increase 4.84 percent with no benefit changes. And the Cigna Point of Service (POS) plan will increase 4.9 percent with no benefit changes. The total overall weighted increase for the Cigna plans is 4.85 percent for 2025.

Kaiser Rates for 2025:

Kaiser's 2025 rates will increase 8.29 percent for the Choices plan and 8.31 percent for the Options plan. The 2025 rates include a 1.5 percent shortfall adjustment that was applied pursuant to the two-way Risk Sharing Agreement (RSA) with Kaiser. The RSA enables the County to share in any savings based on favorable claim performance on future renewals, while limiting deficit risk that occurs when the Plan experiences less favorable claim performance. Kaiser will release the reconciliation of premiums, claims, and expenses (claim performance), associated with the plan for the 2023 plan year by August 15, 2024. Future surpluses will be applied to future renewal rates to reduce the premium owed to Kaiser while future shortfalls will increase the future renewal rates.

UnitedHealthcare Benefit Plan Rates for 2025:

The 2025 negotiated contract rates for the UnitedHealthcare (UHC) Signature Value HMO and Harmony Network HMO will increase 8.27 percent with no benefit changes. The UHC PPO plan will increase 3.7 percent with no benefit changes. The total overall weighted increase for the UHC plans is 8.24 percent for 2025.

Aon certifies the 2025 rates for Cigna, Kaiser, and UnitedHealthcare as justified in Attachment A.

Union-Sponsored Benefits Plan Rates for 2025:

Premiums for County-approved union-sponsored plans will increase for 2025 by an average of 7.4 percent over 2024. The estimated increase in overall premiums paid to carriers in 2025, on behalf of the union-sponsored plans, is approximately \$26.2 million. Proposed 2025 premium changes are summarized below:

1. ALADS Anthem Blue Cross plans, a 9.7 percent increase.
2. CAPE Blue Shield plans, a 6.0 percent increase with the following benefits change:
 - Increase the co-pay for brand drugs from \$15 to \$20.
3. Local 1014 plan, a 5.2 percent increase.

The subsidized rates to be paid by employees enrolled in union-sponsored plans are summarized in Exhibit V. Union-sponsored plans' 2025 rates are documented in the Union request letters attached to Exhibit V.

DENTAL PLAN RATES FOR CHOICES AND OPTIONS

The recommended employee contribution rates for County-sponsored employee dental plans under Choices and Options are summarized in Exhibit I. The employee contribution rates shown for the Delta Dental PPO plan are Delta Dental's proposed rates for 2025, less current County subsidies included in the Fringe Benefits MOUs with CCU and SEIU Local 721. The rates for HMO-style dental plans (DeltaCare USA and MetLife/SafeGuard) are the rates negotiated with the carriers.

The Delta Dental PPO rates will increase 5.50 percent for employees in the Choices plan and 4.16 percent for employees in the Options plan. Delta Dental PPO's negotiated rates include a 6.5 percent rate cap for the Choices plan and a 5.0 percent rate cap for the Options plan for 2026.

DeltaCare USA rates will decrease 1.98 percent for both Choices and Options for 2025. DeltaCare USA's negotiated rates include a 4.0 percent rate cap for 2026.

MetLife/SafeGuard rates will decrease 0.99 percent for employees in the Choices plan and Options plan for 2025. MetLife/SafeGuard's negotiated rates include a 2.0 percent rate cap for 2026 and 2027.

Aon certifies the 2025 dental rates as justified in Attachment A.

OPTIONAL LIFE INSURANCE, DEPENDENT LIFE AND AD&D INSURANCE RATES UNDER CHOICES AND OPTIONS

Optional group term life, dependent life, and AD&D insurance rates for Choices and Options employees in 2025 will remain unchanged from 2024.

BASIC TERM LIFE INSURANCE AND LONG-TERM DISABILITY HEALTH INSURANCE FOR CHOICES, OPTIONS, AND FLEX EMPLOYEES

For 2025, basic term life and LTD Health Insurance for employees in the Choices, Options and Flex plans will remain unchanged from 2024.

MEDICAL PLAN RATES UNDER FLEX AND MEGAFLEX

Employees who participate in the Flex and MegaFlex 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 2025, the contract rates for the Anthem Blue Cross HMO and Anthem Blue Cross indemnity plans (POS, PPO and Catastrophic) will increase 8.87 percent from 2024. While the renewal is slightly above general medical trend of 7.5 percent, the increase is consistent with the County plan's experience.

Kaiser's 2025 rates will increase 5.63 percent from the 2024 rates for Flex and MegaFlex employees.

The 2025 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 7.1 percent for 2025. There are currently two employees enrolled in this plan.

Aon has reviewed the proposed increases and recommends that the County accept the final 2025 renewals offered by Anthem Blue Cross and Kaiser. See Attachment B for their review and opinion.

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

DENTAL PLAN RATES UNDER FLEX AND MEGAFLEX

The recommended employee contribution rates for County-sponsored Flex and MegaFlex 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 HMO-style dental plans (DeltaCare USA and MetLife/SafeGuard) are the rates negotiated with the carriers.

The Delta Dental PPO rates will increase 1.12 percent for 2025. Delta Dental PPO's negotiated rates include a 5.0 percent rate cap for 2026.

DeltaCare USA rates will decrease 1.97 percent for 2025. DeltaCare USA's negotiated rates include a 4.0 percent rate cap for 2026.

