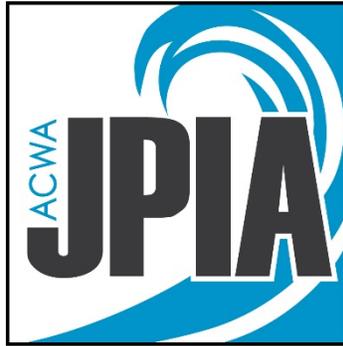


# Employee Benefits Program Committee Meeting



YOUR BEST PROTECTION

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

Wednesday  
July 22, 2020  
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

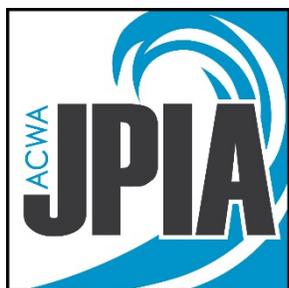
Kelley Geyer, Byron-Bethany Irrigation

Karen Gish, Amador Water Agency

Ken Groom, Fresno Metropolitan Flood Control District

James Linthicum, Three Valleys Municipal Water District

Roberta Perez, Cucamonga Valley Water District



YOUR BEST PROTECTION

## 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)

**Wednesday, July 22, 2020 9:00 a.m.**

**Zoom meeting information: 661-516-2566; Password: 1234**

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

### **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.

**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**

<u>Presenter</u>			<u>Page#</u>
Rupp	*	I. Approval of minutes of the meeting of June 24, 2019.	1
All		II. Report on meetings attended on behalf of JPIA.	
Smith	*	III. Overview of Program History and Current Status.	8
Smith/Sells	*	IV. Review and make recommendation on 2021 pricing and plan options for Anthem PPO medical plans.	11

<u>Presenter</u>		<u>Page#</u>
Smith	* <b>V.</b> Review and make recommendation on 2021 pricing for Anthem HMO medical plans.	<b>26</b>
Smith	* <b>VI.</b> Review and make recommendation on 2021 pricing for Kaiser medical plans.	<b>31</b>
Smith	* <b>VII.</b> Review and make recommendation on 2021 pricing for the ancillary plans.	<b>35</b>
Sells	* <b>VIII.</b> Review and possibly make recommendation on 2021 Employee Assistance Program.	<b>43</b>
Rech	* <b>IX.</b> Review and possibly make recommendation on Participation Requirements.	<b>46</b>
Rupp	* <b>X.</b> Discuss next meeting date.	<b>54</b>

## **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: Bobbette Wells, Executive Assistant to the CEO, 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

**June 24, 2019**

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 – 26 Avenue A, Seaside, OR
- Dosier – 18700 Ward St., Fountain Valley, CA

### **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 (via WebEx)  
Karen Gish, Amador Water Agency  
Ken Groom, Fresno Metropolitan Flood Control District  
Nancy Hussmann, South Tahoe Public Utility District  
James Linthicum, Three Valleys Municipal Water District  
Sandy Olson, Walnut Valley Water District

### **MEMBERS ABSENT**

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None.

### **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  
Jackie Rech, Employee Benefits Account Manager  
Sandra Smith, Employee Benefits Manager  
Daniel Steele, Lead Accountant  
Michelle Stites, Benefits Administrator II (recording secretary)  
Dianna Sutton, Finance Manager  
Karen Thesing, Director of Insurance Services  
Bobbette Wells, Executive Assistant to the CEO

## **OTHERS IN ATTENDANCE**

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Fred Bockmiller, Mesa Water District  
Thomas A. Cuquet, South Sutter Water District  
David A. Drake, Rincon Del Diablo Municipal Water District  
EG “Jerry” Gladbach, Santa Clarita Valley Water District  
Brent Hastey, Yuba Water Agency  
Kim Miller, Alliant (via WebEx)  
Thomas Sher, Alliant  
Kathy Tiegs, 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 9:01 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.

## **EVACUATION PROCEDURES**

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Mr. Sells reminded attendees of the evacuation procedures for exiting the building in case of an emergency.

## **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 and everyone introduced themselves. Chairman Rupp thanked the newest members of the Employee Benefits Program Committee, Ken Groom, Fresno Metropolitan Water District, and Nancy Hussmann, South Tahoe Public Utility District.

## **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 July 9, 2018 meeting.

M/S/C (McDonald/Olson) (Boatmun-Yes; Dosier-Yes; Gish-Yes; Groom-Yes; Hussmann-Yes; Linthicum-Yes; McDonald-Yes; Olson-Yes; Rupp,-Yes): That the Employee Benefits Program Committee approve the minutes of the July 9, 2018 meeting as presented.

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

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None reported.

## **PROGRAM HISTORY AND CURRENT STATUS**

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Ms. Smith summarized previous changes to Employee Benefits plans over the last several years. Most notably, the change of Pharmacy Benefit Manager (PBM) for Anthem PPO and Anthem Medicare plans, from Express Scripts to MedImpact. This change is projected to provide savings of \$3.2 million per year. The committee thanked staff for handling all of the extra work caused by the switch to the new PBM.

Ms. Smith reviewed medical plan enrollment from 2013 to present. She stated enrollment has been very stable. Medical enrollment growth has been slow but consistent, with the Kaiser population growing at a faster pace than the Anthem PPO and HMO plans.

## **JPIA ADMINISTRATIVE FEES**

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Mr. Sells told the committee that since the JPIA began administering Employee Benefits plans in July 1, 2012, the Administrative Fees have not changed. Current Administrative Fees per employee per month per plan were set by ACWA HBA in 2011.

Administrative Fees are used to fund operating expenses of the JPIA Employee Benefits Department and related staff, with any differences being made up through the Reserve Fund.

In an effort to account for operating expenses accurately across all Employee Benefits Plans, and to increase accuracy and transparency in pricing, staff recommended adoption of the following Administrative Fees, per employee per month: Medical \$17.00, Dental \$4.50, Vision \$2.00, Life \$2.00, and EAP \$0.60.

M/S/C (Linthicum/Gish) (Boatmun-Yes; Dosier-Yes; Gish-Yes; Groom-Yes; Hussmann-Yes; Linthicum-Yes; McDonald-Yes; Olson-Yes; Rupp,-Yes): That the Employee Benefits Program Committee recommends that the Executive Committee approve an increase in JPIA Administrative Fees per plan, as presented in the packet, effective January 1, 2020.

## 2020 PRICING AND PLAN OPTIONS FOR SELF-FUNDED ANTHEM PPO MEDICAL PLANS

---

Ms. Smith told the Committee that the JPIA PPO plans' 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, medical trend figures are lower than Alliant's book of businesses.

Ms. Smith reviewed MedImpact Clinical Programs currently in place, and reviewed the proposed RxGuide clinical program. RxGuide supports members taking multiple medications for multiple chronic illnesses. The program is projected to cost \$10,620 per year.

Ms. Smith presented information about Anthem's Site of Care Specialty Program. This program focuses on steering patients receiving medication toward a more cost effective setting, when medically appropriate. Projected costs are \$31,079 per year.

Ms. Smith reviewed the Carrum Health optional surgery benefit program for PPO participants. Carrum negotiates bundled pricing with thoroughly vetted high-quality surgeons. JPIA passes on the savings by offering the surgeries at no cost to PPO participants. Significant outreach has been made by staff to promote the program to participants. In 2018, 12% of participants eligible for a surgery through Carrum utilized the program, compared to 5% in 2017. Feedback from participants who have used Carrum for a surgery has been overwhelmingly positive. Return on investment has been \$1.70:\$1.00.

Mr. Sells then reviewed the pricing of the PPO plan. In the pricing recommendation, the Advantage PPO plan reflected a 2% increase, resulting in a 14% decrease below Classic PPO pricing rather than 16%. Additionally, rates for Employee plus one dependent enrollment tier were adjusted to be 2.00 times the rate for the Employee only enrollment tier. The aggregate premiums for the PPO plans were recommended to renew with no change for January 1, 2020, with some variation between plans and tiers.

M/S/C (Groom/Boatmun) (Boatmun-Yes; Dosier-Yes; Gish-Yes; Groom-Yes; Hussmann-Yes; Linthicum-Yes; McDonald-Yes; Olson-Yes; Rupp,-Yes): That the Employee Benefits Program Committee recommends that the Executive Committee approve **no increase** to aggregate premiums for the Anthem Blue Cross self-funded PPO plans, which shall include RxGuide, Site of Care, Carrum Health, effective January 1, 2020.

