

# Employee Benefits Program Committee Meeting



YOUR BEST PROTECTION

ACWA JPIA Executive Conference Room  
2100 Professional Drive  
Roseville, CA 95661

Monday  
July 9, 2018  
9:00 AM

Chairman: J. Bruce Rupp, Humboldt Bay Municipal Water District

Vice-chair: Melody A. McDonald, San Bernardino Valley WCD

Bette Boatmun, Contra Costa Water District

Stephanie Dosier, Orange County Water District

Karen Gish, Amador Water Agency

James Linthicum, Three Valleys Municipal Water District

Sandy Olson, Walnut Valley Water District

Glen Peterson, Las Virgenes Municipal Water District

Randy Shilling, Kings River Conservation District



## EMPLOYEE BENEFITS PROGRAM COMMITTEE MEETING

### AGENDA

JPIA Executive Conference Room  
2100 Professional Drive, Roseville, CA 95661  
(800) 231-5742 - [WWW.ACWAJPIA.COM](http://WWW.ACWAJPIA.COM)

**Monday, July 9, 2018 9:00 a.m.**

**WebEx call-in: (855) 749-4750; Access code: 800-663-528 Password: 1234**

This meeting shall consist of a simultaneous WebEx teleconference call at the ACWA JPIA, 2100 Professional Drive, Roseville, CA 95661 and the following remote sites:

- Boatmun – 4004 Salem St., Concord, CA
- Dosier – 18700 Ward St., Fountain Valley, CA
- Olson – 26332 Billehus Lane, Starbuck, MN
- Peterson – 700 North Alameda Blvd. Los Angeles, CA

### **WELCOME**

### **CALL TO ORDER AND ANNOUNCEMENT OF QUORUM**

**ANNOUNCEMENT RECORDING OF MEETING** This meeting may be recorded to assist in preparation of minutes. Recordings will only be kept 30 days following the meeting, as mandated by the California Brown Act.

### **EVACUATION PROCEDURES**

**PUBLIC COMMENT** Members of the public will be allowed to address the Employee Benefits Program Committee on any agenda item prior to the Committee's decision on the item. They will also be allowed to comment on any issues that they wish which may or may not be on the agenda. If anyone present wishes to be heard, please let the Chairman know.

### **INTRODUCTIONS**

### **ADDITIONS TO OR DELETIONS FROM THE AGENDA**

Presenter

Page#

Rupp                   \*       **I.**   Approval of minutes of the meeting of April 4, 2018

**1**

Rupp                   **II.**   Report on meetings attended on behalf of JPIA

<u>Presenter</u>			<u>Page#</u>
Smith	* III.	Review and take action on 2019 pricing and plan options for self-funded Anthem PPO medical plans	6
Smith	* IV.	Review and take action on 2019 pricing for the insured Anthem HMO medical plans	20
Sells	* V.	Review and take action on 2019 pricing for the insured Kaiser medical plans	25
Smith	* VI.	Review and take action on 2019 pricing for the ancillary plans	32
Smith	* VII.	Review Participation Requirements for Standard and Incentive Rates	37
Hayden	* VIII.	Claims Data Analysis Update	40
Smith	* IX.	Updates: Wellness Grants, Solera Diabetes Prevention, Carrum Health	44
Rupp	* X.	Discuss next meeting date	54

### **ADJOURN**

\*Related items enclosed.

**Americans With Disabilities Act** – The JPIA conforms to the protections and prohibitions contained in Section 202 of the Americans with Disabilities Act of 1990 and the Federal Rules and Regulations adopted in implementation thereof. A request for disability-related modification or accommodation, in order to participate in a public meeting of the JPIA, shall be made to: Michelle Stites, Benefits Administrator I, ACWA JPIA, PO Box 619082, Roseville, CA 95661-9082; telephone (916) 786-5742. The JPIA's normal business hours are Monday – Friday, 7:30 a.m. to 4:30 p.m. (Government Code Section 54954.2, subdivision. (a)(1).)

Written materials relating to an item on this Agenda that are distributed to the JPIA's Employee Benefits Program Committee within 72 hours before it is to consider the item at its regularly scheduled meeting will be made available for public inspection at ACWA JPIA, 2100 Professional Drive, Roseville, CA 95661-3700; telephone (916) 786-5742. The JPIA's normal business hours are Monday – Friday, 7:30 a.m. to 4:30 p.m.



*Unapproved Minutes*

## **Employee Benefits Program Committee Meeting**

ACWA JPIA Executive Conference Room  
2100 Professional Drive,  
Roseville, CA 95661  
(800) 231-5742

**April 4, 2018**

This meeting consisted of a simultaneous WebEx teleconference call at the ACWA JPIA, 2100 Professional Drive, Roseville, CA 95661 and the following remote sites:

- Boatmun – 4004 Salem Street, Concord
- Linthicum – 1021 E Miramar Ave, Claremont
- Peterson – 2936 Triunfo Canyon Rd., Agoura Hills

### **MEMBERS PRESENT**

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Chairman: J. Bruce Rupp, Humboldt Bay Municipal Water District  
Vice-chair: Melody McDonald, San Bernardino Valley Water Conservation District  
 Bette Boatmun, Contra Costa Water District (via WebEx)  
 Stephanie Dosier, Orange County Water District  
 Karen Gish, Amador Water Agency  
 James Linthicum, Three Valleys Municipal Water District (via WebEx)  
 Sandy Olson, Walnut Valley Water District  
 Glen Peterson, Las Virgenes Municipal Water District (via WebEx)

### **MEMBERS ABSENT**

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Randy Shilling, Kings River Conservation District

### **STAFF PRESENT**

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Chief Executive Officer/Secretary: Walter “Andy” Sells  
 Sonya Baker, Benefits System Analyst  
 Veronica Cobian, Benefits Administrator II  
 Linda Craun (WebEx Coordinator)  
 David deBernardi, Director of Finance  
 Robert Greenfield, General Counsel  
 Allison Hartill, Benefits Analyst I  
 Ben Hayden, Lead Benefits Analyst  
 Patricia Slaven, Director of HR & Administration  
 Sandra Smith, Employee Benefits Manager  
 Daniel Steele, Lead Accountant  
 Michelle Stites, Benefits Administrator I (recording secretary)  
 Dianna Sutton, Finance Manager  
 Karen Thesing, Director of Insurance Services



Melody Tucker, Workers' Compensation Claims Manager  
Bobbette Wells, Executive Assistant to the CEO

## **OTHERS IN ATTENDANCE**

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Thomas A Cuquet, South Sutter Water District  
David A. Drake, Rincon del Diablo Municipal Water District (via WebEx)  
David Hodgins, Scotts Valley Water District (via WebEx)  
W.D. "Bill" Knutson, Yuima Municipal Water District  
Kimberly Miller Alliant  
Thomas Sher, Alliant  
Kathy Tieg, Cucamonga Valley Water District

## **WELCOME**

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Chairman Rupp welcomed everyone in attendance.

## **CALL TO ORDER AND ANNOUNCEMENT OF QUORUM**

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Chairman Rupp called the meeting to order at 10:03 a.m. He announced there was a quorum.

## **ANNOUNCEMENT RECORDING OF MINUTES**

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Chairman Rupp announced that the meeting would be recorded to assist in preparation of minutes. Recordings are only kept 30 days following the meeting, as mandated by the California Brown Act.

## **PUBLIC COMMENT**

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Chairman Rupp noted that, as the agenda stated, members of the public would be allowed to address the Employee Benefits Program Committee on any agenda item prior to the Committee's decision on that item. Comments on any issues on the agenda, or not on the agenda, were also welcomed. No comments were brought forward.

## **INTRODUCTIONS**

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Chairman Rupp welcomed all in attendance.

## **ADDITIONS TO OR DELETIONS FROM THE AGENDA**

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Chairman Rupp asked for any additions to, or deletions from, the agenda; none requested.

## **CONSENT AGENDA**

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Chairman Rupp called for approval of the minutes of the last meeting October 25, 2017:

M/S/C (McDonald/Dosier) (Boatman-Yes, Dosier-Yes, Gish-Yes, Linthicum-Yes, McDonald-Yes, Olson-Yes, Peterson-Yes, Rupp-Yes):  
That the Employee Benefits Program Committee approve the minutes of the meeting of October 25, 2017 as presented.

## **REPORT ON MEETINGS ATTENDED ON BEHALF OF JPIA**

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None reported.

## **PRELIMINARY RATE PROJECTIONS FOR 2019**

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Ms. Smith presented a summary of medical plan design changes implemented over the past five years, along with rate history, and 2019 projections. Ms. Smith reviewed the savings estimates for each plan design change. She also reviewed the value added services incorporated for JPIA members.

Ms. Smith noted that there were two participants enrolled in the CDHP in 2012. There are now 44 districts that offer the CDHP, with a total of 244 Anthem participants and 54 Kaiser participants. Ms. Smith thanked Mr. Hayden for his continued efforts in promoting and educating members about the CDHP, including guiding them through implementation. Several Committee members commented that collaboration between the district and JPIA is a necessity for a successful implementation of the CDHP plans.

Mr. Sher informed the Committee that based on the Anthem Book of Business trends and Alliant Book of Business trends, 2019 appears to be trending lower than expected, due to the economy. Current projections indicate a cost increase of 6.1% for the PPO program.

## **PHARMACY BENEFIT MANAGER**

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Ms. Smith explained JPIA's Anthem PPO and HMO medical plans utilize Express Scripts as the Pharmacy Benefit Manager (PBM) for the plans' prescription claims. Prescription expenses make up approximately 25% of JPIA's self-funded plan claims costs. The PBM not only processes prescription drug claims, but also negotiates pricing and rebates with drug manufacturers and maintains drug formulary lists. JPIA's use of Express Scripts is indirect, through contract with Anthem. Anthem will no longer contract with Express Scripts for PBM services effective January 1, 2020.

JPIA will need to secure a new PBM contract by January 1, 2020 because the current arrangement will no longer be an option. Staff is evaluating options and will present more information at the next Committee meeting.

## **RESERVE TARGET GOALS**

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Mr. deBernardi explained to the Committee that for the past three years, JPIA has used \$18.5 million as the target goal for the Employee Benefits reserves. This number was based on a January 2015 actuary report using a 99% confidence level.

As of February 28, 2018, the Employee Benefits Program reserves were \$41.3 million. The \$41.3 million figure includes \$7.9 million dollars for estimated incurred but not reported (IBNR) claims. The new actuarial findings estimate the reserve fund would cover total losses at 99% confidence level with \$19.2 million, a \$700,000 increase from the previous estimate.

M/S/C (McDonald/Gish) (Boatmun-Yes, Dosier-Yes, Gish-Yes, Linthicum-Yes, McDonald-Yes, Olson-Yes, Peterson-Yes, Rupp-Yes): That the Employee Benefits Program Committee recommend that the Executive Committee approve to change the reserve goal to \$19.2 million.

### **SOLERA DIABETES PREVENTION PROGRAM**

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Ms. Smith presented the Solera Diabetes Prevention Program. Diabetes is a notable contributor to plan costs, according to utilization data provided by both Anthem and Kaiser. Anthem Blue Cross offers an option to add a Diabetes Prevention Program at no cost to the participant. The cost to the plan is about \$400 per person who participates in the program. Costs are anticipated to be offset by reduced medical and prescription claims expenses.

JPIA's Anthem PPO and HMO plans began offering the Solera Diabetes Prevention Program in February 2018. The program launched with a weekly drawing for a \$100 Amazon gift card during the first four weeks. Over 800 participants took the online quiz to see if they qualified for the benefit. Staff will update the Committee as utilization data becomes available.

### **CARRUM HEALTH UPDATE**

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Ms. Smith spoke about Carrum Health's bundled surgery benefit available under the PPO plans. Plan savings for surgeries through Carrum Health are passed along to participants by waiving costs, and travel expenses are covered. Communication efforts to get the word out about this feature have included an employer webinar, flyers, and videos on the JPIA website for distribution during open enrollment and at hire, Carrum presence at health fairs and HR group meetings, emails to HR staff to forward to employees, and a postcard mailed directly to Anthem PPO plan participants.

To date, two surgeries have been completed through Carrum Health. Both patients reported high satisfaction, rating the experience a 10 out of 10. Another patient will be having surgery soon, with several more in the beginning phases of arranging their surgeries.

Carrum Health has a data feed with Anthem and is working to identify patients who may be recommended for orthopedic, cardiac, or bariatric surgery. Direct member outreach is occurring to identify patients and is expected to increase as analytics are honed. Staff will provide more utilization data to the Committee as it becomes available.

## **CLAIMS DATA ANALYSIS UPDATE**

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Mr. Hayden presented an update on the Claims Data Analysis to the Committee. Medical premiums vary based on two criteria: Standard or Incentive Rates and five geographic regions. Price differentials have changed very little since JPIA began administering Employee Benefits.

JPIA has been reviewing and analyzing detailed claims costs for the self-funded medical plans dating back to 2015. JPIA has validated the four percent differential between Standard and Incentive rates along with the regional pricing differences.

Further analysis to identify which criteria have the greatest impact on claims is ongoing.

## **STAFFING UPDATE**

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Ms. Smith informed the Committee that due to a recent retirement there is an opening for an Employee Benefits Account Manager. The position will be adjusted to include more member outreach and service. It is anticipated the employee would work remotely from Southern California which would facilitate more face-to-face interaction and reduce travel expenses. Recruitment is currently underway.

## **EMPLOYEE BENEFITS MARKET PLACE**

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Mr. Sher discussed the impacts of current and pending legislation related to healthcare.

## **NEXT MEETING DATE**

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### Availability for Upcoming Meeting(s)

The next scheduled Employee Benefits Program Committee meeting is Monday, July 9, 2018. No conflicts were noted.

The Employee Benefits Program Committee meeting adjourned at 12:09 p.m.

**ACWA JPIA**  
**2019 Pricing and Plan Options for Self-Funded Anthem PPO Medical**  
**Plans**  
**July 9, 2018**

**BACKGROUND**

Employee Benefits plans renew January 1, 2019. Historic rate and enrollment information is included in the following pages.