MetLife/SafeGuard rates will decrease 0.98 percent for 2025. MetLife/SafeGuard's negotiated rates include a 2.0 percent not to exceed rate cap for 2026 and 2027.

Aon certifies the dental rates as justified in Attachment B.

OPTIONAL LIFE INSURANCE, DEPENDENT LIFE AND DISABILITY INSURANCE, SHORT TERM DISABILITY, AND LTD RATES UNDER FLEX AND MEGAFLEX

The 2025 GVUL life insurance and dependent term life rates for Flex and MegaFlex employees and SIB rates for MegaFlex employees will remain unchanged from the 2024 rates, as they are guaranteed through 2026.

AD&D insurance rates and LTD rates for 2025 will also remain unchanged for Flex and MegaFlex employees. The STD rate for MegaFlex employees will decrease for 2025.

All life insurance rates for Flex and MegaFlex employees are shown in Exhibit III. The disability rates for Flex and MegaFlex employees are shown in Exhibit IV.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

No impact on current services.

The Honorable Board of Supervisors

9/10/2024

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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 at the end.

FESIA A. DAVENPORT

Chief Executive Officer

FAD:JMN:JDS

SRM:DC:TTP

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 CHOICES AND OPTIONS PLAN EMPLOYEES
CURRENT 2024 RATES AND PROPOSED 2025 RATES**

Plan	Option	Coverage Category ^a	Current 2024 Rates ^b	Proposed 2025 Rates ^b	Percentage Change
CIGNA Choices	Select Network HMO	1	\$ 867.97	\$ 910.14	4.9%
		2	\$ 1,739.68	\$ 1,824.27	4.9%
		3	\$ 2,002.86	\$ 2,099.77	4.8%
	Full Network HMO	1	\$ 1,198.12	\$ 1,256.50	4.9%
		2	\$ 2,403.70	\$ 2,520.89	4.9%
		3	\$ 2,767.43	\$ 2,901.88	4.9%
	Network POS	1	\$ 2,151.13	\$ 2,256.58	4.9%
		2	\$ 3,838.08	\$ 4,026.49	4.9%
		3	\$ 4,026.19	\$ 4,223.82	4.9%
CIGNA Options	Full Network HMO	1	\$ 1,192.12	\$ 1,250.50	4.9%
		2	\$ 2,400.14	\$ 2,517.33	4.9%
		3	\$ 2,761.87	\$ 2,896.32	4.9%
	Network POS	1	\$ 2,145.13	\$ 2,250.58	4.9%
		2	\$ 3,834.52	\$ 4,022.93	4.9%
		3	\$ 4,020.63	\$ 4,218.26	4.9%
KAISER Choices		1	\$ 941.16	\$ 1,019.21	8.3%
		2	\$ 1,876.88	\$ 2,032.98	8.3%
		3	\$ 2,178.05	\$ 2,359.14	8.3%
KAISER Options		1	\$ 897.80	\$ 972.91	8.4%
		2	\$ 1,798.60	\$ 1,948.82	8.4%
		3	\$ 2,085.82	\$ 2,260.06	8.4%
UNITEDHEALTHCARE Options	Signature Value HMO	1	\$ 959.85	\$ 1,039.73	8.3%
		2	\$ 1,942.60	\$ 2,104.00	8.3%
		3	\$ 2,250.05	\$ 2,437.04	8.3%
	Harmony HMO	1	\$ 705.51	\$ 764.35	8.3%
		2	\$ 1,428.84	\$ 1,547.75	8.3%
		3	\$ 1,654.89	\$ 1,792.66	8.3%
	PPO	1	\$ 1,453.86	\$ 1,507.87	3.7%
		2	\$ 2,939.15	\$ 3,048.23	3.7%
		3	\$ 3,404.95	\$ 3,531.34	3.7%

^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.

DELTA DENTAL ^{b,c} Choices	1	\$	21.28	\$	23.58	10.8%
	2	\$	35.52	\$	39.45	11.1%
	3	\$	53.12	\$	59.15	11.4%
DELTA DENTAL ^{b,c} Options	1	\$	30.62	\$	32.75	7.0%
	2	\$	51.08	\$	54.70	7.1%
	3	\$	76.64	\$	82.18	7.2%
DELTACARE USA ^c Choices & Options	1	\$	14.50	\$	14.21	-2.0%
	2	\$	23.92	\$	23.45	-2.0%
	3	\$	35.45	\$	34.75	-2.0%
METLIFE/SAFEGUARD ^d Choices & Options	1	\$	10.60	\$	10.50	-0.9%
	2	\$	20.44	\$	20.24	-1.0%
	3	\$	26.56	\$	26.29	-1.0%

^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 FLEX AND MEGAFLEX EMPLOYEES
CURRENT 2024 RATES AND PROPOSED 2025 RATES**