## 2020 PRICING FOR THE INSURED ANTHEM HMO MEDICAL PLANS

---

Ms. Smith moved to the HMO renewal plans. The HMO plans are fully insured, with rates set by Anthem. However, pharmacy claims for retirees with Medicare are carved out and self-funded using an Employer Group Waiver Plan (EGWP). EGWPs receive reimbursement for a portion of prescription costs from Medicare Part D.

Anthem provided a rate increase of 5.64% for the insured portion of the plan. Final pricing developed and recommended by staff yields an 8.21% aggregate increase. This is due to higher than expected EGWP costs in 2019, along with the recommended increase in JPIA Administrative Fees.

Mr. Sells noted adjustments to the family tier were made to provide consistency between regions. The recommended HMO pricing reflected a 2.00 rate multiplier for employee plus one dependent and a 2.65 rate multiplier for family rates in all regions, which is the same as recommended in the PPO pricing.

M/S/C (Gish/Linthicum) (Boatmun-Yes; Dosier-Yes; Gish-Yes; Groom-Yes; Hussmann-Yes; Linthicum-Yes; McDonald-Yes; Olson-Yes; Rupp,-Yes): That the Employee Benefits Program Committee recommends that the Executive Committee approve an aggregate increase of **8.21%** for the Anthem Blue Cross HMO plans, effective January 1, 2020.

### **PRICING FOR THE INSURED KAISER MEDICAL PLANS**

Ms. Smith presented to the Committee that the Kaiser plans are fully insured, with Northern and Southern California rates set by Kaiser. In 2019, the Executive Committee approved blending the rate of change for Kaiser North and Kaiser South to provide stability, while maintaining the regional pricing differences between Northern and Southern California.

Ms. Smith noted that blending the rate of change was more favorable to the North in 2019 and will be more favorable to the South in 2020. Rating all regions together is resulting in stability for the pool.

The insured Kaiser 2020 renewal for both regions reflects a 1.69% increase. With the increase to Administrative Fees, this results in a 2.24% rate increase in the proposed pricing.

M/S/C (McDonald/Hussmann) (Boatmun-Yes; Dosier-Yes; Gish-Yes; Groom-Yes; Hussmann-Yes; Linthicum-Yes; McDonald-Yes; Olson-Yes; Rupp,-Yes): That the Employee Benefits Program Committee recommends that the Executive Committee approve a rate increase of **2.24%** for the Kaiser plans, effective January 1, 2020.

### **2020 PRICING FOR THE ANCILLARY PLANS**

Ms. Smith presented information on pricing for Ancillary plans. Delta Dental PPO and VSP plans are self-funded. These plans continue to perform well, with a small but consistent surplus. There are no changes to the carriers' administrative fees for claims processing and network access for 2020.

Staff recommended absorbing the increase in recommended JPIA Administrative Fees for the self-funded plans, providing **no change** in rates for the Dental PPOs and VSP plans.

Delta Care HMO, Standard Life, Standard Disability, and MHN Employee Assistance Program (EAP) are fully insured plans, which will renew with no change in rates charged by the carriers in 2020.

Staff recommended increasing rates for these fully insured programs to cover the cost of premiums paid to the carriers plus the Administrative Fees proposed.

The increase for DeltaCare HMO would become \$2.26 Per Employee Per Month (PEPM), or **5.24%** from \$43.10 to \$45.36 PEPM. Standard Life increase of \$1.00 PEPM for, or **9.41%** from \$10.63 to \$11.63 PEPM. And MHN EAP increase of \$0.22 PEPM, or **9.44%** from \$2.33 to \$2.55 PEPM.

Ms. Smith noted that Standard Disability premiums are billed monthly to each district directly from the Standard, without an Administrative Fee from JPIA.

M/S/C (Hussmann/Gish) (Boatmun-Yes; Dosier-Yes; Gish-Yes; Groom-Yes; Hussmann-Yes; Linthicum-Yes; McDonald-Yes; Olson-Yes; Rupp,-Yes): That the Employee Benefits Program Committee recommends that the Executive Committee approve renewal of the self-funded Delta Dental PPO and VSP plans with **no change** in rates, and also approve increases in DeltaCare **5.24%**, Standard Life **9.41%**, and MHN EAP **9.44%**, effective January 1, 2020.

## **PARTICIPATION REQUIREMENTS**

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Mr. Sells briefly reviewed the JPIA's Participation Requirements for members participating in the medical plans. Standard Participation Requirements apply to all members. Members meeting the additional Incentive Participation Requirements, which provide a more favorable risk profile to the pool, receive a 4% discount on Anthem medical premiums.

Mr. Sells explained that, at the request of member agencies, staff would like to provide more flexibility regarding Director enrollment. The proposed change would allow member agencies receiving discounted Incentive rates to allow Directors to waive enrollment in JPIA medical coverage, subject to the rules for employees at Standard member agencies, and allow Directors to waive enrollment in any of the ancillary plans for the duration of their term, independent of whether medical coverage was waived.

M/S/C (Linthicum/Olson) (Boatmun-Yes; Dosier-Yes; Gish-Yes; Groom-Yes; Hussmann-Yes; Linthicum-Yes; McDonald-Yes; Olson-Yes; Rupp,-Yes): That the Employee Benefits Program Committee recommends that the Executive Committee approve amending the Participation Requirements to allow Directors at Incentive member agencies to waive enrollment in JPIA medical coverage, subject to the rules for employees at Standard member agencies, and to allow Directors to waive enrollment in any of the ancillary plans for the duration of their term, independent of whether medical coverage was waived.

## WELLNESS GRANTS, SOLERA DIABETES PREVENTION, CARRUM HEALTH

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Ms. Rech, Employee Benefits Account Manager, updated the committee on Wellness Grants. JPIA offered Wellness Grants for the first time in 2015, and has continued to offer them annually. JPIA accepted Wellness Grant applications from May 21, 2019 through June 21, 2019. Anthem has again provided \$75,000 to fund the Wellness Grants. Staff created and distributed ideas and tips, with highlights of several member wellness activities. A plethora of wellness resources are posted to the JPIA website. Member interest and satisfaction with the program has been high, and has increased each year.

Ms. Rech spoke about Solera Diabetes Prevention Program, available to Anthem PPO and HMO members, launched in February 2018. Ms. Rech said that feedback from participants have been very favorable. Participation was encouraged by an email campaign that occurred from late March through April.

Ms. Rech then reviewed Carrum Health, and member outreach efforts undertaken and ongoing. Communication continues to be challenging, as participants must self-refer to the program. JPIA and Carrum Health have communicated with participants to promote the program through direct mail, email, and in-person presentations. Most recently, a postcard campaign was completed and a new YouTube presentation was created. The incentive campaign for both participants and staff responsible for communicating the benefit continues with six winners so far. Staff will continue to communicate the program, utilizing the upcoming Open Enrollment period to do so.

## NEXT MEETING DATE

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### Availability for Upcoming Meeting(s)

Mr. Rupp said that there were no more meetings scheduled for the remainder of the year. Mr. Sells stated if there was a need for a meeting, one would be scheduled at that time.

The Employee Benefits Program Committee meeting adjourned at 11:45 a.m.

**ACWA JPIA**  
**Overview of Program History and Current Status**  
**July 22, 2020**

**BACKGROUND**

JPIA began administering Employee Benefits plans July 1, 2012. Each year plan status and options for program renewal are thoroughly evaluated, with the goal of providing the best possible coverage at the best possible price.

**CURRENT SITUATION**

This section includes information for the Committee regarding:

- Staff recommendations included in this packet
- Employee Benefits rate history
- 2020 financial recap
- Medical plan enrollment history
- Current medical plan offerings

**RECOMMENDATIONS**

None, informational only.

## Recommendations Included in the Packet

### Anthem PPOs

That the Employee Benefits Committee recommend that the Executive Committee approve **no aggregate change to rates** for the Anthem Blue Cross self-funded PPO plans, which shall include Rx Post Check, High Cost Generics, Copay Assistance Program, Safe Harbor Program, and Carrum Health, effective January 1, 2021.

### Anthem HMOs

That the Employee Benefits Committee recommend that the Executive Committee approve an aggregate **increase of 7.60%** for the Anthem Blue Cross HMO plans, effective January 1, 2021.