**CURRENT SITUATION**

ACWA JPIA medical and pharmacy trends for the last several years have been lower than market benchmarks, due in part to plan design changes that have been made. When looking at the last 12, 24, 36, 48 months, trend figures average half of Alliant's book of businesses trend.

The following pages include:

- A summary of staff recommendations included in this packet.
- An overview of all JPIA Employee Benefits Programs, followed by detail on the PPO plans specifically.
- A summary of ACWA JPIA plan changes to date.
- Pricing staff developed to meet the projected costs of the PPO plans.

At the time the packet was prepared, Alliant was finalizing their analysis of Pharmacy Benefit Manager options. That information will be provided to staff prior to the meeting and reflected in a handout. Results may impact staff's recommendation.

**RECOMMENDATION**

That the Employee Benefits Committee recommends that the Executive Committee approve an aggregate 0% rate increase to rates for the Anthem Blue Cross self-funded PPO plans, with variations per tier and per region, effective January 1, 2019.

## **Employee Benefits Programs Committee Meeting July 9, 2018**

Summary of Staff Recommendations reflected in the packet

### Anthem PPO

That the Employee Benefits Committee recommends that the Executive Committee approve an aggregate 0% rate increase to rates for the Anthem Blue Cross self-funded PPO plans, with variations per tier and per region, effective January 1, 2019.

### Anthem HMO

That the Employee Benefits Committee recommends that the Executive Committee approve no change in rates for the Anthem Blue Cross HMO plans, effective January 1, 2019.

### Kaiser HMO

That the Employee Benefits Committee recommends that the Executive Committee approve Kaiser's blended renewal rates to provide a 2.64% increase to Kaiser North and Kaiser South plans, effective January 1, 2019.

### Ancillary Plans

That the Employee Benefits Committee recommends that the Executive Committee approve renewal of all ancillary plans with no change in rates, effective January 1, 2019.

# 2019 Renewal Financial Summary

Line of Coverage	EE's	2018	2019	% Δ
Anthem - Self-funded - PPO Program <sup>1</sup>	4,423	\$79,923,494	\$82,496,521	3.22%
Anthem - Fully-insured - HMO Program <sup>2</sup>	1,543	\$28,834,841	\$28,834,841	0.00%
<i>North</i> Kaiser - Fully-insured - HMO/CDHP Program <sup>3</sup>	382	\$6,268,648	\$7,206,409	14.96%
<i>South</i> Kaiser - Fully-insured - HMO/CDHP Program <sup>3</sup>	1,064	\$15,721,703	\$15,364,060	-2.27%
Delta Dental - Self-funded - PPO <sup>4</sup>	8,492	\$10,035,479	\$9,954,719	-0.80%
Delta Dental - Fully-insured - DHMO <sup>5</sup>	177	\$96,755	\$96,755	0.00%
VSP - Self-insured - Vision <sup>6</sup>	7,661	\$1,744,469	\$1,686,952	-3.30%
The Standard - Fully-insured - Life & Disability <sup>7</sup>		\$720,572	\$720,572	0.00%
MHN - Fully-insured - EAP <sup>8</sup>	3,312	\$78,296	\$78,296	0.00%
<b>TOTAL ANNUAL PREMIUM</b>		<b>\$143,424,258</b>	<b>\$146,439,125</b>	
<b>ANNUAL DOLLAR CHANGE</b>			<b>\$3,014,867</b>	
<b>ANNUAL PERCENTAGE CHANGE</b>			<b>2.1%</b>	

<sup>1</sup> Self-funded medical includes: Paid Claims, Fixed Fees (Admin & Stop-loss) & Premiums Collected by JPIA; Enrollment provided by Anthem as for April 2018, actual enrollment may differ

<sup>2</sup> Fully-insured Anthem HMO premiums include EGWP Part D; Enrollment provided by Anthem Blue Cross as of April 2018, actual enrollment may differ

<sup>3</sup> Fully-insured Kaiser HMO enrollment provided by Kaiser as of December 2017, actual enrollment may differ

<sup>4</sup> Self-funded dental includes: Paid Claims, Fixed Fees (Admin) & Premiums Collected by JPIA; Enrollment provided by Delta Dental as of April 2018, actual enrollment may differ

<sup>5</sup> Fully-insured Delta Care enrollment provided by Delta Dental as of May 2018, actual enrollment may differ

<sup>6</sup> Self-funded vision includes: Paid Claims, Fixed Fees (Admin) & Premiums Collected by JPIA; Enrollment provided by VSP as of April 2018, actual enrollment may differ

<sup>7</sup> The Standard financials are based on premiums paid by JPIA

<sup>8</sup> MHN EAP financials is based on enrollment as of May 2018, actual enrollment may differ

# JPIA Overview: 2018 Medical Plan Offerings

## Anthem Blue Cross

- Prudent Buyer Classic PPO
- Prudent Buyer Advantage PPO
- Consumer Driven Health Plan PPO
- California Care HMO
- Value HMO

## Kaiser HMO

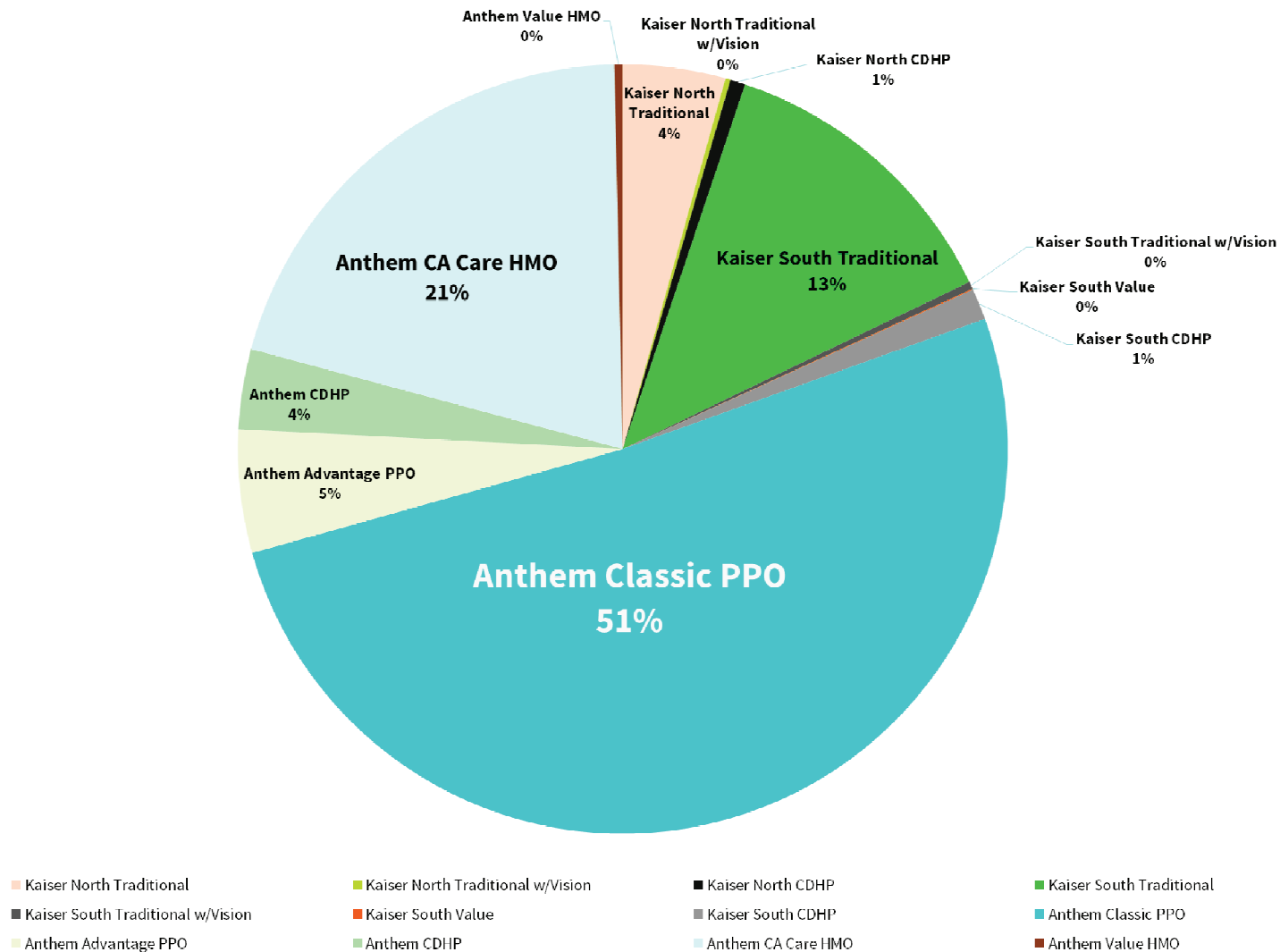
- Traditional HMO
- Traditional HMO Value
- Senior Advantage HMO
- Consumer Driven Health Plan HMO

### ACWA JPIA - Current Medical Plans

Anthem Blue Cross	Deductible	Dr. Co-pay	ER Visit	Hospital	Co-insurance	Prescriptions	Med Maximum Out of Pocket	RX Maximum Out of Pocket
Classic PPO	\$200/\$600	\$15	\$50 Copay + 20%	10%	20%	\$5/\$20/\$50	\$2,000/\$4,000	\$5,350 / \$10,200
Advantage PPO	\$500/\$1,000	\$20	\$50 Copay + 20%	20%	20%	\$5/\$20/\$50	\$3,000/\$6,000	\$3,600 / \$7,200
CalCare HMO	\$0	\$10	\$50 Copay	\$0	N/A	\$5/\$20/\$50	\$500/\$1,500	\$6,100 / \$11,700
Value HMO	\$0	\$30	\$150 Copay	\$250/ Admit	N/A	\$5/\$20/\$50	\$2,500/\$5,000	\$4,100 / \$8,200
Consumer Driven Health Plan	\$1,500/\$3,000	Ded/ 20%	Ded / 20%	Ded/ 20%	20%	Ded/ \$10/\$20/\$40	\$2,500/\$4,000	\$2,500/\$4,000
Kaiser	Deductible	Dr. Co-pay	ER Visit	Hospital	Co-insurance	Prescriptions	Combined Out-of-Pocket Maximums	
HMO with Chiro	\$0	\$10	\$50 Copay	\$0	N/A	\$5/\$15	\$1,500/\$3,000	
HMO with Chiro & Optical	\$0	\$10	\$50 Copay	\$0	N/A	\$5/\$15	\$1,500/\$3,000	
Senior Advantage with Chiro	\$0	\$20	\$50 Copay	No Charge	N/A	\$10/\$25	\$1,500/\$3,000	
Value HMO with Chiro	\$0	\$30	\$150 Copay	\$250	N/A	\$10/\$20	\$3,000/\$6,000	
Consumer Driven Health Plan	\$1,500/\$3,000	\$20	\$100	\$250	N/A	\$10/\$30	\$2,700/\$5,400	



## JPIA Overview: Enrollment History – Detailed Medical Plan Breakout



Source: Enrollment provided by Anthem & Kaiser as stated in 2019 renewal packets, actual enrollment may differ

# JPIA Overview: PPO Renewal History

	ACWA PPO Classic Renewal	ACWA PPO Advantage Renewal	ACWA PPO HDHP Renewal	Cal PERS PERSChoice Renewal <sup>1</sup>
2010	3.27%	0.00%	0.00%	2.00%
2011 (Actual) <sup>2</sup>	12.00%	12.00%	12.00%	9.61%
2012	2.23%	2.23%	2.23%	1.90%
2013	8.46%	8.46%	8.46%	16.22%
2014 (Actual) <sup>3</sup>	5.70%	5.70%	5.70%	1.49%
2015 (Actual) <sup>4</sup>	0.00%	0.00%	0.00%	-0.48%
2016 (Actual) <sup>5</sup>	7.94%	7.94%	7.94%	11.75%
2017 (Actual) <sup>6</sup>	12.00%	12.00%	12.00%	4.57%
2018 (Actual) <sup>7</sup>	4.50%	4.50%	4.50%	-2.26%
2019 (Projections)*	3.22%	3.22%	3.22%	6.00%
<b>AVERAGE</b>	<b>5.93%</b>	<b>5.61%</b>	<b>5.61%</b>	<b>5.08%</b>

<sup>1</sup>Cal PERS PERSChoice renewal figures represent overall statewide figure as published by Cal PERS

<sup>2</sup>Underwriting called for 14.10% renewal increase, HBA Trustees made decision to implement renewal increase of 12.00%

<sup>3</sup>Recommended increase was 9.6% to all PPO plans. Actual Increase to members shown above

<sup>4</sup>Recommended increase was 4.7% to all PPO plans. Actual increase to members shown above

<sup>5</sup>Recommended increase was 14.81% to all PPO plans. Actual increase to members shown above

<sup>6</sup>Recommended increase was 14.09% to all PPO plans. Actual increase to members shown above

<sup>7</sup>Recommended increase was 6.90% to all PPO plans. Actual increase to members shown above

\*ACWA Renewal increases are projections completed by Alliant Underwriting. Cal PERS PERSChoice renewal is also a preliminary number, final results expected June 19th

## PPO Trend Analysis

2019 ACWA/JPIA MEDICAL RENEWAL: PPO TREND ANALYSIS			
Trend Source	Medical Trend	Rx Trend	Months of Specific Trend <sup>5</sup>
<b>Anthem Book of Business Trends<sup>1</sup></b>	9.88%	12.70%	
<b>Anthem ACWA/JPIA Illustrative Trends<sup>2</sup></b>	9.23%	10.91%	
<b>Alliant Trends<sup>3</sup></b>	6.25%	10.00%	
<b>Segal Trend Survey<sup>4</sup></b>	7.70%	10.30%	
<b>ACWA/JPIA Specific Trends<sup>5</sup></b>	-2.75%	5.82%	12
<b>ACWA/JPIA Specific Trends<sup>5</sup></b>	2.11%	2.31%	24
<b>ACWA/JPIA Specific Trends<sup>5</sup></b>	4.25%	5.05%	36
<b>ACWA/JPIA Specific Trends<sup>5</sup></b>	3.96%	8.17%	48

<sup>1</sup> Anthem California BOB Corporate 2019 Projected Trend Levels

<sup>2</sup> Anthem ACWA/JPIA 2019 Illustrative Projection Trend Levels (provided as a courtesy using insured projection methodology)

<sup>3</sup> Alliant Book of Business Trend 2018

<sup>4</sup> 2018 Segal Trend Survey is an annual national survey of multiple carriers, including Anthem Blue Cross, Blue Shield, Cigna, Aetna, etc.