Plan	Option	Coverage Category ^a	Current 2024 Rates ^b	Proposed 2025 Rates ^b	Percentage Change
ANTHEM BLUE CROSS	CaliforniaCare HMO	1	\$ 388.00	\$ 417.00	7.5%
		2	\$ 760.00	\$ 816.00	7.4%
		3	\$ 798.00	\$ 857.00	7.4%
		4	\$ 900.00	\$ 967.00	7.4%
	PLUS POS	1	\$ 585.00	\$ 628.00	7.4%
		2	\$ 1,180.00	\$ 1,267.00	7.4%
		3	\$ 1,327.00	\$ 1,425.00	7.4%
		4	\$ 1,344.00	\$ 1,443.00	7.4%
	Catastrophic	1	\$ 105.00	\$ 105.00	0.0%
		2	\$ 604.00	\$ 649.00	7.5%
		3	\$ 614.00	\$ 659.00	7.3%
		4	\$ 709.00	\$ 761.00	7.3%
	Prudent Buyer PPO	1	\$ 750.00	\$ 806.00	7.5%
		2	\$ 1,377.00	\$ 1,479.00	7.4%
		3	\$ 1,427.00	\$ 1,533.00	7.4%
		4	\$ 1,657.00	\$ 1,780.00	7.4%
KAISER Flex/Megaflex	1	\$ 388.00	\$ 417.00	7.5%	
	2	\$ 760.00	\$ 816.00	7.4%	
	3	\$ 798.00	\$ 857.00	7.4%	
	4	\$ 900.00	\$ 967.00	7.4%	
KAISER - MID-ATLANTIC	1	\$ 414.00	\$ 445.00	7.5%	
	2	\$ 807.00	\$ 867.00	7.4%	
	3	\$ 871.00	\$ 935.00	7.3%	
	4	\$ 1,233.00	\$ 1,324.00	7.4%	
DELTA DENTAL ^c Flex/Megaflex	1	\$ 26.59	\$ 27.12	2.0%	
	2	\$ 41.30	\$ 42.30	2.4%	
	3	\$ 45.12	\$ 46.08	2.1%	
	4	\$ 67.51	\$ 68.95	2.1%	
DELTACARE USA ^c Flex/Megaflex	1	\$ 14.50	\$ 14.21	-2.0%	
	2	\$ 25.06	\$ 24.57	-2.0%	
	3	\$ 24.87	\$ 24.38	-2.0%	
	4	\$ 36.11	\$ 35.40	-2.0%	
METLIFE/SAFEGUARD ^d Flex/Megaflex	1	\$ 10.60	\$ 10.50	-0.9%	
	2	\$ 19.85	\$ 19.65	-1.0%	
	3	\$ 22.37	\$ 22.15	-1.0%	
	4	\$ 29.20	\$ 28.91	-1.0%	

- ^a 1 = Employee only
2 = Employee + Child(ren)
3 = Employee + Spouse
4 = Employee + Spouse + Chil(ren)

^b Rates, where applicable, are net of County subsidy; except that the premium charged to an employee whose benefits are subject to COBRA is the carrier quoted rate plus an administrative charge as prescribed by COBRA.
Anthem Blue Cross rates include the cost of the 360th 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 2024 RATES AND PROPOSED 2025 RATES**

	Monthly Cost per \$1,000 of Insurance	
	<u>2024^a</u>	<u>2025^a</u>
COUNTY-PAID BASIC GROUP TERM-LIFE INSURANCE	\$0.221	\$0.221
OPTIONAL GROUP TERM LIFE INSURANCE FOR CHOICES AND OPTIONS EMPLOYEES		
Employee: The monthly premium per \$1,000 of insurance is based on the employee's age as shown in the following table:		
Age	<u>2024^a</u>	<u>2025^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>2024</u>	<u>2025</u>
Cost per month per \$5,000 of coverage, no matter how many eligible dependents employee may have. Coverage is offered in increments of \$5,000 up to \$20,000. Dependent coverage cost is charged to the employee.	\$0.832	\$0.832

^a The County subsidizes 15% of the monthly premium.

OPTIONAL ACCIDENTAL DEATH & DISMEMBERMENT INSURANCE - Cost per Month

Employee Coverage	Current 2024 Rates		Approved 2025 Rates	
	Employee Only	Employee & Dependents	Employee Only	Employee & Dependents
	Plan G	Plan H	Plan G	Plan H
\$ 10,000	\$0.124	\$0.238	\$0.124	\$0.238
\$ 25,000	\$0.310	\$0.595	\$0.310	\$0.595
\$ 50,000	\$0.620	\$1.190	\$0.620	\$1.190
\$100,000	\$1.240	\$2.380	\$1.240	\$2.380
\$150,000	\$1.860	\$3.570	\$1.860	\$3.570
\$200,000	\$2.480	\$4.760	\$2.480	\$4.760
\$250,000	\$3.100	\$5.950	\$3.100	\$5.950
\$300,000	\$3.720	\$7.140	\$3.720	\$7.140
\$350,000	\$4.340	\$8.330	\$4.340	\$8.330

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

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

**OPTIONAL GROUP VARIABLE UNIVERSAL LIFE INSURANCE
FOR FLEX AND 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>2025 Rate*</u>	<u>Age</u>	<u>2025 Rate*</u>	<u>Age</u>	<u>2025 Rate*</u>
20-24	\$0.037	57	\$0.268	77**	\$2.203
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	\$0.436	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.