### Kaiser HMOs

That the Employee Benefits Committee recommend that the Executive Committee approve an aggregate **increase of 8.84%** to Kaiser rates, effective January 1, 2021.

### Ancillary Plans

- 1) That the Employee Benefits Committee recommend that the Executive Committee approve renewal of the following programs with **no change** in rates, effective January 1, 2021: Delta Dental PPO, DeltaCare HMO, VSP, Standard Short-Term Disability.
- 2) That the Employee Benefits Committee recommend that the Executive Committee approve renewal of the following programs with a **5% decrease** in rates, effective January 1, 2021: Standard Long-Term Disability, Basic Life and Supplemental Life.

### Employee Assistance Program

That the Employee Benefits Committee recommend that the Executive Committee approve Anthem EAP to replace MHN EAP, with a **7% decrease** in rates, effective January 1, 2021.

### Participation Requirements

- 1) That the Employee Benefits Committee recommend that the Executive Committee approve requirement of financial responsibility, shared residence, and primary parenting responsibilities in order to cover a grandchild as a child in the JPIA health plans, effective January 1, 2021.
- 2) That the Employee Benefits Committee recommend that the Executive Committee approve amending the Retirement Policy Requirements to require a minimum of five years of service for retiree benefits eligibility, grandfathering current retirees if any conflict arises, effective January 1, 2021.
- 3) That the Employee Benefits Committee recommend that the Executive Committee approve amending the Retirement Policy Requirements to permit enrollment in Retiree coverage, so long as the employee has remained employed and enrolled.

# 2021 Renewal Financial Summary

Line of Coverage	EE's	2020	2021	% Δ
Anthem - Self-funded - PPO Program <sup>1</sup>	4,496	\$78,587,590	\$80,179,651	2.03%
Anthem - Fully-insured - HMO Program <sup>2</sup>	1,513	\$28,927,271	\$30,952,180	7.00%
<i>North</i>				
Kaiser - Fully-insured - HMO/CDHP Program <sup>3</sup>	451	\$7,560,455	\$8,255,579	9.19%
<i>South</i>				
Kaiser - Fully-insured - HMO/CDHP Program <sup>3</sup>	1,175	\$18,295,337	\$19,975,855	9.19%
Delta Dental - Self-funded - PPO <sup>4</sup>	8,725	\$10,044,163	\$9,855,261	-1.88%
Delta Dental - Fully-insured - DHMO <sup>5</sup>	191	\$102,029	\$102,029	0.00%
VSP - Self-insured - Vision <sup>6</sup>	7,955	\$1,716,857	\$1,671,189	-2.66%
The Standard - Fully-insured - Life & Disability <sup>7</sup>		\$1,736,787	\$1,736,787	0.00%
MHN - Fully-insured - EAP <sup>8</sup>	3,830	\$90,541	\$90,541	0.00%
<b>TOTAL ANNUAL PREMIUM</b>		<b>\$147,061,031</b>	<b>\$152,819,073</b>	
<b>ANNUAL DOLLAR CHANGE</b>			<b>\$5,758,042</b>	
<b>ANNUAL PERCENTAGE CHANGE</b>			<b>3.92%</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 March 2020, 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 2020, actual enrollment may differ

<sup>3</sup> Fully-insured Kaiser HMO enrollment provided by Kaiser as of December 2019, 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 March 2020, actual enrollment may differ

<sup>5</sup> Fully-insured Delta Care enrollment provided by Delta Dental as of March 2020, 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 March 2020, actual enrollment may differ

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

<sup>8</sup> MHN EAP financials is based on enrollment as of April 2020, actual enrollment may differ

**ACWA JPIA**  
**2021 Pricing and Plan Options for Self-Funded**  
**Anthem Medical PPO Plans**  
**July 22, 2020**

**BACKGROUND**

Employee Benefits plans renew January 1, 2021. Historic rates and information are 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. Alliant projections are based on data through March 31, 2020. Staff will discuss COVID-19 impacts to plan costs thus far, and considerations for projecting costs in the current environment.

The following pages include:

- MedImpact pharmacy benefit clinical programs
  - RX Post Check: medical claim processing review for high cost medications
  - Copay Assistance Program: leverages manufacturer coupons for participant and plan savings
  - High Cost Generics: replaces generics with the same active ingredient with the same active ingredient drug from another manufacturer
- MedImpact Safe Harbor Program
  - Waives the high deductible for common maintenance medications
- Carrum Health Surgery Benefit
- PPO pricing recommendations

Staff's pricing recommendations include the cost of the programs presented here. The recommended pricing would bring the \$200 deductible Classic PPO and the \$500 deductible Advantage PPO two percent closer together.

**RECOMMENDATION**

That the Employee Benefits Committee recommend that the Executive Committee approve **no aggregate change to rates** for the Anthem Blue Cross self-funded PPO plans, which shall include Rx Post Check, High Cost Generics, Copay Assistance Program, Safe Harbor Program, and Carrum Health, effective January 1, 2021.