<sup>5</sup> ACWA JPIA specific trends (includes EGWP pharmacy claims, claims over ISL and does not adjust for plan design changes)

## Employee Benefits Programs Committee Meeting July 9, 2018

### Summary of ACWA JPIA Plan Changes to Date

#### 2018

- Anthem Classic PPO
  - Changed out of pocket max from \$1,000 per individual and \$2,000 per family to \$2,000 per individual and \$4,000 per family; estimated savings **\$1,200,000**
  - Changed hospitalization coverage from 100% to 90%; estimated savings **\$270,000**
- Anthem PPOs
  - Changed Pharmacy Benefit Manager arrangement to direct reimbursement for rebates rather than an estimated offset credit in advance
  - Reduced Pharmacy Benefit Manager expenses by approximately 8% (2% of total plan costs) by marketing the business to other vendors; estimated savings of **\$1,670,000**
  - Limited Out-of-Network Facility benefits to flat dollar maximums (3/1/18); estimated savings **\$1,000,000 to \$3,000,000**
- Anthem PPOs and HMOs
  - Implemented Solera Diabetes Prevention Program (2/1/18)
- Vision Service Plans
  - Increased frame allowance from \$120 to \$150 (plus \$20 for certain brands)
- Standard Life Insurance
  - Added 3 new plan design offerings with higher limits

#### 2017

- Anthem PPOs
  - Implemented Carrum Health bundled surgery benefit (4/1/17); estimated savings **\$900,000** *if* 100% participation
- Anthem PPOs
  - Waived co-pays for Live Health Online doctor visits

#### 2016

- Anthem PPOs and HMOs
  - Added fifth pricing region for Bay Area, which had been combined with Sacramento
  - Launched \$75,000 per year *annual* Wellness Grant Program
- Delta Dental PPOs
  - Re-rated all plan designs to correspond with utilization cost analysis

#### 2015

- Anthem plans PPOs and HMOs
  - Embedded Medicare Part D coverage to receive reimbursement for Medicare with retiree pharmacy claims – Employer Group Waiver Plan (EGWP); estimated savings **\$1,300,000**

- Raised co-pays for all tiers except generic drugs by \$5; estimated savings **\$250,000**
- Implemented Preferred Generics, where participants pay the difference in cost when a generic is available; estimated savings **\$500,000**
- Anthem PPOs
  - Implemented Mandatory Mail Order for maintenance medications; estimated savings **\$500,000**
- All medical plans
  - Required enrollment in Medicare A and B for retirees; **significant savings**

2014

- Anthem PPOs
  - Reduced margin to zero when estimating plan costs for renewal
- Anthem Consumer Driven Health Plan (CDHP)
  - Reduced Out-of-Pocket Maximums from \$5,000 per individual and \$10,000 per family to \$2,500 per individual and \$4,000 per family to encourage participation in the plan
- Anthem Value HMO and Kaiser Value HMO
  - Added two higher co-pay HMO plans
- All medical plans
  - Eliminated eligibility for domestic partners covered by affidavit, not legally registered

2013

- Anthem PPOs
  - Increased Stop Loss from \$450,000 per individual per year to \$500,000

Value Added Services Added

- Online benefits enrollment software (2014)
- Affordable Care Act Employer Reporting (2015)
- Castlight price transparency software (2015-2017)

## 2019 PPO Rate Projection

Employee # 4,416  
2018 Premium PEPM \$ 1,509.81 \$ 80,007,852

	Medical	Pharmacy	Component PEPM	Cummulative PEPM	Component Cost	Cummulative Cost
Incurring Claims (less large claims) PEPM	\$ 51,845,253 \$ 978.36	\$ 19,744,289 \$ 372.59	\$ 1,350.95	\$ 1,350.95	\$ 71,589,542	\$ 71,589,542
Trend	6.30%	10.00%				
Applied Trend factor	1.1289	1.2100				
PEPM for Trended Claims	126.11	78.24	204.35	1,555.30	10,829,154	82,418,696
2018 plan change	(27.80)		(27.80)	1,527.50	(503,673)	81,915,024
Underwriting Adj	23.78	3.06	26.84	1,554.34	1,422,067	83,337,090
<b>Total Claims Costs</b>	<b>\$ 1,063.02</b>	<b>\$ 453.89</b>	<b>\$ 1,516.91</b>			<b>\$ 80,384,095</b>
Rx Rebate		(80.19)	(80.19)			(4,249,428)
ASO fees	55.49		55.49			2,940,526
360 Health	4.49		4.49			237,934
Stop loss fee	2.01		2.01			106,514
Stop loss prem	55.59		55.59			2,945,825
<b>Total Expected Cost</b>	<b>\$ 1,180.60</b>	<b>\$ 373.70</b>	<b>\$ 1,554.30</b>			<b>\$ 82,365,466</b>

PEPM=Per Employee Per Month

Current Premium	\$	1,509.81	80,007,852
% of increase needed			2.95%
New Premium	\$	1,554.30	\$ 82,365,466

**ACWA JPIA**  
**2019 PPO Renewal**  
 July 9, 2018

CLASSIC PPO REGION	STD(L) TOT	STD TOT	INC TOT	ENROLL TOTAL
Los Angeles	46	156	331	533
Other South	229	262	976	1,467
Sacramento	-	22	175	197
Other North	28	110	298	436
Bay Area	279	7	47	333
Medicare	259	147	397	803
	841	704	2224	3,769

ADVANTAGE				
Los Angeles	10	-	34	44
Other South	40	24	87	151
Sacramento	-	5	38	43
Other North	-	9	108	117
Bay Area	3	6	4	13
Medicare	3	5	16	24
	56	49	287	392

CDHP				
Los Angeles	21	12	-	33
Other South	1	14	44	59
Sacramento	-	-	77	77
Other North	-	-	41	41
Bay Area	34	-	11	45
Medicare	-	-	-	-
	56	26	173	255
	953	779	2,684	4,416

2019 STANDARD		
EE	EE+1	FAM
834.19	1,710.09	2,210.60
885.47	1,815.21	2,346.49
971.63	1,991.83	2,574.81
976.29	2,001.39	2,587.16
1,016.20	2,083.20	2,692.92
560.79	1,149.62	1,486.09
Tier ratios	2.05	2.65

84%		
700.72	1,436.47	1,856.90
743.79	1,524.78	1,971.05
816.17	1,673.14	2,162.84
820.08	1,681.17	2,173.22
853.60	1,749.89	2,262.05
471.06	965.68	1,248.31

80%		
667.35	1,368.07	1,768.48
708.38	1,452.17	1,877.19
777.30	1,593.47	2,059.85
781.03	1,601.11	2,069.73
812.96	1,666.56	2,154.33
448.63	919.69	1,188.87

2019 INCENTIVE			2019 TOTAL	
EE	EE+1	FAM	PREMIUMS	
800.82	1,641.68	2,122.18	9,960,243	12%
850.05	1,742.60	2,252.63	29,047,494	36%
932.76	1,912.16	2,471.81	4,721,871	6%
937.24	1,921.33	2,483.67	9,684,344	12%
975.55	1,999.87	2,585.20	7,340,743	9%
538.36	1,103.63	1,426.64	7,721,350	10%
4% discount			\$ 68,476,046	86%

672.69	1,379.01	1,782.63	832,588	1%
714.04	1,463.79	1,892.21	2,680,146	3%
783.52	1,606.21	2,076.32	687,530	1%
787.28	1,613.92	2,086.29	2,211,503	3%
819.46	1,679.89	2,171.57	217,688	0%
452.22	927.05	1,198.38	189,977	0%
			\$ 6,819,433	9%

640.66	1,313.35	1,697.74	564,579	1%
680.04	1,394.08	1,802.11	930,244	1%
746.21	1,529.73	1,977.45	1,471,224	2%
749.79	1,537.07	1,986.94	806,173	1%
780.44	1,599.90	2,068.16	940,153	1%
430.69	882.90	1,141.32	-	0%
			\$ 4,712,373	6%

2019 Increase	
EE Only	Family
0.90%	-3.11%
0.90%	-3.11%
3.90%	-0.24%
3.90%	-0.24%
3.90%	-0.24%
0.90%	-5.81%

2019 Premium PEPM \$ 1,509.81

**2019 Premium \$ 80,007,852**

**2019 Plan Cost \$ 82,365,466**

2019 Plan Cost PEPM \$ 1,554.30

**Subsidy \$ 2,357,614**

2018 PEPM for reference \$ 1,509.81

**Aggregate increase (PEPM) 0.00%**

PEPM = Per Employee Per Month

JPIA Admin Fee not included

**ACWA JPIA**  
**2019 PPO Renewal**  
**July 9, 2018**

CLASSIC PPO		2019 STANDARD W/ADM			2019 INCENTIVE W/ADM			PERSCare vs. Classic			CalPERS	Incentive Rate Comparison			Standard Rate Comparison			Standard(L) Comparison											
REGION	ENROLL TOTAL	EE	EE+1	FAM	EE	EE+1	FAM	EE	EE+1	FAM	2019																		
Los Angeles	533	844.07	1,719.97	2,220.48	810.70	1,651.56	2,132.06	843.78	1,687.56	2,193.83	25.2%	-4%	-2%	-3%	0%	2%	1%												
Other South	1,467	895.35	1,825.09	2,356.37	859.93	1,752.48	2,262.51	907.29	1,814.58	2,358.95	23.7%	-6%	-4%	-4%	-1%	1%	0%												
Sacramento	197	981.51	2,001.71	2,584.69	942.64	1,922.04	2,481.69	1,027.99	2,055.98	2,672.77	28.9%	-9%	-7%	-8%	-5%	-3%	-3%												
Other North	436	986.17	2,011.27	2,597.04	947.12	1,931.21	2,493.55	1,085.83	2,171.66	2,823.16	25.3%	-15%	-12%	-13%	-10%	-8%	-9%												
Bay Area	333	1,026.08	2,093.08	2,702.80	985.43	2,009.75	2,595.08	1,131.68	2,263.36	2,942.37	28.9%	-15%	-13%	-13%	-10%	-8%	-9%												
Medicare	803	570.67	1,159.50	1,495.97	548.24	1,113.51	1,436.52	382.30	764.60	1,146.90	3.3%	30%	31%	20%	33%	34%	23%												
3,769		ratio 2.05 2.65						ratio 2.00 2.60																					
ADVANTAGE								PERS Choice vs. Advantage																					
Los Angeles	44	710.60	1,446.35	1,866.78	682.57	1,388.89	1,792.51	654.50	1,309.00	1,701.70	5.5%	4%	6%	5%	8%	9%	9%												
Other South	151	753.67	1,534.66	1,980.93	723.92	1,473.67	1,902.09	721.11	1,442.22	1,874.89	3.2%	0%	2%	1%	4%	6%	5%												
Sacramento	43	826.05	1,683.02	2,172.72	793.40	1,616.09	2,086.20	798.58	1,597.16	2,076.31	8.6%	-1%	1%	0%	3%	5%	4%												
Other North	117	829.96	1,691.05	2,183.10	797.16	1,623.80	2,096.17	866.95	1,733.90	2,254.07	6.5%	-9%	-7%	-8%	-4%	-3%	-3%												
Bay Area	13	863.48	1,759.77	2,271.93	829.34	1,689.77	2,181.45	866.27	1,732.54	2,252.30	8.3%	-4%	-3%	-3%	0%	2%	1%												
Medicare	24	480.94	975.56	1,258.19	462.10	936.93	1,208.26	360.41	720.82	1,081.23	4.2%	22%	23%	11%	25%	26%	14%												
392																													
CDHP								PERS Select vs. CDHP																					
Los Angeles	33	677.23	1,377.95	1,778.36	650.54	1,323.23	1,707.62	420.77	841.54	1,094.00	-26.6%																		
Other South	59	718.26	1,462.05	1,887.07	689.92	1,403.96	1,811.99	462.71	925.42	1,203.05	-29.3%																		
Sacramento	77	787.18	1,603.35	2,069.73	756.09	1,539.61	1,987.33	508.68	1,017.36	1,322.57	-25.7%																		
Other North	41	790.91	1,610.99	2,079.61	759.67	1,546.95	1,996.82	511.34	1,022.68	1,329.48	-26.1%																		
Bay Area	45	822.84	1,676.44	2,164.21	790.32	1,609.78	2,078.04	543.19	1,086.38	1,412.29	-24.3%																		
Medicare	-	458.51	929.57	1,198.75	440.57	892.78	1,151.20	360.41	720.82	1,081.23	4.2%																		
255																													
4,416																													

Aggregate Increase **0.00%**



**ACWA JPIA**  
**2019 PPO Renewal**  
**July 9, 2018**

CLASSIC PPO REGION	STD(L) TOT	STD TOT	INC TOT	ENROLL TOTAL
Los Angeles	46	156	331	533
Other South	229	262	976	1,467
Sacramento	-	22	175	197
Other North	28	110	298	436
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Medicare	259	147	397	803
	841	704	2224	3,769

ADVANTAGE				
Los Angeles	10	-	34	44
Other South	40	24	87	151
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Other North	-	9	108	117
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	56	49	287	392

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Los Angeles	21	12	-	33
Other South	1	14	44	59
Sacramento	-	-	77	77
Other North	-	-	41	41
Bay Area	34	-	11	45
Medicare	-	-	-	-
	56	26	173	255
	953	779	2,684	4,416

2019 STANDARD		
EE	EE+1	FAM
859.02	1,760.99	2,276.40
911.83	1,869.24	2,416.34
999.71	2,049.41	2,649.24
1,004.51	2,059.24	2,661.95
1,045.57	2,143.42	2,770.76
577.48	1,183.83	1,530.32
Tier ratios	2.05	2.65