2025 Rate
\$1.03

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

<u>Employee Age</u>	2025 Rates				
	<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 2024 RATES AND PROPOSED 2025 RATES**

MEGAFLEX SHORT-TERM DISABILITY PLAN

Employee Cost as a Percentage of Monthly Salary:

Current 2024 Rates			Proposed 2025 Rates		
<u>Income Replacement</u>	<u>Waiting Period</u>	<u>Cost</u>	<u>Income Replacement</u>	<u>Waiting Period</u>	<u>Cost</u>
70%	14 Days	0.000%	70%	14 Days	0.000%
100%*	7 Days	0.934%	100%*	7 Days	0.309%

* Reduced to 80% after 21 days

MEGAFLEX LONG-TERM DISABILITY PLAN

Employee Cost as a Percentage of Monthly Salary:

<u>Income Replacement</u>	Current 2024 Rates		Proposed 2025 Rates	
	<u>Plan E + * Retirement Plan</u>	<u>All Other Plans</u>	<u>Plan E + * Retirement Plan</u>	<u>All Other Plans</u>
40%	0.000%	0.056%	0.000%	0.056%
60%	0.125%	0.182%	0.125%	0.182%

* Plan E plus 5 or more years of continuous service

LONG-TERM DISABILITY HEALTH INSURANCE - Cost per month

For Flex and MegaFlex Employees

<u>Current 2024 Rate</u>		<u>Proposed 2025 Rate</u>	
75 % Premium Payment	100 % Premium Payment	75 % Premium Payment	100 % Premium Payment
\$0.00	\$4.75	\$0.00	\$4.75

For Choices and Options Employees

<u>Current 2024 Rate</u>		<u>Proposed 2025 Rate</u>	
75 % Premium Payment	100 % Premium Payment	75 % Premium Payment	100 % Premium Payment
\$0.00	\$4.75	\$0.00	\$4.75

**UNION-SPONSORED
MEDICAL AND DENTAL INSURANCE PLANS
CURRENT 2024 RATES AND PROPOSED 2025 RATES**

Plan	Option	Coverage Category ^a	Current 2024 Rates ^b	Proposed 2025 Rates ^b	Percentage Change
ALADS	Prudent Buyer Plan	1	\$ 1,130.84	\$ 1,235.02	9.2%
Blue Cross	Under Age 50	2	\$ 2,204.51	\$ 2,411.07	9.4%
		3	\$ 2,640.97	\$ 2,888.00	9.4%
		Prudent Buyer Plan Age 50 and Over	1	\$ 1,130.84	\$ 1,235.02
		2	\$ 2,204.51	\$ 2,411.07	9.4%
		3	\$ 2,640.97	\$ 2,888.00	9.4%
	CaliforniaCare Basic Plan (All Ages)	1	\$ 861.40	\$ 944.96	9.7%
		2	\$ 1,776.11	\$ 1,950.02	9.8%
		3	\$ 2,131.21	\$ 2,342.31	9.9%
	Prudent Buyer Plan Premier Plan Under Age 50	1	\$ 1,152.12	\$ 1,258.60	9.2%
		2	\$ 2,240.03	\$ 2,450.52	9.4%
		3	\$ 2,694.09	\$ 2,947.15	9.4%
	Prudent Buyer Plan Premier Plan Age 50 and Over	1	\$ 1,152.12	\$ 1,258.60	9.2%
		2	\$ 2,240.03	\$ 2,450.52	9.4%
		3	\$ 2,694.09	\$ 2,947.15	9.4%
	CaliforniaCare Premier Plan (All Ages)	1	\$ 882.68	\$ 968.54	9.7%
		2	\$ 1,811.63	\$ 1,989.47	9.8%
		3	\$ 2,184.33	\$ 2,401.46	9.9%
CAPE (Choices) Blue Shield	Classic	1	\$ 2,024.36	\$ 2,139.37	5.7%
		2	\$ 3,918.06	\$ 4,143.28	5.7%
		3	\$ 4,649.52	\$ 4,918.46	5.8%
	Lite	1	\$ 881.95	\$ 927.71	5.2%
		2	\$ 1,758.35	\$ 1,853.63	5.4%
		3	\$ 2,183.56	\$ 2,327.40	6.6%
	PPO (Out-of-state only)	1	\$ 2,024.36	\$ 2,139.37	5.7%
		2	\$ 3,918.06	\$ 4,143.28	5.7%
		3	\$ 4,649.52	\$ 4,918.46	5.8%
CAPE (Options) Blue Shield	Classic	1	\$ 2,018.36	\$ 2,133.37	5.7%
		2	\$ 3,914.50	\$ 4,139.72	5.8%
		3	\$ 4,643.96	\$ 4,912.90	5.8%
	Lite	1	\$ 875.95	\$ 921.71	5.2%
		2	\$ 1,754.79	\$ 1,850.07	5.4%
		3	\$ 2,178.00	\$ 2,321.84	6.6%
	PPO (Out-of-state only)	1	\$ 2,018.36	\$ 2,133.37	5.7%
		2	\$ 3,914.50	\$ 4,139.72	5.8%
		3	\$ 4,643.96	\$ 4,912.90	5.8%
FIREFIGHTERS LOCAL 1014		1	\$ 1,047.00	\$ 1,101.00	5.2%
		2	\$ 1,990.56	\$ 2,093.56	5.2%
		3	\$ 2,367.56	\$ 2,490.56	5.2%

^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

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

July 1, 2024

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 2025 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 2025 plan year:

Plan	Employee	Employee + 1	Employee + 2
Prudent Buyer Basic	\$1,235.02	\$2,416.51	\$2,893.44
Prudent Buyer Premier	\$1,258.60	\$2,455.96	\$2,952.59
CaliforniaCare Basic	\$944.96	\$1,955.46	\$2,347.75
CaliforniaCare Premier	\$968.54	\$1,994.91	\$2,406.90

There will be no benefit plan design changes for the 2025 plan year.