# JPIA Overview: 2020 Medical Plan Offerings

## Anthem Blue Cross

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

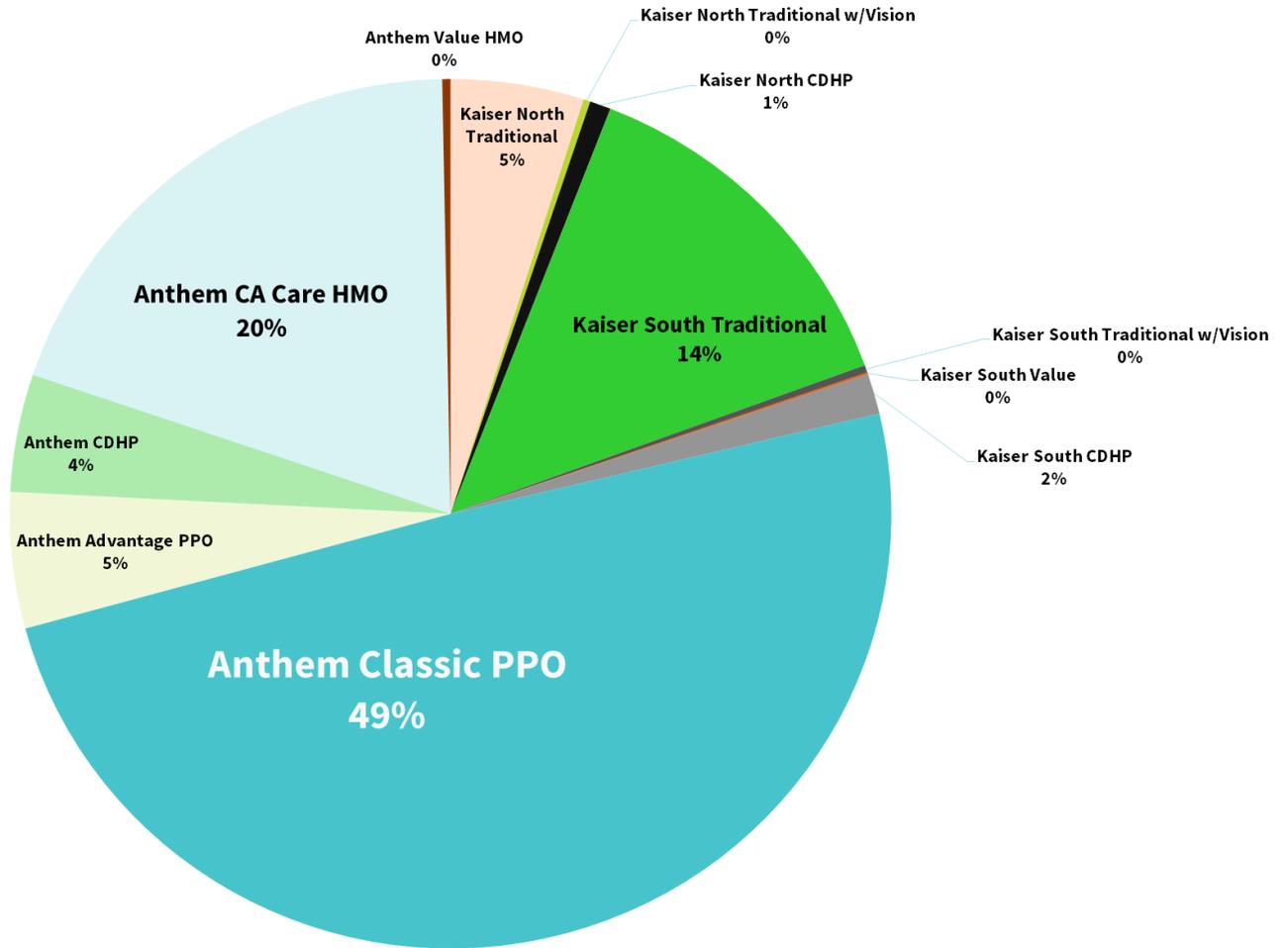
## Kaiser HMO

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

### ACWA JPIA - Current Medical Plans

Ant hem 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%	Ded/ 10%	10-20%	\$5/\$20/\$50	\$2,000/\$4,000	\$5,350 / \$10,200
Advantage PPO	\$500/\$1,000	\$20	\$50 Copay + 20%	Ded/ 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	Ded \$5/\$20/\$50	\$2,500/\$5,000	\$4,100 / \$8,200
Consumer Driven Health Plan	\$1,500/\$3,000	Ded/20%	\$100 copay + 20%	Ded/ 20%	20%	Ded \$5/\$20/\$50	\$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	\$0	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	\$2,800/\$5,600	

# JPIA Overview: Enrollment History – Detailed Medical Plan Breakout



- Kaiser North Traditional
- Kaiser North Traditional w/Vision
- Kaiser North CDHP
- Kaiser South Traditional
- Kaiser South Traditional w/Vision
- Kaiser South Value
- Kaiser South CDHP
- Anthem Classic PPO
- Anthem Advantage PPO
- Anthem CDHP
- Anthem CA Care HMO
- Anthem Value HMO

# JPIA Overview:

## Enrollment History – Detailed Medical Plan Breakout

Employee Enrollment History - Anthem Blue Cross							
Anthem Blue Cross Plans	2014	2015	2016	2017	2018	2019	2020
Prudent Buyer (PPO)							
Classic	4,177	4,067	3,894	3,840	3,790	3,680	3,776
Advantage	282	387	456	343	384	382	386
Consumer Driven Health Plan (CDHP)	8	96	129	206	249	294	334
<b>Total PPO</b>	<b>4,467</b>	<b>4,550</b>	<b>4,479</b>	<b>4,389</b>	<b>4,423</b>	<b>4,356</b>	<b>4,496</b>
% Change from Previous Year	-3.79%	1.86%	-1.56%	-2.01%	0.77%	-1.51%	3.21%
Anthem Blue Cross (HMO)							
California Care HMO	1,602	1,573	1,581	1,541	1,517	1,538	1,490
Value HMO	6	13	14	29	26	28	23
<b>Total HMO</b>	<b>1,608</b>	<b>1,586</b>	<b>1,595</b>	<b>1,570</b>	<b>1,543</b>	<b>1,566</b>	<b>1,513</b>
% Change from Previous Year	9.76%	-1.37%	0.57%	-1.57%	-1.72%	1.49%	-3.38%
<b>Total Anthem Plans</b>	<b>6,075</b>	<b>6,136</b>	<b>6,074</b>	<b>5,959</b>	<b>5,966</b>	<b>5,922</b>	<b>6,009</b>
% Change from Previous Year	<b>-0.54%</b>	<b>1.00%</b>	<b>-1.01%</b>	<b>-1.89%</b>	<b>0.12%</b>	<b>-0.74%</b>	<b>1.47%</b>

Employee Enrollment History - Kaiser							
Kaiser Plans	2014	2015	2016	2017	2018	2019	2020
<b>Northern Region</b>							
HMO	217	205	206	307	335	363	392
Consumer Driven Health Plan (CDHP)	11	26	39	47	47	49	59
<b>Total</b>	<b>228</b>	<b>231</b>	<b>245</b>	<b>354</b>	<b>382</b>	<b>412</b>	<b>451</b>
% Change from Previous Year	18.13%	1.32%	6.06%	44.49%	7.91%	7.85%	9.47%
% of Total Kaiser Enrollment	23.90%	22.67%	21.32%	26.36%	26.42%	26.96%	27.74%
<b>Southern Region</b>							
HMO	702	724	777	876	941	977	1,034
HMO with Vision	7	15	29	26	23	23	21
Value	2	2	22	2	3	4	5
Consumer Driven Health Plan (CDHP)	15	47	76	85	97	112	115
<b>Total</b>	<b>726</b>	<b>788</b>	<b>904</b>	<b>989</b>	<b>1,064</b>	<b>1,116</b>	<b>1,175</b>
% Change from Previous Year	14.51%	8.54%	14.72%	9.40%	7.58%	4.89%	5.29%
% of Total Kaiser Enrollment	76.10%	77.33%	78.68%	73.64%	73.58%	73.04%	72.26%
<b>Total Kaiser Plans</b>	<b>954</b>	<b>1,019</b>	<b>1,149</b>	<b>1,343</b>	<b>1,446</b>	<b>1,528</b>	<b>1,626</b>
% Change from Previous Year	<b>15.36%</b>	<b>6.81%</b>	<b>12.76%</b>	<b>16.88%</b>	<b>7.67%</b>	<b>5.67%</b>	<b>6.41%</b>

<b>Total All Medical Plans</b>	<b>7,029</b>	<b>7,155</b>	<b>7,223</b>	<b>7,302</b>	<b>7,412</b>	<b>7,450</b>	<b>7,635</b>
% Change from Previous Year	1.36%	1.79%	0.95%	1.09%	1.51%	0.51%	2.48%

# JPIA Overview: PPO Renewal History

	ACWA PPO Classic Renewal	ACWA PPO Advantage Renewal	ACWA PPO HDHP Renewal	CalPERS PERSChoice Renewal <sup>1</sup>
2012	2.23%	2.23%	2.23%	1.90%
2013	8.46%	8.46%	8.46%	16.22%
2014 (Actual) <sup>2</sup>	5.70%	5.70%	5.70%	1.49%
2015 (Actual) <sup>3</sup>	0.00%	0.00%	0.00%	-0.48%
2016 (Actual) <sup>4</sup>	7.94%	7.94%	7.94%	11.75%
2017 (Actual) <sup>5</sup>	12.00%	12.00%	12.00%	4.57%
2018 (Actual) <sup>6</sup>	4.50%	4.50%	4.50%	-2.26%
2019 (Actual) <sup>7</sup>	0.00%	0.00%	0.00%	5.61%
2020 (Actual) <sup>8</sup>	0.00%	0.00%	0.00%	2.91%
2021 (Projections)*	2.03%	2.03%	2.03%	7.91%
<b>AVERAGE</b>	<b>4.29%</b>	<b>4.29%</b>	<b>4.29%</b>	<b>4.96%</b>

<sup>1</sup> CalPERS PERSChoice renewal figures represent overall statewide figure as published by CalPERS. CalPERS preliminary rates showing for 2021.

<sup>2</sup> Recommended increase was 9.6% to all PPO plans. Actual increase to members shown above

<sup>3</sup> Recommended increase was 4.7% to all PPO plans. Actual increase to members shown above

<sup>4</sup> Recommended increase was 14.81% to all PPO plans. Actual increase to members shown above

<sup>5</sup> Recommended increase was 14.09% to all PPO plans. Actual increase to members shown above

<sup>6</sup> Recommended increase was 6.90% to all PPO plans. Actual increase to members shown above

<sup>7</sup> Recommended increase was 3.22% to all PPO plans. Actual increase to members shown above

<sup>8</sup> Recommended increase was 1.05% to all PPO plans. Actual increase to members shown above

\* ACWA JPIA Renewal Increases are projections completed by Alliant Underwriting. CalPERS preliminary rates showing for 2021.