84%		
721.58	1,479.23	1,912.18
765.93	1,570.16	2,029.72
839.76	1,721.50	2,225.36
843.79	1,729.76	2,236.04
878.28	1,800.47	2,327.44
485.08	994.42	1,285.47

80%		
687.22	1,408.79	1,821.12
729.46	1,495.39	1,933.07
799.77	1,639.53	2,119.39
803.61	1,647.39	2,129.56
836.46	1,714.73	2,216.61
461.98	947.07	1,224.26

2019 INCENTIVE		
EE	EE+1	FAM
824.66	1,690.55	2,185.34
875.35	1,794.47	2,319.69
959.72	1,967.43	2,543.27
964.33	1,976.87	2,555.47
1,003.75	2,057.68	2,659.93
554.38	1,136.48	1,469.11
4% discount		

692.71	1,420.06	1,835.69
735.30	1,507.36	1,948.54
806.17	1,652.64	2,136.34
810.04	1,660.57	2,146.59
843.15	1,728.45	2,234.34
465.68	954.64	1,234.05

659.73	1,352.44	1,748.28
700.28	1,435.58	1,855.75
767.78	1,573.95	2,034.61
771.46	1,581.50	2,044.38
803.00	1,646.15	2,127.94
443.50	909.19	1,175.29

2019 TOTAL PREMIUMS	
10,256,720	12%
29,912,122	36%
4,858,397	6%
9,964,301	12%
7,553,106	9%
7,951,184	10%
\$ 70,495,829	86%

857,371	1%
2,759,923	3%
707,414	1%
2,275,430	3%
223,985	0%
195,632	0%
\$ 7,019,756	9%

581,384	1%
957,934	1%
1,513,752	2%
829,476	1%
967,334	1%
-	0%
\$ 4,849,881	6%

2019 Increase	
EE Only	Family
3.90%	-0.24%
3.90%	-0.24%
6.90%	2.63%
6.90%	2.63%
6.90%	2.63%
3.90%	-3.03%

2019 Premium PEPM	\$ 1,554.30
<b>2019 Premium</b>	<b>\$ 82,365,466</b>
<b>2019 Plan Cost</b>	<b>\$ 82,365,466</b>
2019 Plan Cost PEPM	\$ 1,554.30
<b>Subsidy</b>	<b>\$ 0</b>

2018 PEPM for reference	\$ 1,509.81
<b>Aggregate increase (PEPM)</b>	<b>2.95%</b>

PEPM = Per Employee Per Month  
 JPIA Admin Fee not included

**ACWA JPIA**  
**2019 PPO Renewal**  
**July 9, 2018**

CLASSIC PPO		2019 STANDARD W/ADM			2019 INCENTIVE W/ADM			PERSCare vs. Classic			CalPERS	Incentive Rate Comparison			Standard Rate Comparison			Standard(L) Comparison		
REGION	TOTAL	EE	EE+1	FAM	EE	EE+1	FAM	EE	EE+1	FAM	2019									
Los Angeles	533	868.90	1,770.87	2,286.28	834.54	1,700.43	2,195.22	843.78	1,687.56	2,193.83	25.2%	-1%	1%	0%	3%	5%	4%			
Other South	1,467	921.71	1,879.12	2,426.22	885.23	1,804.35	2,329.57	907.29	1,814.58	2,358.95	23.7%	-2%	-1%	-1%	2%	3%	3%			
Sacramento	197	1,009.59	2,059.29	2,659.12	969.60	1,977.31	2,553.15	1,027.99	2,055.98	2,672.77	28.9%	-6%	-4%	-5%	-2%	0%	-1%			
Other North	436	1,014.39	2,069.12	2,671.83	974.21	1,986.75	2,565.35	1,085.83	2,171.66	2,823.16	25.3%	-11%	-9%	-10%	-7%	-5%	-6%			
Bay Area	333	1,055.45	2,153.30	2,780.64	1,013.63	2,067.56	2,669.81	1,131.68	2,263.36	2,942.37	28.9%	-12%	-9%	-10%	-7%	-5%	-6%			
Medicare	803	587.36	1,193.71	1,540.20	564.26	1,146.36	1,478.99	382.30	764.60	1,146.90	3.3%	32%	33%	22%	35%	36%	26%			
3,769		ratio 2.05 2.65						ratio 2.00 2.60												
ADVANTAGE								PERS Choice vs. Advantage												
Los Angeles	44	731.46	1,489.11	1,922.06	702.59	1,429.94	1,845.57	654.50	1,309.00	1,701.70	5.5%	7%	8%	8%	11%	12%	11%			
Other South	151	775.81	1,580.04	2,039.60	745.18	1,517.24	1,958.42	721.11	1,442.22	1,874.89	3.2%	3%	5%	4%	7%	9%	8%			
Sacramento	43	849.64	1,731.38	2,235.24	816.05	1,662.52	2,146.22	798.58	1,597.16	2,076.31	8.6%	2%	4%	3%	6%	8%	7%			
Other North	117	853.67	1,739.64	2,245.92	819.92	1,670.45	2,156.47	866.95	1,733.90	2,254.07	6.5%	-6%	-4%	-5%	-2%	0%	0%			
Bay Area	13	888.16	1,810.35	2,337.32	853.03	1,738.33	2,244.22	866.27	1,732.54	2,252.30	8.3%	-2%	0%	0%	2%	4%	4%			
Medicare	24	494.96	1,004.30	1,295.35	475.56	964.52	1,243.93	360.41	720.82	1,081.23	4.2%	24%	25%	13%	27%	28%	17%			
392																				
CDHP								PERS Select vs. CDHP												
Los Angeles	33	697.10	1,418.67	1,831.00	669.61	1,362.32	1,758.16	420.77	841.54	1,094.00	-26.6%									
Other South	59	739.34	1,505.27	1,942.95	710.16	1,445.46	1,865.63	462.71	925.42	1,203.05	-29.3%									
Sacramento	77	809.65	1,649.41	2,129.27	777.66	1,583.83	2,044.49	508.68	1,017.36	1,322.57	-25.7%									
Other North	41	813.49	1,657.27	2,139.44	781.34	1,591.38	2,054.26	511.34	1,022.68	1,329.48	-26.1%									
Bay Area	45	846.34	1,724.61	2,226.49	812.88	1,656.03	2,137.82	543.19	1,086.38	1,412.29	-24.3%									
Medicare	-	471.86	956.95	1,234.14	453.38	919.07	1,185.17	360.41	720.82	1,081.23	4.2%									
255																				
4,416																				

Aggregate Increase **2.95%**

**ACWA JPIA**  
**2019 Pricing for the Insured Anthem HMO Medical Plans**  
**July 9, 2018**

**BACKGROUND**

Employee Benefits plans renew January 1, 2019. Historic rate and enrollment information is included in the following pages.

The HMO plan is fully insured, with the rates set by Anthem, with the exception of the pharmacy claims for retirees with Medicare. That portion is self-funded.

**CURRENT SITUATION**

Anthem provided a rate pass (zero increase) to ACWA JPIA for the 2019 plan year. Pharmacy costs for retirees with Medicare are not expected to change substantially, and account for a small portion of overall plan cost.

**RECOMMENDATION**

That the Employee Benefits Committee recommends that the Executive Committee approve no change in rates for the Anthem Blue Cross HMO plans, effective January 1, 2019.

## JPIA Overview: HMO Renewal History

Year	ACWA JPIA HMO Renewal	CalPERS HMO Renewal <sup>1</sup>
2010	8.00%	2.99%
2011	18.71%	16.16%
2012 <sup>2</sup>	-4.02%	3.50%
2013	8.00%	8.70%
2014 <sup>3</sup>	5.60%	-3.00%
2015 <sup>4</sup>	5.50%	9.60%
2016 <sup>5</sup>	-4.97%	6.86%
2017 <sup>6</sup>	12.00%	16.00%
2018 <sup>7</sup>	8.26%	-9.41%
2019*	0.00%	22.00%
<b>AVERAGE</b>	<b>5.71%</b>	<b>7.34%</b>

<sup>1</sup>CalPERS Blue Shield Access HMO figures represent statewide renewals as published by CalPERS, other less expensive HMO plans are available

<sup>2</sup>Anthem HMO renewal was -4.02%, committee approved 0% renewal to members to build up a stabilization fund to buy down future increases

<sup>3</sup>Alliant negotiated renewal (Anthem proposed +15.59%)

<sup>4</sup>Alliant negotiated renewal (Anthem proposed +10.42%)

<sup>5</sup>Alliant negotiated renewal (Anthem proposed -1.47%)

<sup>6</sup>Renewal includes Anthem fully-insured medical renewal + Self-funded Rx EGWP program

<sup>7</sup>Recommended increase was 8.50%. Actual increase to members shown above

\*ACWA Renewal includes Anthem fully-insured medical renewal. CalPERS HMO renewal is preliminary, final results expected June 19th

## 2019 Anthem HMO Renewal Calculation

ACWA JPIA		
SUMMARY OF 2019 BLUE CROSS HMO RENEWAL CALCULATION		
	PEPM	TOTAL DOLLARS
Estimated Medical HMO Enrollment	1,543	18,516
<b>PROJECTED CLAIM &amp; CAPITATION COSTS</b>		
Fee for Service Claims	\$768.69	\$14,233,030
Fixed Fees to Providers (Capitation)	\$558.59	\$10,342,828
EGWP Part D	\$19.46	\$360,299
<b>Projected Claim and Capitation Subtotal</b>	<b>\$1,346.74</b>	<b>\$24,936,158</b>
<b>FIXED COSTS</b>		
Retention (Administration Charges)	\$176.57	\$3,269,378
Large Claims Charge	\$69.18	\$1,280,862
<b>Fixed Cost Subtotal</b>	<b>\$245.75</b>	<b>\$4,550,240</b>
<b>RENEWAL PREMIUM</b>	<b>\$1,592.48</b>	<b>\$29,486,398</b>
<b>ACA FEES</b>	<b>\$0.00</b>	<b>\$0</b>
<b>TOTAL</b>	<b>\$1,592.48</b>	<b>\$29,486,398</b>
<b>CURRENT ANTHEM PREMIUM</b>	<b>\$1,557.29</b>	<b>\$28,834,841</b>
<b>EGWP Part D Adjustment</b>	<b>\$20.88</b>	<b>\$386,682</b>
<b>TOTAL</b>	<b>\$1,578.18</b>	<b>\$29,221,523</b>
<b>% CHANGE FROM CURRENT</b>	<b>0.9%</b>	<b>0.9%</b>

**ACWA JPIA**  
**2019 HMO Renewal**  
**July 9, 2018**

CALCARE HMO REGION	STD(L) TOT	STD TOT	INC TOT	ENROLL TOTAL	2019 STANDARD			2019 INCENTIVE			2019 TOTAL PREMIUMS	
					EE	EE+1	FAM	EE	EE+1	FAM		
Los Angeles	47	81	144	272	722.44	1,444.90	1,941.14	693.54	1,387.10	1,863.49	4,884,417	17%
Other South	84	320	427	831	780.00	1,559.97	2,095.75	748.80	1,497.58	2,011.92	15,788,981	55%
Sacramento	-	4	137	141	980.54	1,961.08	2,716.11	941.32	1,882.64	2,607.46	3,161,458	11%
Other North	-	43	85	128	989.22	1,977.02	2,740.07	949.65	1,897.93	2,630.47	3,118,961	11%
Bay Area	1	11	11	23	1,037.66	2,075.32	2,874.33	996.15	1,992.31	2,759.35	547,285	2%
Medicare	6	41	52	99	544.70	1,089.44	1,553.16	522.91	1,045.87	1,491.04	915,901	3%
	144	541	908	1,494				4% discount			28,417,003	98%
VALUE HMO												
Los Angeles	-	-	-	-	664.65	1,329.30	1,785.84	638.06	1,276.13	1,714.41	-	0%
Other South	6	1	14	21	717.60	1,435.18	1,928.09	688.90	1,377.77	1,850.97	378,505	1%
Sacramento	-	-	-	-	902.10	1,804.20	2,498.82	866.02	1,732.03	2,398.87	-	0%
Other North	-	-	1	1	910.08	1,818.85	2,520.86	873.68	1,746.10	2,420.03	29,040	0%
Bay Area	2	1	-	3	954.65	1,909.30	2,644.38	916.46	1,832.93	2,538.61	45,823	0%
Medicare	1	-	1	2	501.12	1,002.29	1,428.91	481.08	962.20	1,371.76	17,800	0%
	10	2	17	27							471,168	2%
	154	543	925	1,521								
					2019 INCREASE			2019 Premium			\$ 28,888,171	
					0.00%			Premium PEPM			\$ 1,582.74	