Sincerely,



Bud Treese
ALADS Trust Administrator

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



July 24, 2024

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

Re: 2025 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 2025 for the CAPE/Blue Shield Point of Service Lite, Classic and the out-of-state PPO COBRA medical plans. The average premium increase for all three plans is 5.8% with one plan change. Prescription drug cost trends are increasing each year at double digits fueled by pharmaceutical companies increasing prices on well-established generic and brand name drugs, and the introduction of new extremely expensive drugs. The Trustees decided to increase the brand drug copay from \$15 to \$20 to match all the other County sponsored medical plans' brand copays. This will be the only plan change for 2025. We request that the County list the Lite plan above the Classic in the County's Annual Enrollment materials, especially on the LA County Annual Enrollment package rate sheet comparison, since more than 99% of our membership is in the Lite plan. Below are the rates for 2025:

	LITE	CLASSIC
Single:	\$ 927.71	\$2,139.37
Two-party:	\$1,859.07	\$4,148.72
Family:	\$2,332.84	\$4,923.90

The out-of-state COBRA PPO rates are the same as Classic. There are no other core benefit changes than the brand copay and any mandated regulatory changes. We would appreciate you forwarding the 2025 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



**LOS ANGELES COUNTY FIRE FIGHTERS
LOCAL 1014 HEALTH AND WELFARE PLAN**

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



July 5, 2024

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 2025 Employee Insurance Information
Los Angeles County Fire Fighters Local 1014 Health and Welfare Plan**

Dear Mr. Kemper:

I am providing the plan year 2025 premium changes that were approved by the Board of Trustees.

After conferring with Mercer, the Plan's consultant, the Board of Trustees approved a 5.17% premium increase for 2025. Our monthly rates for 2025, rounded to the nearest dollar are as follows:

Member Only	\$1,101.00
Member + 1 Dependent	\$2,099.00
Family	\$2,496.00

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Reginald A. Cyrus'.

Reginald A. Cyrus, CEBS
Administrative Manager

c: Local 1014 Health Plan Trustees



August 8, 2024
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 2025 Renewal Results and Recommendations (Choices and Options Plans)

Dear Ben:

The following letter summarizes the 2025 renewal proposals for medical, dental, life and AD&D plans offered to the Choices and Options 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 2025 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 0.03%
- UHC rates increased by approximately 0.04%

Delta Dental does not have an additional cost increase to account for the Managed Care Assessment Tax. For the MetLife dental plan, the additional cost increase to account for the Managed Care Assessment Tax is 0.89%

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 \$3.22 per covered life for 2023 and was \$3.00 for 2022. The 2023 \$3.22 fee will be increased for inflation for 2024, as determined by the Department of Health and Human Services (HHS) and payable in 2025.



Mr. Ben Kemper
County of Los Angeles
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Medical Plans

Overview

For all Choices and Options medical plans, the final premium increase for 2025 is **8.2%**, or about **\$106.3 million** over 2024 premiums, projected based on January 2024 enrollment. The initial proposed renewal increase for the Choices and Options medical plans was **8.8%**. Negotiated reductions to the medical renewals equate to approximately **\$8.7 million**. For more details on final rate increases, please refer to Attachment C.

The 2025 renewals offered by Cigna, Kaiser and UHC are outlined in the table below.

	Cigna (Choices & Options)	Kaiser Choices	Kaiser Options	UHC Options
Initial 2025 Renewal Action	+ 7.84%	+8.95%	+8.69%	+9.24%
Negotiated 2025 Renewal Action	+4.85%	+8.29%	+8.31%	+8.24%

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

Cigna

Cigna initially proposed a **7.84%** increase to the combined HMO and POS rates for 2025, representing an increase over 2024 premiums of approximately **\$3.6 million**; **\$2.9 million** for Choices and **\$0.7 million** for Options. Cigna had \$314,300 in performance guarantee penalties for the 2023 plan year which will be credited to the Premium Stabilization Reserve (PSR) balance. Due to the many manual performance guarantee metrics and the time required to finalize all results, \$165,000 will apply to the 2023 PSR and the remaining \$149,300 will apply to the 2024 PSR.

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
- Changes to utilization trends
- Increase in access fees

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 2024, and again there is no premium offset for 2025. The chart below summarizes the most recent five years of the PSR (updated based on annual reconciliations provided by Cigna).

	2019	2020	2021	2022	2023
Premium	\$45,121,892	\$48,275,845	\$46,308,873	\$44,966,131	\$43,744,829
Year-end (PSR)	(\$5,361,446)	(\$5,789,470)	(\$4,545,309)	(\$3,429,563)	(\$4,369,455)
PSR % of Premium	-11.88%	-11.99%	-9.82%	-7.63%	-9.99%

Negotiations with Cigna resulted in a final **4.85%** increase. This amounts to an increase of approximately **\$1.8 million** for Choices, and approximately **\$0.4 million** for Options over projected 2024 costs, and negotiated savings of approximately **\$1.4 million** from Cigna's original proposal.

Aon believes that Cigna has justified their renewal position and that the County should accept their offer.