## 2021 PPO Renewal Projection Overview

Single PPO renewal underwriting projection for all Anthem PPO Plans provided by Alliant:

- **The analysis yields a rate change of 2.03%**
- Estimate applies 6.25% trend to all medical claims and 9.5% trend to all pharmacy claims
  - These numbers represent a combination of industry standard and ACWA JPIA specific trend
- Stop-loss renewal for 2021 estimated to be 20%
- The calculation includes no claim fluctuation margin (allowance for unexpected increases in claims cost)
- Consistent with industry standard practice, this estimate is calculated independent of any consideration of whether ACWA JPIA is able to subsidize rates from accumulated surplus

# PPO Trend Analysis

2021 ACWA/JPIA MEDICAL RENEWAL: PPO TREND ANALYSIS			
Trend Source	Medical Trend	Rx Trend	Months of Specific Trend
Anthem Book of Business Trends <sup>1</sup>	9.40%	12.00%	
Anthem ACWA JPIA Illustrative Trends <sup>2</sup>	9.60%	n/a	
Alliant Trends <sup>3</sup>	6.25%	9.50%	
Segal Trend Survey <sup>4</sup>	6.80%	9.50%	
ACWA/JPIA Specific Trends <sup>5</sup>	-4.08%	-6.80%	12
ACWA/JPIA Specific Trends <sup>5</sup>	-0.98%	-4.56%	24
ACWA/JPIA Specific Trends <sup>5</sup>	-3.77%	0.11%	36

<sup>1</sup> Anthem California BOB Corporate 2021 Projected Trend Levels

<sup>2</sup> Anthem ACWA JPIA 2021 Illustrative Projection Trend Levels (provided as a courtesy using insured projection methodology)

<sup>3</sup> Alliant Book of Business Trend 2020

<sup>4</sup> 2020 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 claims over ISL and does not adjust for plan design changes)

# 2021 PPO Rate Projection

		Anniversary Date: January 1			
Renewal Date	Jan-21	TOTAL			
Most Recent Experience Month	Mar-20	<u>Medical</u>	<u>Pharmacy</u>	<u>Total (PEPM)</u>	<u>Total (Annualized)</u>
Current Funding (Monthly)				\$6,654,421	\$79,853,055
Current Monthly Enrollment				4,496	53,952
<b>Current Funding PEPM</b>				<b>\$1,480.08</b>	<b>\$1,480.08</b>
<b><u>Incurred Claims (2019 PY)</u></b>		<b>\$50,176,325</b>	<b>\$19,199,532</b>	<b>\$69,375,857</b>	<b>\$69,375,857</b>
<b>Annual Subscriber Lives (2019 PY)</b>		53,097	53,097	53,097	53,097
<b>Incurred Claims PEPM</b>		<b>\$944.99</b>	<b>\$361.59</b>	<b>\$1,306.59</b>	<b>\$69,375,857</b>
<b>Trend Adjustment</b>					
Annual Trend		6.25%	9.50%		
Applied Trend Factor		1.1289	1.1990	1.1483	1.1483
<b>Trended Claims PEPM (2019 PY)</b>		<b>\$1,066.81</b>	<b>\$433.56</b>	<b>\$1,500.37</b>	<b>\$80,947,901</b>
<b>Claim Adjustments (2019 PY)</b>				<b>\$1.05</b>	
Historical Benefit Design Adjustment		\$0.00	\$0.00	\$0.00	\$0
Large Claim Adjustment		(\$26.94)		(\$26.94)	(\$1,453,609)
<b>Adjusted Trended Claims PEPM (2019 PY)</b>		<b>\$1,039.87</b>	<b>\$433.56</b>	<b>\$1,473.43</b>	<b>(\$1,453,609)</b>
<b>Multi-Year Underwriting Adjustment</b>					
2018 PY Trended Claims PEPM (Weighted: Med - 0% / Rx - 0% )		\$1,009.44	\$506.42	\$1,515.85	
2019 PY Trended Claims PEPM (Weighted: Med - 80% / Rx - 50% )		\$1,039.87	\$433.56	\$1,473.43	
2020 PY Trended Claims PEPM (Weighted: Med - 20% / Rx - 50% )		\$963.29	\$398.82	\$1,362.11	
<b>Blended Trended Claims PEPM</b>		<b>\$1,026.38</b>	<b>\$415.79</b>	<b>\$1,442.17</b>	<b>\$77,807,759</b>
<b>Margin (Claim Fluctuation Reserve - 0%)</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Rx Rebate</b>			(\$71.36)	(\$71.36)	(\$3,849,817)
<b>Program Fixed Costs (See Exhibit for Detail)</b>		<b>\$139.25</b>		<b>\$139.25</b>	<b>\$7,512,811</b>
<b>Net Required Funding PEPM</b>		<b>\$1,165.63</b>	<b>\$344.43</b>	<b>\$1,510.06</b>	<b>\$81,470,753</b>
<b>Net Required Funding Change</b>				<b>2.03%</b>	<b>2.03%</b>

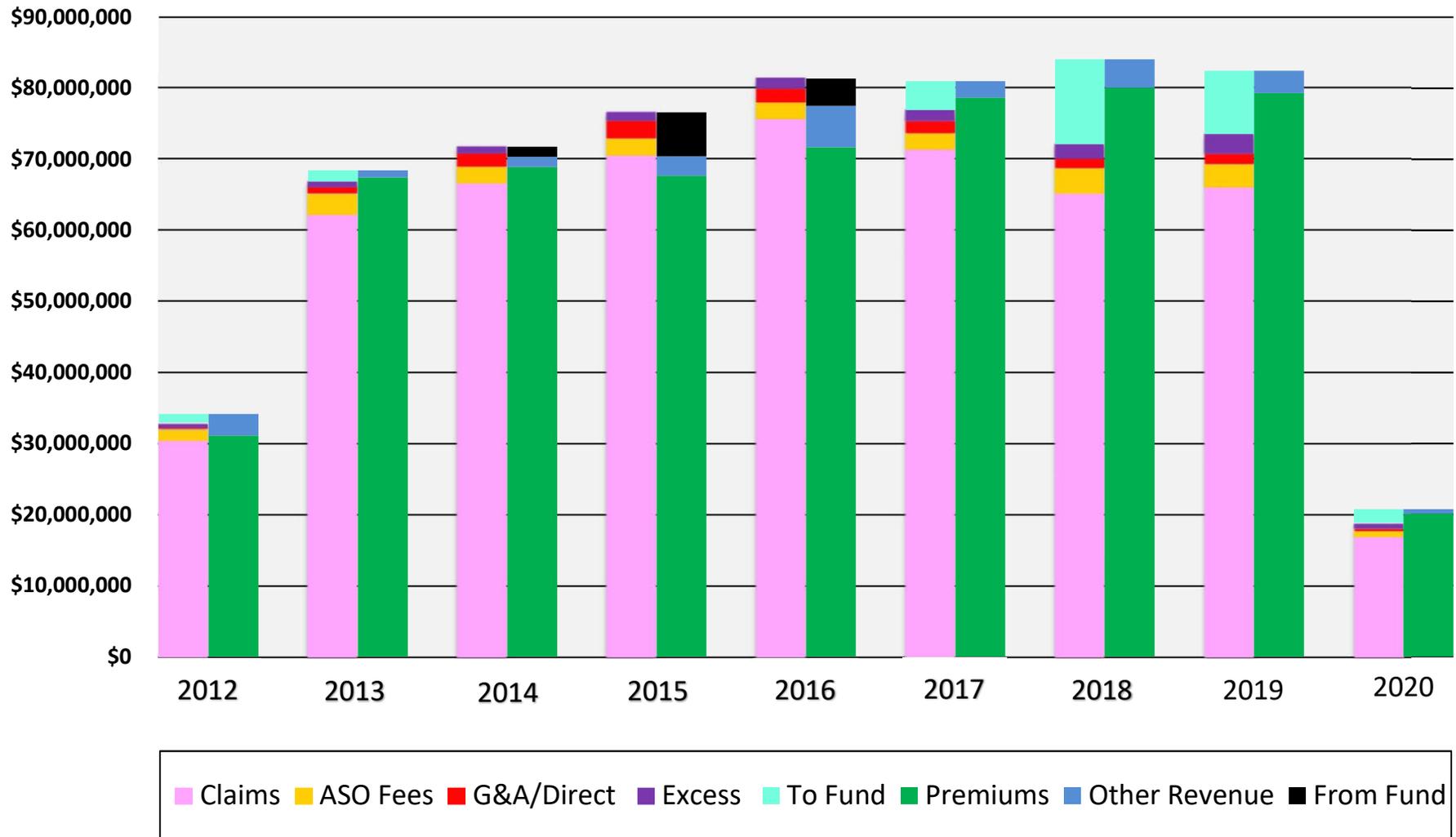
Projections are estimates and not guaranteed