PEPM = Per Employee Per Month  
 JPIA Admin Fee Not Included

**ACWA JPIA**  
**2019 HMO Renewal**  
**July 9, 2018**

CALCARE HMO		2019 STANDARD w/ADM			2019 INCENTIVE w/ADM			CALPERS 2019 (BS-Acc+)			CalPERS	Incentive Rate			Standard Rate		
REGION	ENROLL TOTAL	EE	EE+1	FAM	EE	EE+1	FAM	EE	EE+1	FAM	2019	Comparison			Comparison		
Los Angeles	272	732.32	1,454.78	1,951.02	703.42	1,396.98	1,873.37	669.75	1,339.50	1,741.35	9.2%	5%	4%	7%	9%	8%	11%
Other South	831	789.88	1,569.85	2,105.63	758.68	1,507.46	2,021.80	760.04	1,520.08	1,976.10	9.2%	0%	-1%	2%	4%	3%	6%
Sacramento	141	990.42	1,970.96	2,725.99	951.20	1,892.52	2,617.34	881.01	1,762.02	2,290.63	9.2%	7%	7%	12%	11%	11%	16%
Other North	128	999.10	1,986.90	2,749.95	959.53	1,907.81	2,640.35	976.81	1,953.62	2,539.71	9.2%	-2%	-2%	4%	2%	2%	8%
Bay Area	23	1,047.54	2,085.20	2,884.21	1,006.03	2,002.19	2,769.23	970.90	1,941.80	2,524.34	9.2%	3%	3%	9%	7%	7%	12%
Medicare	99	554.58	1,099.32	1,563.04	532.79	1,055.75	1,500.92	357.44	714.88	1,072.32	-3.5%	33%	32%	29%	36%	35%	31%
1,494																	
VALUE HMO								CALPERS 2019 (BS-Acc+)			CalPERS	Incentive Rate			Standard Rate		
		EE	EE+1	FAM	EE	EE+1	FAM	EE	EE+1	FAM	2019	Comparison			Comparison		
Los Angeles	-	674.53	1,339.18	1,795.72	647.94	1,286.01	1,724.29	669.75	1,339.50	1,741.35	9.2%	-3%	-4%	-1%	1%	0%	3%
Other South	21	727.48	1,445.06	1,937.97	698.78	1,387.65	1,860.85	760.04	1,520.08	1,976.10	9.2%	-9%	-10%	-6%	-4%	-5%	-2%
Sacramento	-	911.98	1,814.08	2,508.70	875.90	1,741.91	2,408.75	881.01	1,762.02	2,290.63	9.2%	-1%	-1%	5%	3%	3%	9%
Other North	1	919.96	1,828.73	2,530.74	883.56	1,755.98	2,429.91	976.81	1,953.62	2,539.71	9.2%	-11%	-11%	-5%	-6%	-7%	0%
Bay Area	3	964.53	1,919.18	2,654.26	926.34	1,842.81	2,548.49	970.90	1,941.80	2,524.34	9.2%	-5%	-5%	1%	-1%	-1%	5%
Medicare	2	511.00	1,012.17	1,438.79	490.96	972.08	1,381.64	357.44	714.88	1,072.32	-3.5%	27%	26%	22%	30%	29%	25%
27																	
1,521																	

**ACWA JPIA**  
**2019 Pricing for the Insured Kaiser Medical Plans**  
**July 9, 2018**

**BACKGROUND**

Employee Benefits plans renew January 1, 2019. Historic rate and enrollment information is included in the following pages.

The Kaiser plans are fully insured, with separate rates for the North and South regions set by Kaiser. Historically Kaiser North and Kaiser South have had different rate increases or decreases each year.

**CURRENT SITUATION**

Kaiser presented two options to ACWA JPIA for the 2019 renewal.

- 1) Kaiser North 14.96% increase and Kaiser South 2.27% decrease
- 2) Blend rates to provide a 2.64% increase to both Kaiser North and Kaiser South

The rate history in the following pages demonstrates historic volatility from year to year between the two regions. Blending rates would provide better rate stabilization for the two regions, and would provide for more competitive pricing in the regions.

**RECOMMENDATION**

That the Employee Benefits Committee recommends that the Executive Committee approve Kaiser's blended renewal rates to provide a 2.64% increase to Kaiser North and Kaiser South plans, effective January 1, 2019.



# Kaiser Renewal & Enrollment History

Kaiser Renewal Rate History					
Region	2015	2016	2017	2018	2019
North	-2.90%	6.32%	2.40%	4.60%	14.96%
South	-1.70%	2.10%	5.96%	13.00%	-2.27%

Employee Enrollment History - Kaiser							
Kaiser Plans	2012	2013	2014	2015	2016	2017	2018
<b>Northern Region</b>							
HMO	182	193	217	205	206	307	335
Consumer Driven Health Plan (CDHP)			11	26	39	47	47
<b>Total</b>	<b>182</b>	<b>193</b>	<b>228</b>	<b>231</b>	<b>245</b>	<b>354</b>	<b>382</b>
% Change from Previous Year	-8.54%	6.04%	18.13%	1.32%	6.06%	44.49%	7.91%
% of Total Kaiser Enrollment	24.07%	23.34%	23.90%	22.67%	21.32%	26.36%	26.42%
<b>Southern Region</b>							
HMO	574	634	702	724	777	876	941
HMO with Vision			7	15	29	26	23
Value			2	2	22	2	3
Consumer Driven Health Plan (CDHP)			15	47	76	85	97
<b>Total</b>	<b>574</b>	<b>634</b>	<b>726</b>	<b>788</b>	<b>904</b>	<b>989</b>	<b>1,064</b>
% Change from Previous Year	37.65%	10.45%	14.51%	8.54%	14.72%	9.40%	7.58%
% of Total Kaiser Enrollment	75.93%	76.66%	76.10%	77.33%	78.68%	73.64%	73.58%
Total Kaiser Plans	756	827	954	1,019	1,149	1,343	1,446
% Change from Previous Year	22.73%	9.39%	15.36%	6.81%	12.76%	16.88%	7.67%

Source: Kaiser renewal packet, enrollment as of 12/31/17

## Kaiser Blended Renewal Option

- Alliant requested that Kaiser quote ACWA JPIA with a blended Kaiser renewal option, wherein both North and South received the same increase:
  - In this scenario, the average increase for all Kaiser plans was a 2.64% increase

Kaiser: Renewal Options		
Location	Status Quo	Blended Renewal
South	-2.27%	2.64%
North	14.96%	2.64%

- The current ACWA difference between the North and South rates would only be heightened in the Status Quo renewal. Under the blended renewal however, the ACWA North and South rate difference would be less than the Kaiser CalPERS rate difference:

Kaiser: Difference between North and South Rates		
	Status Quo %Δ	Blended Renewal %Δ
ACWA JPIA	40.43%	19.40%
CalPERS <sup>1</sup>	26.65%	N/A

<sup>1</sup>CalPERS will not have a blended renewal. There are different impacts for different locations of California.

**ACWA JPIA**  
**2019 Kaiser Renewal**  
**July 9, 2018**

KAISER REGION	JPIA REGION	PLAN NAME	ENROLLED TOTAL	2019 RATES			2019 TOTAL PREMIUMS	
				EE	EE+1	FAM		
KP South	Los Angeles	HMO	340	613.32	1,226.63	1,735.68	5,220,252	23%
KP South	Other South	HMO	626	613.32	1,226.63	1,735.68	9,633,433	42%
KP South	All South	VALUE	3	559.20	1,118.41	1,582.55	56,972	0%
KP South	All South	OPTICAL	23	624.89	1,249.79	1,768.45	363,463	2%
KP South	All South	CDHP	98	434.91	869.81	1,230.78	1,150,762	5%
KP South	All South	SR ADV	31	185.48	370.96	524.91	102,385	0%
			<b>1,121</b>				<b>16,527,266</b>	<b>71%</b>

KP North	LA (out of area)	HMO	1	732.83	1,465.66	2,073.91	8,794	0%
KP North	Other South	HMO	38	732.83	1,465.66	2,073.91	595,513	3%
KP North	Sacramento	HMO	113	732.83	1,465.66	2,073.91	2,189,429	9%
KP North	Other North	HMO	13	732.83	1,465.66	2,073.91	244,560	1%
KP North	Bay Area	HMO	159	732.83	1,465.66	2,073.91	2,511,600	11%
KP North	All North	VALUE	-	676.23	1,352.47	1,913.74	-	0%
KP North	All North	OPTICAL	16	746.05	1,492.10	2,111.32	262,490	1%
KP North	All North	CDHP	48	551.69	1,103.38	1,561.28	687,979	3%
KP North	All North	SR ADV	32	306.69	613.38	867.93	150,891	1%
			<b>420</b>				<b>6,651,256</b>	<b>29%</b>

**Total Enrollment**

**1,541**

**2019 Premium**

**\$ 23,178,522**

	Blended
South	2.64%
North	2.64%

	Not Blended
South	-2.27%
North	14.96%

	Increase
South	2.64%
North	2.64%

JPIA Admin Fee not included  
 Increase varies by plan 0.01%

**ACWA JPIA**  
**2019 Kaiser Renewal**  
 July 9, 2018

KAISER REGION	JPIA REGION	PLAN NAME	ENROLL TOTAL	2019 RATES W/ADMIN FEE			CALPERS 2019 RATES			CalPERS 2019	CALPERS COMPARISON		
				EE	EE+1	FAM	EE	EE+1	FAM		EE	EE+1	FAM
KP South	Los Angeles	HMO	340	623.20	1,236.51	1,745.56	618.64	1,237.28	1,608.46	-3.7%	-0.9%	-0.9%	7.3%
KP South	Other South	HMO	626	623.20	1,236.51	1,745.56	628.63	1,257.26	1,634.44	-5.7%	-2.5%	-2.5%	5.8%
KP North	Sacramento	HMO	113	742.71	1,475.54	2,083.79	687.99	1,375.98	1,788.77	-2.3%	6.1%	6.1%	13.7%
KP North	Other North	HMO	13	742.71	1,475.54	2,083.79	783.13	1,566.26	2,036.14	-1.6%	-6.9%	-6.9%	1.8%
KP North	Bay Area	HMO	159	742.71	1,475.54	2,083.79	768.25	1,536.50	1,997.45	-1.5%	-4.8%	-4.8%	3.7%
			<b>420</b>										

**Total Enrollment      1,541**

	Increase
South	2.64%
North	2.64%

Increase varies by plan 0.01%

**ACWA JPIA**  
**2019 Kaiser Renewal**  
**July 9, 2018**

KAISER REGION	JPIA REGION	PLAN NAME	ENROLLED TOTAL	2019 RATES			2019 TOTAL PREMIUMS	
				EE	EE+1	FAM		
KP South	Los Angeles	HMO	340	583.98	1,167.95	1,652.65	4,970,530	22%
KP South	Other South	HMO	626	583.98	1,167.95	1,652.65	9,172,597	40%
KP South	All South	VALUE	3	532.45	1,064.91	1,506.84	54,246	0%
KP South	All South	OPTICAL	23	595.00	1,190.00	1,683.85	346,076	2%
KP South	All South	CDHP	98	414.10	828.20	1,171.91	1,095,713	5%
KP South	All South	SR ADV	31	176.61	353.22	499.80	97,488	0%
			<b>1,121</b>				<b>15,736,650</b>	<b>68%</b>

KP North	LA (out of area)	HMO	1	820.79	1,641.58	2,322.84	9,849	0%
KP North	Other South	HMO	38	820.79	1,641.58	2,322.84	666,993	3%
KP North	Sacramento	HMO	113	820.79	1,641.58	2,322.84	2,452,229	11%
KP North	Other North	HMO	13	820.79	1,641.58	2,322.84	273,915	1%
KP North	Bay Area	HMO	159	820.79	1,641.58	2,322.84	2,813,070	12%
KP North	All North	VALUE	-	643.88	1,287.77	1,822.19	-	0%
KP North	All North	OPTICAL	16	710.36	1,420.72	2,010.32	249,933	1%
KP North	All North	CDHP	48	525.30	1,050.60	1,486.60	655,069	3%
KP North	All North	SR ADV	32	292.02	584.03	826.41	143,672	1%
			<b>420</b>				<b>7,264,730</b>	<b>32%</b>

**Total Enrollment**

**1,541**

**2019 Premium**

**\$ 23,001,380**

	Blended
South	2.64%
North	2.64%

	Not Blended
South	-2.27%
North	14.96%

	Increase
South	-2.27%
North	14.96%

JPIA Admin Fee not included  
 Increase varies by plan 0.01%

**ACWA JPIA**  
**2019 Kaiser Renewal**  
 July 9, 2018

KAISER REGION	JPIA REGION	PLAN NAME	ENROLL TOTAL	2019 RATES W/ADMIN FEE			CALPERS 2019 RATES			CalPERS 2019	CALPERS COMPARISON		
				EE	EE+1	FAM	EE	EE+1	FAM		EE	EE+1	FAM
KP South	Los Angeles	HMO	340	593.86	1,177.83	1,662.53	618.64	1,237.28	1,608.46	-3.7%	-5.9%	-5.9%	2.7%
KP South	Other South	HMO	626	593.86	1,177.83	1,662.53	628.63	1,257.26	1,634.44	-5.7%	-7.6%	-7.6%	1.1%
KP North	Sacramento	HMO	113	830.67	1,651.46	2,332.72	687.99	1,375.98	1,788.77	-2.3%	16.2%	16.2%	23.0%
KP North	Other North	HMO	13	830.67	1,651.46	2,332.72	783.13	1,566.26	2,036.14	-1.6%	4.6%	4.6%	12.3%
KP North	Bay Area	HMO	159	830.67	1,651.46	2,332.72	768.25	1,536.50	1,997.45	-1.5%	6.4%	6.4%	14.0%
			<b>420</b>										

**Total Enrollment      1,541**

	Increase
South	-2.27%
North	14.96%

Increase varies by plan 0.01%

**ACWA JPIA**  
**2019 Pricing for the Ancillary Plans**  
**July 9, 2018**

**BACKGROUND**

Employee Benefits plans renew January 1, 2019. Historic rate and enrollment information is included in the following pages.

**CURRENT SITUATION**

Delta Dental PPO and VSP plans are self-funded. Both continue to perform well. There are no changes to the administrative fees charged by the two carriers for 2019.

DeltaCare HMO is in a three-year rate guarantee that began in 2017 and ends December 31, 2019.

Life, Long Term Disability, and Short Term Disability plans are fully insured by the Standard. The Standard provided a rate pass (zero increase) with a two-year rate guarantee, through December 31, 2020.

The Employee Assistance Program is fully insured through MHN. MHN provided a renewal with a rate pass (zero increase) with a three-year rate guarantee, through December 31, 2021.

**RECOMMENDATION**

That the Employee Benefits Committee recommends that the Executive Committee approve renewal of all ancillary plans with no change in rates, effective January 1, 2019.