Kaiser

Kaiser's initial renewal proposal was an **8.95%** increase for the Choices plan, representing an increase from 2024 premiums of approximately **\$19.2 million**. Kaiser's renewal proposal for Options was an **8.69%** increase, representing an increase from 2024 premiums of approximately **\$62.4 million**. Combined, Kaiser's initial weighted renewal proposal for the Choices and Options population is an **8.75%** increase, representing an increase from 2024 premiums of approximately **\$81.7 million**.

Kaiser had \$1,200,237 in performance guarantee penalties, \$921,805 from Options and \$278,432 from Choices, from 2022 applied to the 2025 renewal.

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

- Kaiser's rating methodology and operating margin assumptions
- Large claims pooling charge and pooling point
- Medical and pharmacy claims trend
- Demographic Adjustment Factor
- Administration fees, PCORI fees, Retention charges
- GLP-1 weight loss drug class coverage impact

Aon worked closely with Kaiser Permanente on the 2025 renewal; the final renewal increase is 8.29% for Choices and 8.31% for Options above 2024 costs.

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. The reconciliation of the 2022 plan year resulted in a deficit capped at 3.0% of 2022 premium collected. Per the RSA contract, a premium adjustment of +1.5%



Mr. Ben Kemper
County of Los Angeles
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was applied to the 2025 renewal for the Choices and Options population. Kaiser will release the reconciliation of premiums, claims, and expenses associated with the plan for the 2023 plan year by August 15, 2024. Future surpluses will be applied to future renewal rates to reduce the premium owed to Kaiser while future shortfalls will increase the future renewal rates.

Aon believes that the requested rate increase for the Kaiser Permanente Choices and Options plans is reasonable and justified. The rate increase exceeds general medical trend of 7.5% due to the impact of the 2022 RSA contract, which resulted in a premium rate adjustment of +1.5%. Please note the RSA is a 2-way risk sharing arrangement reconciling historical experience. Future year surpluses and shortfalls will impact renewals as stated above. Aon recommends that the County accept the renewal rates.

United Healthcare

UHC's initial renewal proposal was a **9.24%** overall increase representing a total increase of approximately **\$29.8 million** over current premiums. The initial renewal was a **9.27%** increase for the Signature Value and Harmony HMO plans. The renewal for the PPO plan was a **3.70%** increase for 2025. Discussions with UHC targeted the following key areas:

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

Negotiations with UHC resulted in an increase of **8.27%** to the HMO plans. There was no change to the initial **3.70%** increase offered on the PPO. UHC's final renewal was a combined weighted increase of **8.24%** representing a total increase of approximately **\$26.6 million** over 2024 and a total savings of **\$3.2 million** over the initial renewal position. UHC had \$800,000 in performance guarantee penalties from 2023 applied to the 2025 Signature Value and Harmony HMO renewals, split by enrollment.

The County's financial arrangement with UHC provides for a year-end reconciliation of premiums, claims, and expenses associated with the plan. Surpluses are deposited to the PSR and any shortfall is withdrawn from the PSR, to the extent that funds are available. UHC's 2023 year-end reconciliation resulted in a reduction of **\$4.3 million** to the 2025 renewal.

Aon believes UHC has justified their renewal position and recommends the County accept the renewal rates. While the 2025 increase is slightly above general medical trend of 7.5%, UHC's increase for 2024 was 0.02% when market trend was 7.2%. Considering the 2-year cumulative increase of UHC's premium cost from 2023 to 2025 of +8.26%, the County's plans are out-performing cumulative market trend.

Dental Plans

Delta Dental



Delta's initial increase to the DPPO was **8.88%** for Choices and **6.44%** for Options. However, Delta was limited to increasing the PPO renewal to no greater than **5.50%** for Choices and **5.00%** for Options based on terms negotiated during the 2024 renewal. The 2025 not-to-exceed percentage increases applied for both Choices and Options. Delta's initial increase to the DHMO was **0.0%** for Choices and Options. Overall, Delta initially proposed a combined **5.05%** increase to the rates for 2025, representing an increase over the 2024 premiums of approximately **\$3,825,000**; an increase of **\$1,098,000** for Choices and an increase of **\$2,727,000** for Options.

Delta's initial increase to the DPPO was limited by previously negotiated not-to-exceed provisions of **5.50%** for Choices and **5.00%** for Options. Negotiations with Delta resulted in a concession to the Options DPPO, reducing the increase from **5.00%** to **4.16%**. Delta did not agree to any concessions that would lower the Choices DPPO increase from the original offer of **5.50%**. Negotiations to the DHMO resulted in a final renewal of **-1.98%**. Combined negotiations with Delta on all plans resulted in total savings of **\$484,000** over the initial renewal position.

Overall, the final combined results are an increase of **4.41%** or an increase of approximately **\$3,341,000** from the 2024 rates. Delta offered Choices a **6.5%** not-to-exceed renewal for the DPPO and a **4.0%** not-to-exceed renewal for the DHMO for the 2026 plan year. Due to different plan designs and rating pools, Delta offered Options a **5.0%** not-to-exceed renewal for the DPPO and a **4.0%** not-to-exceed renewal for the DHMO for the 2026 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 or 2024 and no proposed premium holidays for 2025.

The Delta PPO and DHMO had no missed performance guarantee penalties in 2023. 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 **0.00%** increase to the 2025 rates, representing no change over the 2024 premiums. Negotiations with MetLife resulted in a rate action of **-0.99%**, or a total savings of **\$7,500** over the initial renewal position. In addition, MetLife offered a not-to-exceed renewal increase of **2.0%** for both 2026 and 2027.