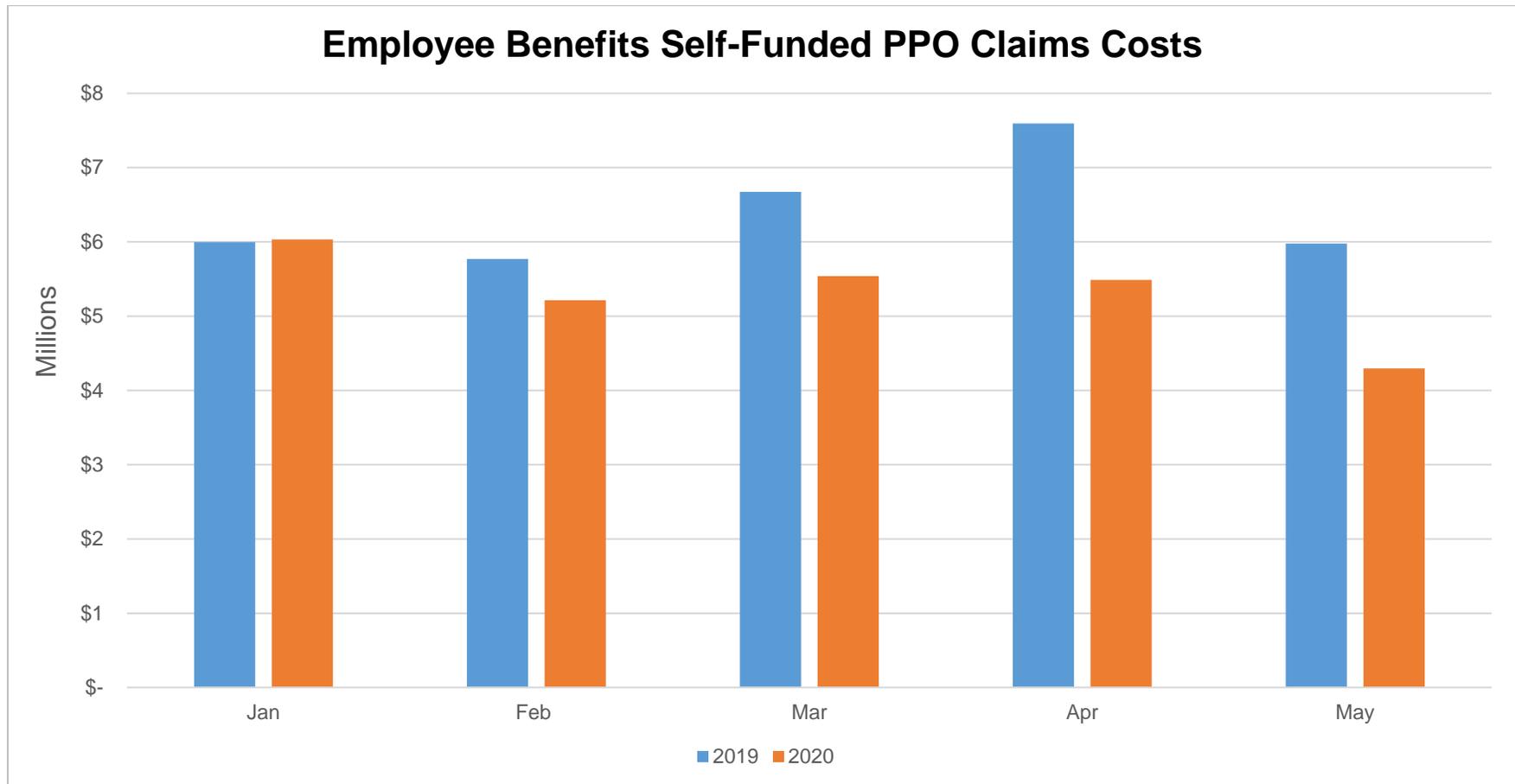
# MedImpact Clinical Programs (non-Medicare)

Commercial PHE19 - Program Recommendations	Solution Overview	Program Fee	Estimated Annual Plan Savings
<b>Copay Assistance Program</b>	Maximize annual manufacturer contribution on select Specialty drugs, while retaining rebate programs. Auto adjust accumulator to reflect member's true out of pocket expenses for broad standard list	\$41,808 \$0.40 PMPM	\$544,584 <b>Net Savings: \$502,776</b>
<b>RxPostCheck Specialty Management Program</b>	RxPostCheck — an intelligence-driven, integrated specialty medication management solution — to help plan sponsors manage specialty drug costs and improve care across the medical and pharmacy benefits at the site of care. Plan sponsors can achieve significant savings with improved medical management of specialty drugs.	\$55,000	\$351,872 <b>Net Savings: \$296,872</b>
<b>High-Cost Generics Exclusion Program (HCG X™)</b>	Program to manage “brand-like” generics as brand drugs as an effective strategy to manage against industry trends in generic drug pricing inflation.	\$31,356 \$0.30 PMPM	\$116,307 <b>Net Savings: \$84,951</b>
<b>Safe Harbor Program</b>	The Safe Harbor is an optional benefit that High Deductible Health Plans may offer beneficiaries to access preventative care medications without being subject to the deductible.	Included	<b>(\$26,126)</b> Member cost share shifted to the plan

Savings on programs above was calculated based on JPIA utilization, except for RxPostCheck, which was calculated based on MedImpact Book of Business. JPIA-specific analysis is pending.

**ACWA JPIA**  
**EMPLOYEE BENEFITS**  
**Anthem PPO**  
 Revenue vs Costs (by policy year)  
 Annualized as of 03/31/20





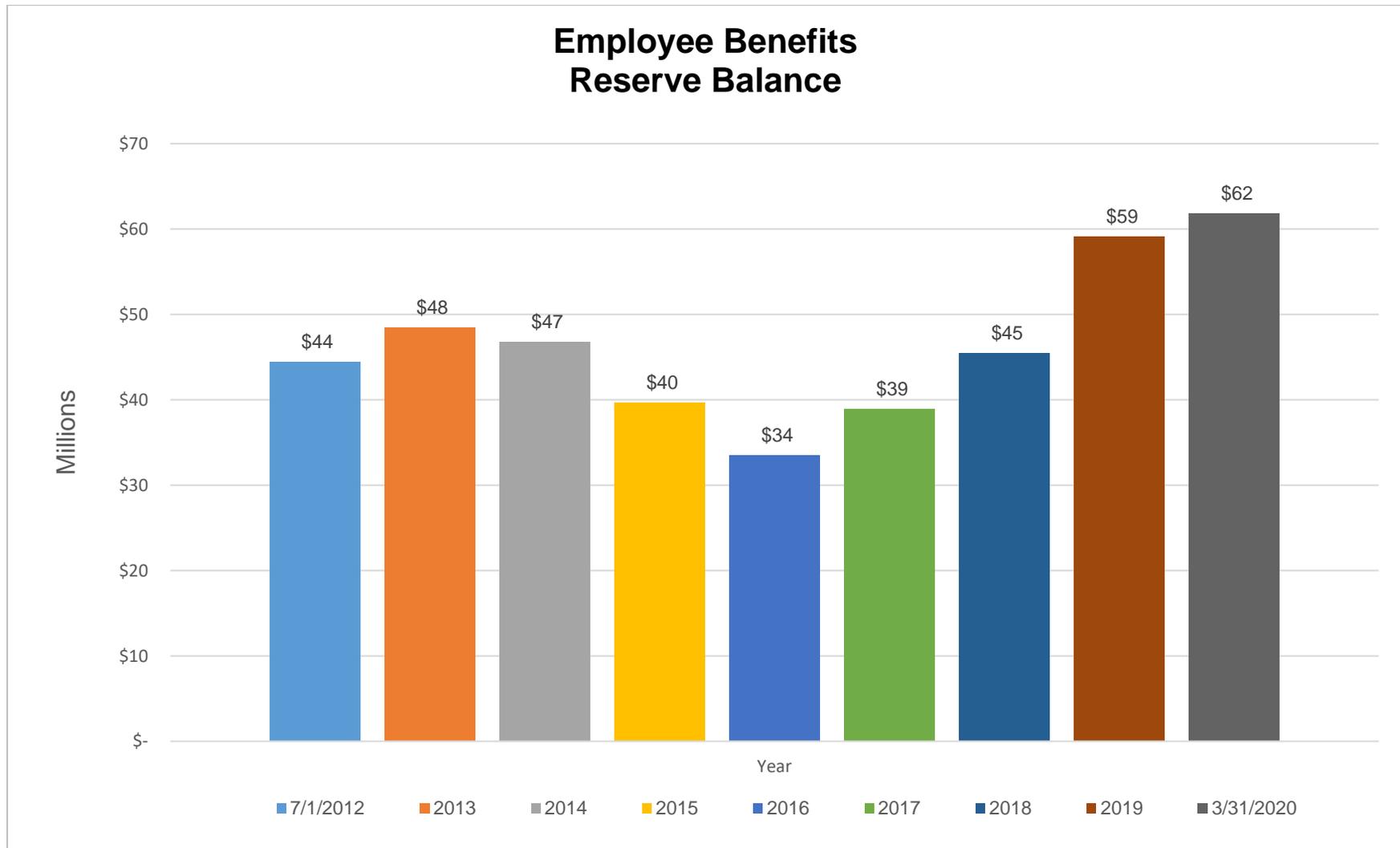
The above represents total medical and prescription claims costs from January through May, independent of any credits.