## Dental Enrollment and Rate History

Year	Dental PPO	Dental DHMO
2012	4.2%	0.0%
2013	2.0%	0.0%
2014	0.0%	0.0%
2015	-5.0%	0.0%
2016	-2.7%	0.0%
2017	0.0%	0.0%
2018	0.0%	0.0%
2019 <sup>1</sup>	-0.8%	0.0%
<b>Average</b>	<b>-0.3%</b>	<b>0.0%</b>

<sup>1</sup>2019 - Dental PPO rate is based on the Alliant Underwriting Projection

ACWAJPIA - Enrollment History							
Enrollment History	2012	2013	2014	2015	2016	2017	2018
<b>Dental PPO</b>	9,627	8,233	7,877	7,982	8,239	8,497	8,492
<b>% Change</b>	-1.0%	-14.5%	-4.3%	1.3%	3.2%	3.1%	-0.1%
<b>DeltaCare</b>	200	158	138	149	165	158	177
<b>% Change</b>	-6.5%	-21.0%	-12.7%	8.0%	10.7%	-4.2%	12.0%
<b>Total</b>	9,827	8,391	8,015	8,131	8,404	8,655	8,669
<b>% Change</b>	-1.1%	-14.6%	-4.5%	1.4%	3.4%	3.0%	0.2%

\*Data through April 2018



# 2019 Dental Renewal Projection

ACWA JPIA		
PPO UNDERWRITING FORECAST		
Proposed Effective Date	January 1, 2019	
Proposed Contract Duration (Months)	12	
Most Recent Month of Data <sup>3</sup>	April 2018	
<b>Period</b>	<b>Dental (Self-funded)</b>	
<b>Beginning Date (Historical Data)</b>	<b>Period 1</b>	<b>Period 2</b>
<b>End Date (Historical Data)</b>	May 1, 2016	May 1, 2017
<b>Months of Data</b>	May 1, 2017	May 1, 2018
<b>Current Premium / Funding Rate PEPM<sup>1</sup></b>	<b>12</b>	<b>12</b>
<b>Paid Claims<sup>2</sup></b>		
Beginning IBNR Reserve	\$98.13	
Ending IBNR Reserve	\$8,582,546	\$8,711,358
Incurred Claims	(\$527,513)	(\$540,700)
Historical Benefit Design Adjustment Factor	\$540,700	\$548,816
Adjusted Incurred Claims	\$8,595,734	\$8,719,473
Annual Subscriber Lives	1.000	1.000
Adjusted Incurred Claims PEPM	\$8,595,734	\$8,719,473
Annual Trend	100,510	102,257
Applied Trend Factor	\$85.52	\$85.27
Trended Claims PEPM	2.5%	2.5%
Network Change Adjustment Factor	1.068	1.042
Projected Claims PEPM	\$91.34	\$88.85
Period Blending Weight	1.000	1.000
Blended Projected Claims	\$91.34	\$88.85
Margin Adjustment <sup>4</sup>	20.0%	80.0%
<b>Fixed Costs</b>		
Delta Dental Admin Fee + Broker Commission	\$89.35	\$0.00
Total Fixed Costs	\$8.00	\$8.00
<b>Net Required Funding PEPM</b>		\$97.35
<b>Required Funding Change Percentage</b>		-0.80%

<sup>1</sup>Current composite funding rate is based on premium collected by ACWA JPIA & enrollment as of 5/24/18

<sup>2</sup>Paid claims are for the time period indicated at the top of each column

<sup>3</sup>Most recent enrollment as of month indicated

<sup>4</sup>Margin may be recommended in order to provide a higher likelihood that suggested funding rates are sufficient if actual claims do not adhere to projections

\* Projections above are estimates and do not represent guarantees

## Vision Enrollment and Rate History

Year	Vision
2012	0.0%
2013	0.0%
2014	0.0%
2015 <sup>1</sup>	0.0%
2016	0.0%
2017	0.0%
2018	0.0%
2019 <sup>1</sup>	-3.3%
<b>Average</b>	<b>-0.4%</b>

<sup>1</sup> Moved from fully-insured to self-funded

<sup>2</sup>2019 Vision rate is based on the Alliant Underwriting Projection

ACWAJPIA- Enrollment History							
Year	2012	2013	2014	2015	2016	2017	2018 <sup>1</sup>
Employees	7,639	7,584	7,188	7,309	7,274	7,386	7,661
% Change	-0.6%	-0.7%	-5.2%	1.7%	-0.5%	1.5%	3.7%

<sup>1</sup> 2018 enrollment as of April 2018

# 2019 Self-funded Vision Projection

ACWA JPIA	
Self-Funded Vision Projection: 12 Months	
Renewal Date	January 1, 2019
Most Recent Experience Through	April 30, 2018
	<u>Vision (Self Funded)</u>
Current Paid Premium <sup>1</sup>	7,661
Current Monthly Enrollment <sup>2</sup>	\$18.98
Current Paid Premium (Per Employee Per Month)	
<b>Paid Claims<sup>2</sup></b>	<b>\$1,383,874</b>
Beginning IBNR Reserve	(\$67,841)
Ending IBNR Reserve	\$71,961
<b>Adjusted Incurred Claims</b>	<b>\$1,387,994</b>
Average Monthly Subscriber Lives	7,661
Adjusted Incurred Claims PEPM	\$15.10
Incurred Claim Loss Ratio	79.5%
<b>Trend Adjustment</b>	
Annual Trend (per VSP Underwriting)	2.1%
Applied Trend Factor	1.0352
<b>Trended Claims PEPM</b>	<b>\$15.63</b>
Plan Change Adjustment Factor - Frame Allowance Increase	1.7%
<b>Projected Claims PEPM</b>	<b>\$15.89</b>
Projected Annual Enrollment	91,932
<b>Adjusted Projected Claims</b>	<b>\$15.89</b>
Margin Adjustment 3.0%	\$0.48
<b>Program Fixed Costs</b>	
VSP Self Funded ASO Fee PEPM (Estimated Rate Pass) <sup>3</sup>	\$1.98
<b>Total Fixed Costs</b>	<b>\$2.46</b>
<b>Net Required Funding</b>	<b>\$18.35</b>
<b>% Change from Current</b>	<b>-3.3%</b>

<sup>1</sup> Premium figures provided by ACWA JPIA

<sup>2</sup> Monthly Enrollment & Paid Claims provided by VSP

<sup>3</sup> VSP Administration Fee is guaranteed through 12/31/2021

Projections are estimates and not guaranteed

**ACWA JPIA**  
**Participation Requirements for Standard and Incentive Rates**  
**July 9, 2018**

**BACKGROUND**

ACWA JPIA has two sets of medical rates for participating members. Participation requirements for Standard rates are the minimum requirements for participation in the pool. Participation Requirements for Incentive rates provide a better risk profile, and therefore result in a 4% discount on Anthem PPO and Anthem HMO rates.

**CURRENT SITUATION**

Staff periodically reviews the Participation Requirements to ensure they are meeting the needs of the members and the Pool, to effectively manage risk and thereby manage costs. The Participation Requirements can be summarized into two categories:

- 1) Participation – who enrolls in the plan, and who is eligible to enroll
- 2) Employer contribution – the cost share split between employer and employee or retiree

Since 2012, only two changes have been made to the Participation Requirements:

- 1) Effective January 1, 2015, retirees eligible for Medicare are required to enroll in Medicare Parts A and B. This applies to both Standard and Incentive rates.
- 2) Effective January 1, 2016, the minimum requirement for employer contribution to retiree-only health benefits was reduced by half. Prior to the change employers were required to contribute 50% or 100% for Standard or Incentive rates, respectively. After the change, employers were required to contribute 25% or 50%, respectively. There is no minimum employer contribution for dependents of retirees.

Staff has been compiling claims costs data for analysis, with the goal of identifying employer practices that may drive claims costs up or down. Mr. Hayden will discuss the data analysis. The Participation Requirements document is included for review and discussion.

**RECOMMENDATION**

None, informational only.

# Employer Participation Requirements

## Medical

### STANDARD RATES

All employers in the ACWA JPIA pool must follow the following practices.

### ELIGIBILITY

- Employees must be full-time employees of the district (minimum of 20 hours per week, or in compliance with employer policy as long as it exceeds 20 hours, or as required by the Affordable Care Act).
- Directors **may** be covered in addition to employees, at the district's option. Directors alone may not be covered. If Directors are covered, they are subject to the same participation requirements as Active employees.
- Retirees may be covered if employees are covered. Retirees alone may not be covered.
- Dependents may be covered only if the subscriber is covered (with qualified COBRA participants and qualified retiree surviving spouses being the only exception).
- All employees that are eligible for enrollment in a JPIA medical plan must enroll, with the **exception** that employees with other coverage can waive coverage (district must obtain written documentation of other group coverage). A maximum of **25% of benefits-eligible employees can waive coverage**.
- If any class of individuals is offered coverage, all individuals within that class must be **offered** coverage.
- Waiting period for new hire enrollment in medical plans must be the 1<sup>st</sup> of the month following 60 days or less.

### PLANS OFFERED

- District may offer a non-JPIA HMO at the same time as a JPIA HMO, but may **not** offer a non-JPIA PPO at the same time as a JPIA PPO. If **any** non-JPIA plan is offered, it must be offered to all the same classes of employees as the JPIA plan(s).

### EMPLOYER CONTRIBUTION TO PREMIUM

- Contribution shall be no less than the employee-only portion of the premium for the least expensive JPIA medical plan for which the active employee or Director is eligible.
- Contribution for single coverage shall be the same for Directors as it is for employees. If retirees are covered, the employer contribution may be as little as 25% of the retired single retiree rate for the least cost plan for which the retiree is eligible.
- Contribution to coverage for dependents of active employees and dependents of Directors must be identical, but may be less for dependents of retirees.
- District may not be reimbursed for the full cost of coverage by an active or retired participant. This is considered "self-pay," which is prohibited, with COBRA being the only exception.

### OTHER CRITERIA

- Medicare-eligible **retirees** must enroll in Medicare Parts A **and** B upon eligibility.
- Employer cannot have any personnel policies or union contracts that do not adhere to the plan contract provisions or that create selection against the JPIA plans such as:
  - Deferred retiree coverage
  - Extension of coverage to part-time employees (less than 20 hours/week, except as required by the Affordable Care Act) or contractors
  - Any policy or practice or agreement that creates selection against the JPIA medical plans
- Member district admittance to the pool is subject to underwriting approval by JPIA.

# Employer Participation Requirements

## Medical

### INCENTIVE RATES

Employers implementing these additional policies will receive a 4% discount on all **Anthem** medical plans.<sup>1</sup>

### ELIGIBILITY

- All Employees and Directors<sup>2</sup> who are eligible for enrollment in the JPIA medical plans must enroll.
- District does not offer cash in lieu of benefits.

### PLANS OFFERED

- District offers only JPIA-sponsored medical plans.

### EMPLOYER CONTRIBUTION TO PREMIUM

- Contribution for dependents of employees must be at least 50% of the additional premium.
- If the district pays 100% of the employee *and* dependent premium, all eligible employees and their eligible dependents must be enrolled. *Exception: Children age 19 or older are permitted to waive at the employee's discretion.*

### OTHER CRITERIA

- If retirees are covered, the employer must contribute at least 50% of the retiree only monthly premium for the least cost plan for which the retiree is eligible.
- Early retiree population<sup>3</sup> is less than 20% of total enrollment.

<sup>1</sup> Must apply for and be approved for Incentive Rates using the Incentive Rate Application.

<sup>2</sup> Individual Directors may permanently opt out of the medical plan, in conflict with underwriting requirements for Incentive groups, for ideological reasons without voiding the district's 4% discount. A Director who opts out of the medical plan will be ineligible enrollment in **all plans** for the **duration of his/her term**. The Director will not have Open Enrollment rights and will not have the ability to enroll in the JPIA plans due to loss of other coverage.

<sup>3</sup> Early retirees are age 50-64, and not entitled to Medicare.

**ACWA JPIA**  
**Claims Data Analysis Update**  
**July 9, 2018**

**BACKGROUND**

The carriers and Alliant provide performance data on each of the plans annually, comparing claims costs year over year. ACWA JPIA has a record of each medical or pharmacy claim paid for the self-funded Anthem PPO plans. Data for each claim since January 1, 2015 has been compiled into a database for analysis.

**CURRENT SITUATION**

Staff has aggregated claims for participants of employers with differing policies, to determine if there was a correlation between the policy and claims costs. Policies referenced in the Participation Requirements for Standard and Incentive rates were selected for analysis.

Mr. Hayden will discuss the findings.

**RECOMMENDATION**

None, informational only.