Mr. Ben Kemper
County of Los Angeles
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Due to 2023 performance guarantee penalties of \$451 for Choices and of \$820 for Options, MetLife's (Safeguard's) billed rates will be 0.2% less than the full renewal rates for 2025.

Life and AD&D

Life Insurance of North America, a wholly owned subsidiary of New York Life (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 2023. The results for 2024 will be available in 2025. These results do not impact the 2025 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 661-964-7542 to discuss.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bob Burnell", with a checkmark at the end.

Bob Burnell
Senior Vice President
Aon, Los Angeles

CC:

Maggie Martinez – County of Los Angeles
Ben Kemper – County of Los Angeles
Julie Dixon Silva – County of Los Angeles
Susan Moomjean – County of Los Angeles
Robin Urban – County of Los Angeles
Jennifer Paterno – County of Los Angeles
Daniel Cho – County of Los Angeles
Thien-Thu Pham – County of Los Angeles
Sandra Santana – County of Los Angeles
John Quach – County of Los Angeles

Chloe Watson – Aon
William Vose – Aon
Dylan Tollett – Aon



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, accuracy 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 reasonableness, accuracy, and completeness. Final issues are reviewed in preparation for the renewal meetings.

The committee identifies which carriers to meet with for renewal negotiations. Carrier negotiation discussions are done in Executive (Closed) session to preserve confidentiality. 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 Aon, who upon their review for reasonableness, accuracy, and completeness will deliver concurrently 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.

ATTACHMENT A



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After finishing negotiations, BAC and EBAC committees will vote on each plan's renewal individually to approve. If applicable, potential plan design changes will also be voted on to approve.



August 8, 2024

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 2025 Renewal Results and Recommendations (Flex and MegaFlex Plans)

Dear Ben:

The following letter summarizes the 2025 renewal proposals for medical, dental, life, survivor income benefit (SIB) and AD&D plans offered to the Flex and MegaFlex 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 2025 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.

Delta Dental does not have an additional cost increase to account for the Managed Care Assessment Tax. For the MetLife dental plan, the additional cost increase to account for the Managed Care Assessment Tax is 0.89%

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 \$3.22 per covered life for 2023 and was \$3.00 for 2022. The 2023 \$3.22 fee will be increased for inflation for 2024, as determined by the Department of Health and Human Services (HHS) and payable in 2025.



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Medical Plans

Overview

For all Flex and MegaFlex medical plans, the final premium for 2025 is an increase of **7.53%** which is approximately **\$23.1 million** above 2024 premiums, projected based on January 2024 enrollment. The initial proposed renewal increase for the Flex and MegaFlex medical plans was **8.23%**. The final reductions to the medical renewals equate to approximately **\$2.1 million**. For more details on final rate increases, please refer to Attachment C.

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

	Anthem	Kaiser
Initial 2025 Renewal Action	+9.64%	+6.22%
Negotiated 2025 Renewal Action	+8.87%	+5.63%

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 expected liability costs for Anthem are the basis for the renewals outlined in this letter. Anthem's initial renewal proposal was a **9.64%** increase across all plans or about **\$17.4 million** over projected 2024 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
- Paid claims experience and large claims

The final renewal resulted in an overall increase of **8.87%** across all plans and a reduction of approximately **\$1.4 million** from the initial renewal.

Anthem provided their 2023 performance guarantee report and will apply a penalty of \$311,479 as a credit to the County's future 2024 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 8.87%. While the renewal is slightly above general medical trend of 7.5%, the increase is consistent with the County's plan experience.

Kaiser and Kaiser Mid-Atlantic

Kaiser's initial renewal proposal was a 6.22% increase or about \$7.9 million above projected 2024 costs for the Flex/MegaFlex plans. The Kaiser Mid-Atlantic renewal proposal is a 7.10% increase, or \$2,500 over 2024.

Kaiser applied a credit of \$147,148 to the 2025 renewal as a result of missed performance guarantees in 2022.

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

- Kaiser's rating methodology and operating margin assumptions
- Large claims pooling charge and pooling point
- Medical and pharmacy claims trend
- Demographic Adjustment Factor
- Administration fees, PCORI fees, Retention charges
- GLP-1 coverage impact

Aon worked closely with Kaiser Permanente on the 2025 renewal; the final increase is 5.63% above 2024 costs for the Flex/MegaFlex plans.

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 the group's performance on future renewals, while limiting its risk of deficits. The reconciliation of the 2022 plan year resulted in a deficit capped at 3.0% of 2022 premium collected. Per the RSA contract, a premium adjustment of +1.5% was applied to the 2025 renewal for the Flex and MegaFlex population. Kaiser will release the reconciliation of premiums, claims and expenses associated with the plan for the 2023 plan year by August 15, 2024. Future surpluses will be applied to future renewal rates to reduce the premium owed to Kaiser while future shortfalls will increase the future renewal rates.

Aon believes Kaiser's requested rate increase for the Flex and MegaFlex plan is in-line with medical trend and recommends accepting this renewal.

Dental Plans

Delta Dental



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Delta initially proposed a 4.4% increase to the rates for 2025, representing an increase over 2024 premiums of approximately \$624,000. By plan, this is a 4.5% increase to the DPPO and a 0.0% increase to the DHMO. Note, the initial quoted increase to the DPPO was a 5.21% increase, however, Delta's initial DPPO offer was limited to the 2025 not-to-exceed rate cap of 4.5%.