2019 \$32.0 million; 2020 \$26.6 million

Difference: \$5.4 million, a 17% reduction

Deferred care costs anticipated. COVID-19 testing and treatment costs unknown.

COVID-19-related medical costs through 6/30/2020 total \$488,000.



Balance as of December 31, unless otherwise indicated.

**ACWA JPIA  
2021 PPO Renewal  
July 22, 2020**

CLASSIC PPO REGION	ENROLL TOTAL	2021 STANDARD RATES			2021 INCENTIVE RATES			2021 TOTAL PREMIUMS		2021 INCREASE	PERSCare EE	CP 2021 change	JPIA STD	JPIA INC
		EE	EE+1	FAM	EE	EE+1	FAM							
Los Angeles	530	845.14	1,690.28	2,239.62	811.33	1,622.67	2,150.03	10,033,408	14%	0.00%	1,036.07	11.3%	-23%	-28%
Other South	1,434	896.49	1,792.97	2,375.69	860.63	1,721.25	2,280.66	28,434,993	42%	0.00%	1,115.68	13.1%	-24%	-30%
Sacramento	174	982.75	1,965.50	2,604.29	943.44	1,886.88	2,500.12	4,099,163	6%	0.00%	1,294.69	14.3%	-32%	-37%
Other North	444	987.42	1,974.84	2,616.66	947.92	1,895.84	2,511.99	9,799,712	14%	0.00%	1,294.69	14.3%	-31%	-37%
Bay Area	340	1,027.38	2,054.75	2,722.55	986.28	1,972.56	2,613.65	7,229,795	11%	0.00%	1,294.69	14.3%	-26%	-31%
Medicare	866	571.39	1,142.78	1,758.88	548.54	1,097.07	1,688.52	8,361,111	12%	0.00%	381.25	0.9%	33%	30%
	3,788		2.00	2.65		4%		\$ 67,958,182	100%					
<b>ADVANTAGE</b>		14%									<b>Choice</b>			
Los Angeles	29	726.82	1,453.64	1,926.07	697.75	1,395.49	1,849.03	543,737	9%	0.00%	761.23	7.2%	-5%	-9%
Other South	175	770.98	1,541.95	2,043.09	740.14	1,480.28	1,961.37	3,173,039	44%	0.00%	783.19	6.4%	-2%	-6%
Sacramento	44	845.17	1,690.33	2,239.69	811.36	1,622.72	2,150.10	797,711	11%	0.00%	935.84	8.7%	-11%	-15%
Other North	113	849.18	1,698.36	2,250.33	815.21	1,630.43	2,160.31	2,148,724	30%	0.00%	935.84	8.7%	-10%	-15%
Bay Area	11	883.54	1,767.09	2,341.39	848.20	1,696.41	2,247.74	198,184	3%	0.00%	935.84	8.7%	-6%	-10%
Medicare	27	491.40	982.79	1,512.63	471.74	943.48	1,452.13	236,107	3%	0.00%	349.97	0.4%	29%	26%
	399							\$ 7,097,502	100%					
<b>CDHP</b>		20%									<b>Select</b>			
Los Angeles	37	676.11	1,352.22	1,791.70	649.07	1,298.13	1,720.03	617,117	10%	0.00%	459.94	5.6%	32%	29%
Other South	91	717.19	1,434.38	1,900.55	688.50	1,377.00	1,824.53	1,383,267	20%	0.00%	476.92	5.6%	34%	31%
Sacramento	101	786.20	1,572.40	2,083.43	754.75	1,509.50	2,000.09	2,005,679	33%	0.00%	566.67	8.9%	28%	25%
Other North	59	789.93	1,579.87	2,093.33	758.34	1,516.67	2,009.59	1,061,824	19%	0.00%	566.67	8.9%	28%	25%
Bay Area	49	821.90	1,643.80	2,178.04	789.03	1,578.05	2,090.92	1,015,535	17%	0.00%	566.67	8.9%	31%	28%
Medicare	1	457.11	914.23	1,407.10	438.83	877.66	1,350.82	16,885	0%	0.00%	349.97	0.4%	23%	20%
	338							\$ 6,100,308	100%					
	4,525													

<b>Aggregate Increase</b>	<b>0.00%</b>
<b>Annual Premiums</b>	<b>\$ 81,155,992</b>
Enrollees	4,525
Premium PEPM	\$ 1,494.59
Projected Plan Cost PEPM	\$ 1,527.06
<b>Projected Plan Cost</b>	<b>\$ 82,919,358</b>
<b>Potential Subsidy</b>	<b>\$ 1,763,366</b>

PEPM = Per Employee Per Month  
 Premiums Annualized based on 5/31/2020 enrollment  
 Rates include Administrative Fees

**ACWA JPIA  
2021 PPO Renewal  
July 22, 2020**

CLASSIC PPO REGION	ENROLL TOTAL	2021 STANDARD RATES			2021 INCENTIVE RATES			2021 TOTAL PREMIUMS		2021 INCREASE	PERSCare EE	CP 2021 change	JPIA STD	JPIA INC
		EE	EE+1	FAM	EE	EE+1	FAM							
Los Angeles	530	822.34	1,644.68	2,179.20	789.44	1,578.89	2,092.03	9,762,717	14%	-2.70%	1,036.07	11.3%	-26%	-31%
Other South	1,434	872.30	1,744.60	2,311.59	837.41	1,674.81	2,219.13	27,667,846	42%	-2.70%	1,115.68	13.1%	-28%	-33%
Sacramento	174	956.24	1,912.47	2,534.03	917.99	1,835.98	2,432.67	3,988,572	6%	-2.70%	1,294.69	14.3%	-35%	-41%
Other North	444	960.78	1,921.56	2,546.06	922.35	1,844.70	2,444.22	9,535,326	14%	-2.70%	1,294.69	14.3%	-35%	-40%
Bay Area	340	999.66	1,999.32	2,649.10	959.67	1,919.35	2,543.13	7,034,742	11%	-2.70%	1,294.69	14.3%	-30%	-35%
Medicare	866	555.98	1,111.95	1,711.42	533.74	1,067.47	1,642.97	8,135,537	12%	-2.70%	381.25	0.9%	31%	29%
	3,788		2.00	2.65		4%		\$ 66,124,741	100%					
<b>ADVANTAGE</b>			12%								<b>Choice</b>			
Los Angeles	29	723.66	1,447.32	1,917.69	694.71	1,389.42	1,840.99	541,371	9%	-0.44%	761.23	7.2%	-5%	-10%
Other South	175	767.62	1,535.25	2,034.20	736.92	1,473.84	1,952.83	3,159,234	44%	-0.44%	783.19	6.4%	-2%	-6%
Sacramento	44	841.49	1,682.98	2,229.94	807.83	1,615.66	2,140.75	794,241	11%	-0.44%	935.84	8.7%	-11%	-16%
Other North	113	845.49	1,690.97	2,240.54	811.67	1,623.33	2,150.92	2,139,376	30%	-0.44%	935.84	8.7%	-11%	-15%
Bay Area	11	879.70	1,759.40	2,331.21	844.51	1,689.02	2,237.96	197,322	3%	-0.44%	935.84	8.7%	-6%	-11%
Medicare	27	489.26	978.52	1,506.05	469.69	939.38	1,445.81	235,079	3%	-0.44%	349.97	0.4%	28%	25%
	399							\$ 7,066,624	100%					
<b>CDHP</b>			20%								<b>Select</b>			
Los Angeles	37	657.87	1,315.74	1,743.36	631.56	1,263.11	1,673.62	600,468	10%	-2.70%	459.94	5.6%	30%	27%
Other South	91	697.84	1,395.68	1,849.27	669.93	1,339.85	1,775.30	1,345,948	20%	-2.70%	476.92	5.6%	32%	29%
Sacramento	101	764.99	1,529.98	2,027.22	734.39	1,468.78	1,946.13	1,951,568	33%	-2.70%	566.67	8.9%	26%	23%
Other North	59	768.62	1,537.25	2,036.85	737.88	1,475.76	1,955.38	1,033,177	19%	-2.70%	566.67	8.9%	26%	23%
Bay Area	49	799.73	1,599.46	2,119.28	767.74	1,535.48	2,034.51	988,137	17%	-2.70%	566.67	8.9%	29%	26%
Medicare	1	444.78	889.56	1,369.14	426.99	853.98	1,314.37	16,430	0%	-2.70%	349.97	0.4%	21%	18%
	338							\$ 5,935,728	100%					
	4,525													