## 50k Claim Limit

Row Labels	Sum of 2017 Average Enrollment	PEPY Average	Claim Average
Incentive	2688.42	\$ 10,906.05	-1.97%
Standard	1771.67	\$ 11,442.16	2.85%
<b>Grand Total</b>	<b>4460.08</b>	<b>\$ 11,125.49</b>	<b>0%</b>
		<b>Difference</b>	<b>4.82%</b>

## 100k Claim Limit

Row Labels	Sum of 2017 Average Enrollment	PEPY Average	Claim Average
Incentive	2688.42	\$ 12,844.63	-2.25%
Standard	1771.67	\$ 13,568.56	3.26%
<b>Grand Total</b>	<b>4460.08</b>	<b>\$ 13,139.98</b>	<b>0%</b>
		<b>Difference</b>	<b>5.51%</b>

## 500k Claim Limit

Row Labels	Sum of 2017 Average Enrollment	PEPY Average	Claim Average
Incentive	2688.42	\$ 15,420.06	-1.41%
Standard	1771.67	\$ 15,963.37	2.07%
<b>Grand Total</b>	<b>4460.08</b>	<b>\$ 15,640.21</b>	<b>0%</b>
		<b>Difference</b>	<b>3.47%</b>

## Premium Detail

Row Labels	Sum of 2017 Average Enrollment	PEPY Average	Premium Average
Incentive	2688.42	\$ 16,279.98	0.30%
Standard	1771.67	\$ 16,163.37	-0.42%
<b>Grand Total</b>	<b>4460.08</b>	<b>\$ 16,231.11</b>	<b>0%</b>
		<b>Difference</b>	<b>-0.72%</b>



## Cash In Lieu

## 50k Claim Limit

Row Labels	Sum of 2017 Average Enrollment	PEPY Average	Claim Average
Cash In Lieu	1035.00	\$ 11,703.69	5.13%
No Cash in Lieu	3425.58	\$ 10,938.59	-1.74%
<b>Grand Total</b>	<b>4460.58</b>	<b>\$ 11,132.66</b>	<b>0%</b>
		<b>Difference</b>	<b>-6.87%</b>

## 100k Claim Limit

Row Labels	Sum of 2017 Average Enrollment	PEPY Average	Claim Average
Cash In Lieu	1035.00	\$ 13,817.44	5.05%
No Cash In Lieu	3425.58	\$ 12,931.04	-1.69%
<b>Grand Total</b>	<b>4460.58</b>	<b>\$ 13,153.22</b>	<b>0%</b>
		<b>Difference</b>	<b>-6.74%</b>

## 500k Claim Limit

Row Labels	Sum of 2017 Average Enrollment	PEPY Average	Claim Average
Cash In Lieu	1035.00	\$ 16,311.53	4.18%
No Cash In Lieu	3425.58	\$ 15,446.34	-1.35%
<b>Grand Total</b>	<b>4460.58</b>	<b>\$ 15,657.60</b>	<b>0%</b>
		<b>Difference</b>	<b>-5.53%</b>

## Premium Detail

Row Labels	Sum of 2017 Average Enrollment	PEPY Average	Premium Average
Cash In Lieu	1035.00	\$ 16,465.75	1.44%
No Cash In Lieu	3425.58	\$ 16,151.26	-0.49%
<b>Grand Total</b>	<b>4460.58</b>	<b>\$ 16,231.57</b>	<b>0%</b>
		<b>Difference</b>	<b>-1.94%</b>

## Offers Non-JPIA Medical

43

### 50k Claim Limit

Row Labels	Sum of 2017 Average Enrollment	PEPY Average	Claim Average
Non-JPIA Medical	757.33	\$ 11,141.91	-0.45%
Only JPIA Medical	3703.25	\$ 11,203.23	0.09%
<b>Grand Total</b>	<b>4460.58</b>	<b>\$ 11,192.82</b>	<b>0%</b>
		<b>Difference</b>	<b>0.55%</b>

### 100k Claim Limit

Row Labels	Sum of 2017 Average Enrollment	PEPY Average	Claim Average
Non-JPIA Medical	757.33	\$ 13,423.38	0.01%
Only JPIA Medical	3703.25	\$ 13,420.96	0.00%
<b>Grand Total</b>	<b>4460.58</b>	<b>\$ 13,421.37</b>	<b>0%</b>
		<b>Difference</b>	<b>-0.02%</b>

### 500k Claim Limit

Row Labels	Sum of 2017 Average Enrollment	PEPY Average	Claim Average
Non-JPIA Medical	757.33	\$ 16,599.03	4.32%
Only JPIA Medical	3703.25	\$ 15,771.91	-0.88%
<b>Grand Total</b>	<b>4460.58</b>	<b>\$ 15,912.34</b>	<b>0%</b>
		<b>Difference</b>	<b>-5.20%</b>

### Premium Detail

Row Labels	Sum of 2017 Average Enrollment	PEPY Average	Premium Average
Non-JPIA Medical	757.33	\$ 17,448.09	-1.06%
Only JPIA Medical	3703.25	\$ 17,672.93	0.22%
<b>Grand Total</b>	<b>4460.58</b>	<b>\$ 17,634.75</b>	<b>0%</b>
		<b>Difference</b>	<b>1.27%</b>

**ACWA JPIA**  
**Wellness Grants, Solera Diabetes Prevention, Carrum Health**  
**July 9, 2018**

**BACKGROUND**

Wellness Grants were offered by ACWA JPIA for the first time in 2015, and have continued to be offered annually.

Solera Diabetes Prevention Program, available to Anthem PPO and HMO members, launched in February 2018.

Carrum Health, an optional surgery benefit with bundled pricing for certain surgeries at no cost to PPO participants, launched in February 2017.

**CURRENT SITUATION**

ACWA JPIA is accepting Wellness Grant applications from June 25, 2018 through July 18, 2018. Anthem has again provided \$75,000 to fund the Wellness Grants. Staff created and distributed a flyer and a document with tips and highlights of several member wellness activities. Those are included in the packet. Additional wellness resources are posted to the JPIA website. Member interest and satisfaction with the program has been high, and has increased each year.

A utilization report from Solera Diabetes Prevention Program is included in the packet. Participation was encouraged by four weekly drawings for Amazon gift cards during the first month. To date, 178 members have taken the quiz at [www.solera4me.com/jpia](http://www.solera4me.com/jpia) and registered for the program. Feedback from participants has been favorable.

Carrum Health has expanded from having negotiated bundled pricing with two California facilities to four California facilities. Bariatric surgery is now covered by the program, in addition to many additional orthopedic surgeries. Communication continues to be challenging, as participants must self-refer to the program. Utilization has been low, despite efforts to communicate with participants, through direct mail, email, and in-person presentations. Staff will continue to communicate the program, utilizing the upcoming Open Enrollment period to do so. A new incentive campaign for both participants and staff responsible for communicating the benefit is in the works. Feedback from participants who have had surgery through Carrum Health has been extremely positive.

**RECOMMENDATION**

None, informational only.



# ACWA JPIA 2018 WELLNESS GRANT PROGRAM

**It's time to apply for a 2018  
Wellness Grant!**

Applications are now being accepted **through July 18, 2018.**

Grants are available to members participating in the JPIA Anthem medical plans.\*

Visit [www.acwajpia.com/wellness.aspx](http://www.acwajpia.com/wellness.aspx) to apply.

Questions? Email Jackie Rech at [jrech@acwajpia.com](mailto:jrech@acwajpia.com).



*\* Members who have not submitted receipts for 2017 Wellness Grant funds are not eligible to apply.*

**Engage  
Employees**

**Promote  
Healthier  
Living**

**Enhance  
Motivation &  
Productivity**

**Reduce  
Employee  
Health Risks**

**Build Employee  
Morale**

**Lower Health  
Care Costs**





## WELLNESS IDEAS

## WHAT ARE OTHER JPIA MEMBERS DOING?



### Easy ways to engage in wellness!

Know your Numbers Campaign – Help employees identify hidden health risks by engaging a vendor to conduct cholesterol, blood sugar, and blood pressure screenings at your location.

Walking Challenge – Map out an outdoor walking path around your office using Strava or another app. Employees get a raffle ticket each time they complete the route for a monthly drawing.

Healthy Cooking Demo – Hire a cooking professional to do an on-site demo of easy and healthy recipes.

Seventh Inning Stretch – Implement a daily “stretch at your desk” routine. Distribute written instructions to employees. Announce it on the intercom at the same time each day. Have a spotter walk through the office and hand out raffle tickets or prizes to those who are stretching.

Created Zen outdoor space for yoga, meditation, stretching  
*Walnut Valley Water District*

Purchased treadmill and provided monthly healthy breakfast or lunch  
*Amador Water District*

Presented Move & Feel Better seminar with on-site BP checks  
*Byron-Bethany Irrigation District*

Purchased durable, high quality scale for fitness room  
*Orange County Water District*

Established Healthy Treat Tuesdays and offered Perfect Health Aruveyda Class  
*Helix Water District*

Offered Wellness Day with preventive screenings, healthy snacks, and prizes  
*Indian Wells Water District*

Purchased water rowing machine for workout room  
*Olivenhain Municipal Water District*

Implemented eight week Step Challenge with weekly drawing for participants  
*South Coast Water District*

## Easy ways to engage in wellness!

Lunch and Learns – Bring in a speaker from Anthem, MHN, or another vendor. Topics include developing healthy habits, nutrition, fitness, stress relief, and smoking cessation. Provide a free and healthy lunch to participants.

Walking Works Program – Contact JPIA Benefits to get set up for this free program through Anthem. To launch the program, screen the Everybody Walk documentary available as a link at [www.acwajpia.com/wellness.aspx](http://www.acwajpia.com/wellness.aspx). Offer prizes for participants.

Meditation – Create a welcoming and comfortable space for daily meditation. Facilitate a beginning meditation class.

Cycling Safety – Conduct an on-site cycling safety class (check local resources) or promote off-site courses available in your community. Add bike racks to encourage bike to work.

Flu Shots – Engage a vendor to offer free flu and pneumonia shots to employees at the office in the early fall before the flu season gets started.

On-site Fitness – Offer classes such as Zumba, Bootcamp, or yoga. Purchase fitness equipment or DVDs, or conduct a fitness challenge – see [here](#) for some ideas!

Charity Events - Sponsor individual employees or employee teams participating in a walking, running, or cycling event for charity.

Walking Meetings – Encourage managers to turn staff or other informal meetings into walking meetings. Walk together outside rather than sitting around a conference table.

Community Garden - Create a community garden at your office. No space? Have a farmer's market day each month. Bring in organic fruits and veggies and distribute tickets to employees for them to "purchase" what they like. Have recipes available or do a cooking demo.

Buy a Vitamix, Ninja or other high performance blender for the break room. Consider stocking frozen fruits, vegetables, and other healthy ingredients for smoothie making.

## DO'S & DON'TS FOR WELLNESS GRANTS

### Encourage:

- Healthy habits
- Education on healthy lifestyle choices
- Activities where all can participate
- Illness and injury prevention
- Creation of a wellness committee

### Avoid:

- Unhealthy food choices at a promoted wellness event
- Teambuilding or social events unless they are focused on healthy eating or fitness
- Lack of communication about your program to participants

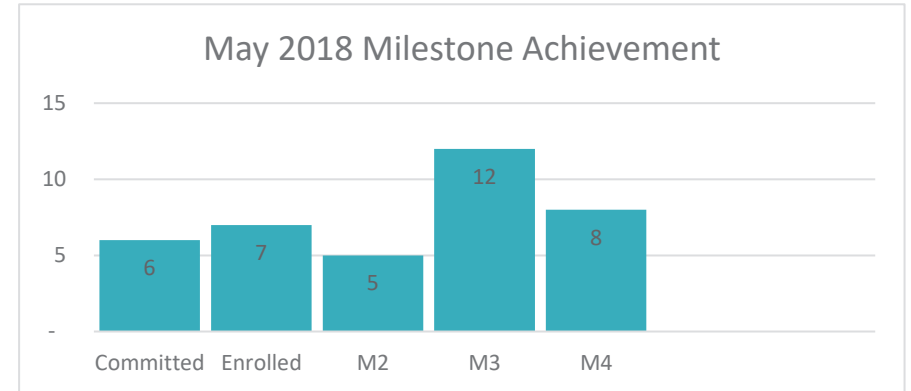


Anthem CA: JPIA ACWA  
 Members Engaged in a Diabetes Prevention Program

Run on: 6/5/2018  
 Enrollment: October 2016 - May 2018

## REPORTING EXECUTIVE SUMMARY

Commitments	178
Enrollments	130
Participants Achieving 5% Weight Loss	10
Average Physical Activity in Minutes	143
Total Unique Partners	14
Max Weeks in the Program	52



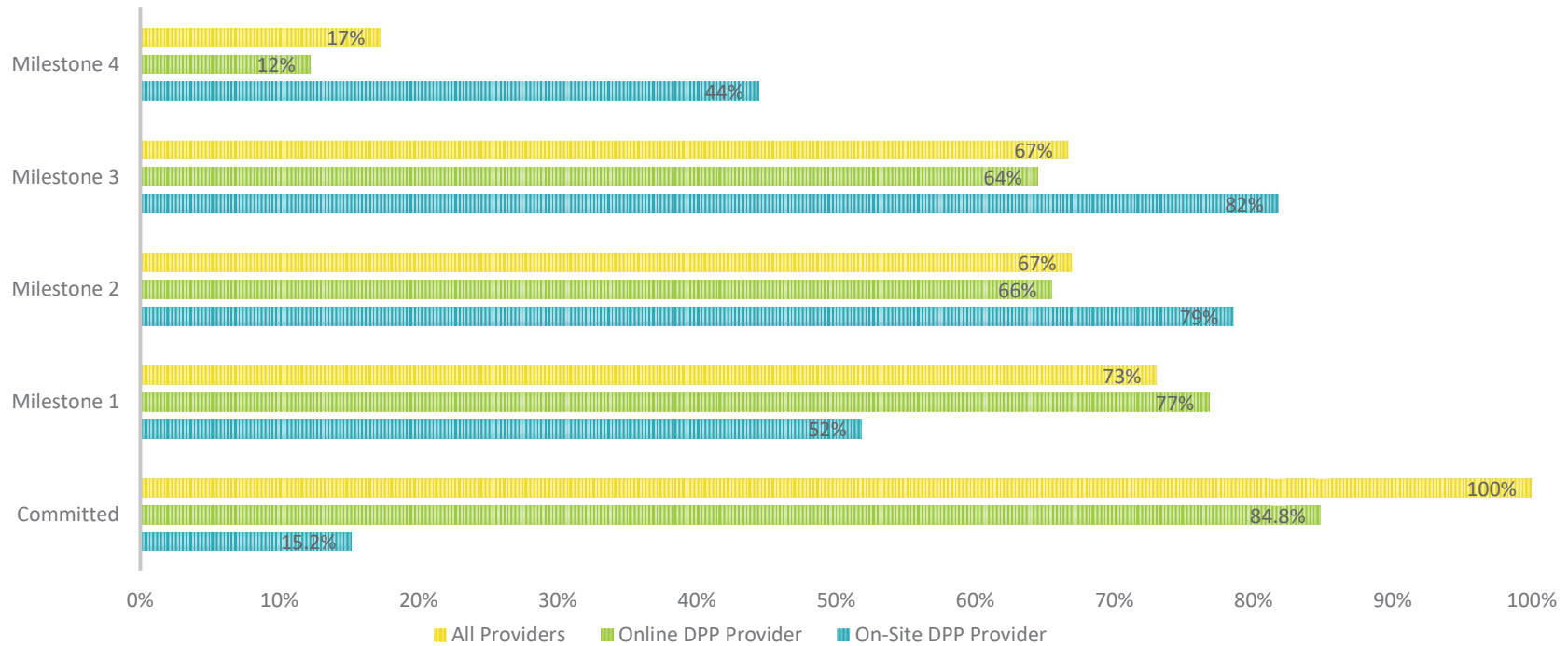
Term	Definition
Committed	Participants who have been verified as qualified and eligible, matched with a partner and agreed to start the program.
Enrollment / Milestone 1 (M1)	DPP Partner indicated to Solera that the participant is enrolled.
Milestone 2 (M2)	M1 + two weeks of ME prior to the end of week 4.
Milestone 3 (M3)	Milestone 2 + two additional weeks of Meaningful Engagement in weeks 5-9.
Milestone 4 (M4)	M3 + at least 5% of body weight loss after week 9 and before the end of 52 weeks.
Meaningful Engagement	Attend a meeting or equivalent participation with a virtual provider.
Avg Weekly Mins Physical Activity	The average of reported minutes per week of sessions attended, during the weeks indicated.
Physical Activity Documented %	The portion of sessions attended, during the weeks indicated, where participants recorded their physical activity.
Average of Weight loss %	All participants who reach M3 and have been in the program for at least X weeks.
Disenrollment	When a participant elects to change or discontinue with a DPP Provider, or if participant is no longer health plan eligible.