Negotiations with Delta resulted in a 1.08% increase, representing a total savings of \$473,000 over the initial renewal position. By plan, this is a 1.12% increase to the DPPO and a -1.97% decrease to the DHMO. For the DPPO Delta offered a 5.0% not-to-exceed rate guarantee for the 2026 plan year. For the DHMO Delta offered a 4.0% not-to-exceed rate guarantee for the 2026 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 2025.

The Delta PPO and DHMO had no missed performance guarantee penalties in 2023. Aon recommends the County accept the revised Delta 2025 renewal for the Flex/MegaFlex plan.

MetLife (Safeguard) Prepaid Dental

MetLife (Safeguard) initially calculated a 0.00% increase from the 2024 rates, representing no increase over the 2024 premiums.

Negotiations with MetLife resulted in a decrease of 0.98% to the renewal, representing a total savings of \$1,000 over the initial renewal position. MetLife offered a 2.00% not-to-exceed rate guarantee for both the 2026 and 2027 plan year.

Due to 2023 performance guarantee penalties of \$194 for Flex/MegaFlex, MetLife's (Safeguard's) billed rates will be 0.2% less than the full renewal rates for 2025.

Life and AD&D

Life Insurance of North America, a wholly owned subsidiary of New York Life (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 2023. The results for 2024 will be available in 2025. These results do not impact the 2025 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.



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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 661-964-7542 to discuss.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bob Bumell", with a checkmark at the end.

Bob Bumell
Senior Vice President
Aon, Los Angeles

CC:

Maggie Martinez – County of Los Angeles
Ben Kemper – County of Los Angeles
Julie Dixon Silva – County of Los Angeles
Susan Moomjean – County of Los Angeles
Robin Urban – County of Los Angeles
Jennifer Paterno – County of Los Angeles
Daniel Cho – County of Los Angeles
Thien -Thu Pham – County of Los Angeles
Sandra Santana – County of Los Angeles
John Quach – County of Los Angeles

William Vose – Aon
Chloe Watson – Aon
Dylan Tollett – Aon



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, accuracy 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. After Aon's review for reasonableness, accuracy and completeness, 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 Aon, who upon their review for reasonableness, accuracy and completeness will deliver to all stakeholders concurrently.

ATTACHMENT B



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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
2025 Renewal Results

	2024		2025		% Change from 2024	Negotiated (Savings)
	Current Plan	Initial Renewal Current Plan	Negotiated Current Plan	Current Plan		
Flex/MegaFlex						
Kaiser & Kaiser Mid-Atlantic	\$126,491,123	\$134,359,430	\$133,617,663	5.63%	(\$741,767)	
Anthem ¹	\$180,086,847	\$197,441,277	\$196,055,555	8.87%	(\$1,385,722)	
Options						
Kaiser	\$718,062,288	\$780,492,453	\$777,733,868	8.31%	(\$2,758,585)	
Cigna	\$8,760,303	\$9,447,921	\$9,185,886	4.85%	(\$262,035)	
UnitedHealthcare	\$322,716,496	\$352,520,097	\$349,320,260	8.24%	(\$3,199,837)	
Choices						
Kaiser	\$214,982,862	\$234,228,092	\$232,812,091	8.25%	(\$1,416,001)	
Cigna	\$36,537,223	\$39,402,564	\$38,310,509	4.85%	(\$1,092,055)	
Total Medical²	\$1,607,637,142	\$1,747,891,834	\$1,737,035,832	8.05%	(\$10,856,002)	
Delta PPO & DeltaCare HMO²						
Flex	\$14,051,736	\$14,675,800	\$14,202,944	1.08%	(\$472,856)	
Options	\$55,362,268	\$58,089,649	\$57,613,793	4.07%	(\$475,856)	
Choices	\$20,413,427	\$21,511,643	\$21,503,139	5.34%	(\$8,504)	
MettLife/Safeguard²						
Flex	\$117,271	\$117,271	\$116,123	-0.98%	(\$1,148)	
Options	\$478,662	\$478,662	\$473,944	-0.99%	(\$4,718)	
Choices	\$279,619	\$279,619	\$276,848	-0.99%	(\$2,771)	
Total Dental²	\$90,702,983	\$95,152,644	\$94,186,791	3.84%	(\$665,853)	
New York Life Basic Life	\$1,363,144	\$1,363,144	\$1,363,144	0.00%	\$0	
New York Life AD&D	\$5,300,824	\$5,300,824	\$5,300,824	0.00%	\$0	
New York Life Optional Employee Life	\$55,609,299	\$55,609,299	\$55,609,299	0.00%	\$0	
New York Life Dependent Life	\$1,820,700	\$1,820,700	\$1,820,700	0.00%	\$0	
Total Life & AD&D³	\$64,093,967	\$64,093,967	\$64,093,967	0.00%	\$0	
TOTAL⁴	\$1,762,434,092	\$1,907,138,445	\$1,895,316,590	7.54%	(\$11,821,855)	

Footnotes:
 1. Anthem rates are calculated based on an expected premium basis
 2. Medical & dental premiums are calculated using January 2024 enrollment to project estimated annual cost
 3. Life & AD&D premiums are calculated using June 2024 premium payments to project estimated annual cost
 4. Underlying rates are rounded to two decimal places