Anthem CA: JPIA ACWA  
 Members Engaged in a Diabetes Prevention Program

DPP Provider Type	Committed	M1	M2	M3	M4
On-Site DPP Provider	27	14	11	9	4
Online DPP Provider	151	116	76	49	6
<b>All Providers</b>	<b>178</b>	<b>130</b>	<b>87</b>	<b>58</b>	<b>10</b>

Milestone Conversion %: *relative to the prior milestone*

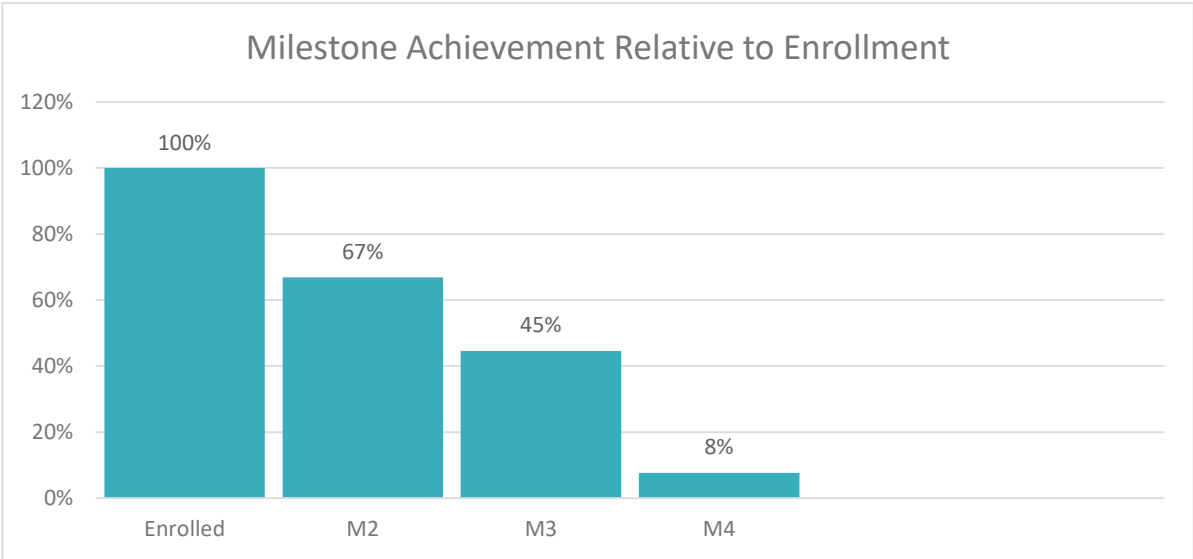
## MILESTONE CONVERSION



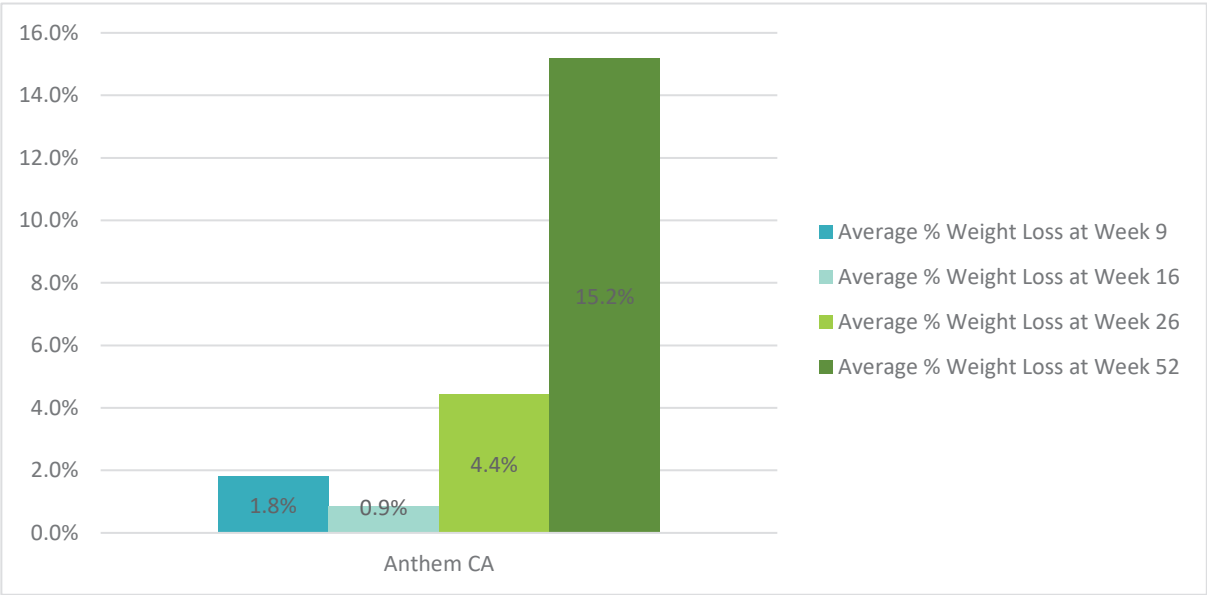


Anthem CA: JPIA ACWA  
 Members Engaged in a Diabetes Prevention Program

Milestone Achievement



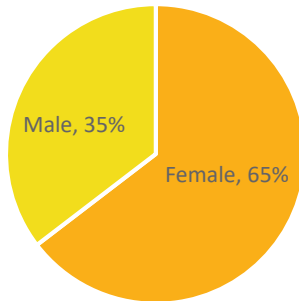
Average Weight Loss



Anthem CA: JPIA ACWA  
 Members Engaged in a Diabetes Prevention Program

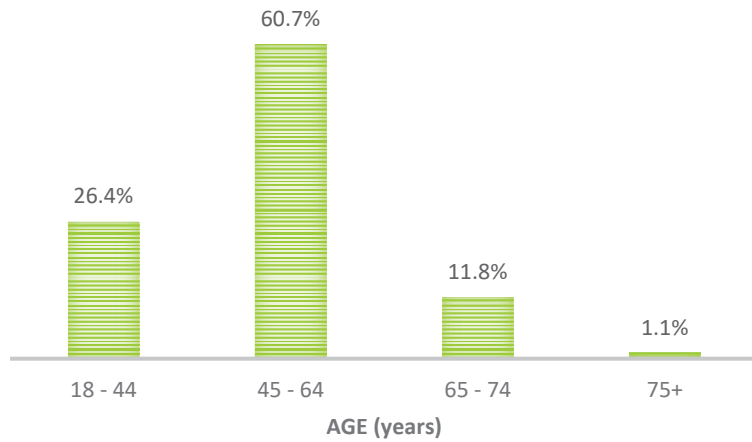
**Demographics By Enrollment**

Gender

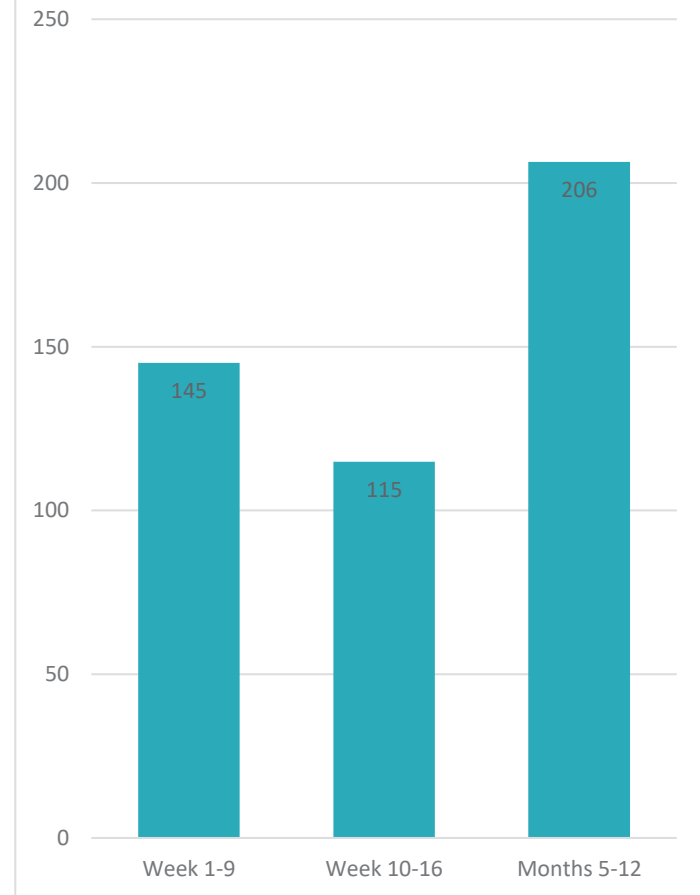


**Median Age:**

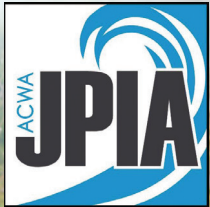
**52**



Average Physical Activity Minutes



# A NEW WAY TO GET SURGERY



## Get access to the best surgeons without the worry of medical bills.

Carrum Health is specifically designed to help you find answers to your healthcare questions and deliver a superior experience for you and your family.

### Our Promise to You:

- ✓ See the Highest-Quality Surgeons
- ✓ Free Travel, No Bills, No Surprise Costs\*
- ✓ Peace of Mind Knowing a Care Concierge is There

Hoag  
Orthopedic  
Institute

**80 NEW**  
OUTPATIENT  
PROCEDURES



**PROVIDENCE**  
Saint John's  
Health Center

\$100 Amazon Gift Card  
**amazon**

**ENTER TO WIN!**  
TO SEE DETAILS VISIT:  
[carrumhealth.com/acwajpia-affle](http://carrumhealth.com/acwajpia-affle)

### REGISTER NOW

Visit: [carrum.me/ACWAJPIA](http://carrum.me/ACWAJPIA)  
Text: "ACWAJPIA" to 555888  
Call us: 1-888-855-7806

Carrum Health is a special surgery benefit for active employees, early retirees (pre-Medicare), COBRA participants and their dependents who are enrolled in Anthem Classic PPO, Anthem Advantage PPO or Anthem Consumer-Driven Health Plans (CDHPs).

\*Per IRS rules, a portion of the covered travel expenses will be reported as taxable income to the employee. Due to IRS regulations, on HSA plans the deductible applies but coinsurance is waived.

# More Providers, More Coverage

You now have access to Providence Saint John's Health Center in Santa Monica and The Hoag Institute in Orange County, in addition to Scripps and Stanford ValleyCare. Plus, there are over 80 new procedures available through your Carrum benefit.

## NEW LOCATION

## NEW PROCEDURES



Santa Monica

Hoag  
Orthopedic  
Institute

Orange County



San Francisco Bay Area



San Diego

## PROVIDENCE SAINT JOHN'S HEALTH CENTER IN SANTA MONICA

Saint John's is a nationally renowned, top rated center of clinical excellence. Eligible procedures:

- Total Knee Replacement Surgery
- Hip Replacement Surgery



Hoag Orthopedic Institute Surgery Center excels in orthopedic and musculoskeletal care. Carrum has partnered with Hoag to offer you many new outpatient procedures. This includes **80 NEW** orthopedic and spine procedures.

## HOAG ORTHOPEDIC INSTITUTE SURGERY CENTER IN ORANGE COUNTY

## ELIGIBLE PROCEDURES



SHOULDER



ELBOW



WRIST / HAND



HIP



KNEE



ANKLE / FOOT



SPINE



BARIATRIC



CARDIAC



## REGISTER NOW

Visit: [carrum.me/ACWAJPIA](https://carrum.me/ACWAJPIA)

Text: "ACWAJPIA" to 555888

Call us: 1-888-855-7806

MEETING DATES	BOARD OF DIRECTORS	EXECUTIVE	PERSONNEL	FINANCE & AUDIT	PROGRAMS				RISK MGMT
					Emp. Benefits	Liability	Property	Work Comp	
JAN 18			11:00 AM ONTARIO						
JAN 30		1:00 PM					10:00 AM		
MAR 5		10:30 AM							
MAR 19				1:00 PM					3:00 PM
MAR 20		8:30 AM							
APR 4					10:00 AM				
MAY 7	1:30 PM	10:15 AM						8:30 AM	
MAY 8	ACWA CONFERENCE MAY 8 TO 11 – SACRAMENTO								
MAY 30			11:00 AM JPIA						
JUL 9		1:00 PM			9:00 AM				
CAJPA CONFERENCE SEPTEMBER 12 TO 14 – SOUTH LAKE TAHOE CA									
SEP 17				1:00 PM		3:00 PM			
SEP 18		8:30 AM							
NOV 26	1:30 PM	10:30 AM							
NOV 27	ACWA CONFERENCE NOVEMBER 27 TO NOVEMBER 30 – SAN DIEGO								

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
JPIA CLOSED	1/15	19			28		4		3		12/22/23	24/25
MGR MEETINGS	8	5	5	2	14	4	2	6	10	1	5	10
STAFF Q&A	10	8	14	11	17	13	11	8		10	14	6
RM @ JPIA				18-19		13-14		8-9		10-11		13-14