**Aggregate Increase Annual Premiums** **-2.50%**  
**\$ 79,127,092**

**ACWA JPIA  
2021 PPO Renewal  
July 22, 2020**

CLASSIC PPO REGION	ENROLL TOTAL	2021 STANDARD RATES			2021 INCENTIVE RATES			2021 TOTAL PREMIUMS		2021 INCREASE	PERSCare EE	CP 2021 change	JPIA STD	JPIA INC
		EE	EE+1	FAM	EE	EE+1	FAM							
Los Angeles	530	801.25	1,602.51	2,123.32	769.20	1,538.41	2,038.39	9,512,391	14%	-5.19%	1,036.07	11.3%	-29%	-35%
Other South	1,434	849.93	1,699.86	2,252.32	815.94	1,631.87	2,162.23	26,958,414	42%	-5.19%	1,115.68	13.1%	-31%	-37%
Sacramento	174	931.72	1,863.44	2,469.05	894.45	1,788.90	2,370.29	3,886,301	6%	-5.19%	1,294.69	14.3%	-39%	-45%
Other North	444	936.14	1,872.29	2,480.78	898.70	1,797.40	2,381.55	9,290,831	14%	-5.19%	1,294.69	14.3%	-38%	-44%
Bay Area	340	974.03	1,948.05	2,581.17	935.07	1,870.13	2,477.93	6,854,364	11%	-5.19%	1,294.69	14.3%	-33%	-38%
Medicare	866	541.72	1,083.44	1,667.54	520.05	1,040.10	1,600.84	7,926,934	12%	-5.19%	381.25	0.9%	30%	27%
	3,788		2.00	2.65		4%		\$ 64,429,234	100%					
<b>ADVANTAGE</b>		12%									<b>Choice</b>			
Los Angeles	29	705.10	1,410.21	1,868.52	676.90	1,353.80	1,793.78	527,490	9%	-2.99%	761.23	7.2%	-8%	-12%
Other South	175	747.94	1,495.88	1,982.04	718.02	1,436.05	1,902.76	3,078,228	44%	-2.99%	783.19	6.4%	-5%	-9%
Sacramento	44	819.91	1,639.82	2,172.77	787.12	1,574.23	2,085.86	773,876	11%	-2.99%	935.84	8.7%	-14%	-19%
Other North	113	823.81	1,647.61	2,183.09	790.85	1,581.71	2,095.76	2,084,520	30%	-2.99%	935.84	8.7%	-14%	-18%
Bay Area	11	857.14	1,714.29	2,271.43	822.86	1,645.72	2,180.57	192,263	3%	-2.99%	935.84	8.7%	-9%	-14%
Medicare	27	476.71	953.43	1,467.44	457.65	915.29	1,408.74	229,052	3%	-2.99%	349.97	0.4%	27%	24%
	399							\$ 6,885,428	100%					
<b>CDHP</b>		20%									<b>Select</b>			
Los Angeles	37	641.00	1,282.00	1,698.66	615.36	1,230.72	1,630.71	585,071	10%	-5.19%	459.94	5.6%	28%	25%
Other South	91	679.95	1,359.89	1,801.86	652.75	1,305.50	1,729.78	1,311,436	20%	-5.19%	476.92	5.6%	30%	27%
Sacramento	101	745.37	1,490.75	1,975.24	715.56	1,431.12	1,896.23	1,901,528	33%	-5.19%	566.67	8.9%	24%	21%
Other North	59	748.91	1,497.83	1,984.62	718.96	1,437.92	1,905.24	1,006,686	19%	-5.19%	566.67	8.9%	24%	21%
Bay Area	49	779.22	1,558.44	2,064.94	748.05	1,496.11	1,982.34	962,800	17%	-5.19%	566.67	8.9%	27%	24%
Medicare	1	433.38	866.75	1,334.03	416.04	832.08	1,280.67	16,008	0%	-5.19%	349.97	0.4%	19%	16%
	338							\$ 5,783,529	100%					
	4,525													

<b>Aggregate Increase</b>	<b>-5.00%</b>
<b>Annual Premiums</b>	<b>\$ 77,098,192</b>
Enrollees	4,525
Premium PEPM	\$ 1,419.86
Projected Plan Cost PEPM	\$ 1,527.06
<b>Projected Plan Cost</b>	<b>\$ 82,919,358</b>
<b>Potential Subsidy</b>	<b>\$ 5,821,166</b>

PEPM = Per Employee Per Month  
 Premiums Annualized based on 5/31/2020 enrollment  
 Rates include Administrative Fees

**ACWA JPIA**  
**2021 Pricing for the Insured Anthem HMO Medical Plans**  
**July 22, 2021**

**BACKGROUND**

Employee Benefits plans renew January 1, 2021. Historic rate information is included in the following pages.

The HMO plans are fully insured, with rates set by Anthem. However, pharmacy claims for retirees with Medicare are carved out and self-funded using an Employer Group Waiver Plan (EGWP). EGWPs receive reimbursement for a portion of prescription costs from Medicare Part D.

**CURRENT SITUATION**

Anthem provided a rate increase of 7.00% for the insured portion of the plan. When combined with the self-funded EGWP portion, and member premiums are allocated by region and Incentive and Standard differences, the overall increase in costs is projected to be 7.60%.

**RECOMMENDATION**

That the Employee Benefits Committee recommend that the Executive Committee approve an aggregate **increase of 7.60%** for the Anthem Blue Cross HMO plans, effective January 1, 2021.

## JPIA Overview: HMO Renewal History

Year	ACWA JPIA HMO Renewal	CalPERS HMO Renewal <sup>1</sup>
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 <sup>8</sup>	0.00%	6.20%
2020 <sup>9</sup>	5.64%	13.91%
2021*	7.00%	3.16%
<b>AVERAGE</b>	<b>4.30%</b>	<b>5.55%</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>Renewal includes Anthem fully-insured medical renewal + Self-funded Rx EGWP program

<sup>8</sup>Renewal includes Anthem fully-insured medical renewal + Self-funded Rx EGWP program

<sup>9</sup>Anthem HMO renewal was 5.64%, committee approved an 8.21% renewal to members

\*ACWA JPIA Renewal includes Anthem fully-insured medical renewal. CalPERS preliminary rates showing for 2021.

## 2021 Anthem HMO Renewal Summary

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- The Anthem HMO renewal for 2021 is 7.00%, or **6.70%** with EGWP
- Renewal Highlights:
  - The experience period used for the renewal calculation is April 1, 2019 to March 31, 2020
  - ACWA JPIA is 100% credible, making the renewal rating solely based on JPIA's specific claims experience, trend and demographics
  - Anthem HMO Non-Capitated trend is 8.95%, which is a decrease compared to last year's at 9.54%
  - Anthem Prescription drug benefit annual base trend is 8.99%, which is lower than last year's at 11.58%
  - ACA reinsurer fees does not apply to this renewal

# 2021 Anthem HMO Renewal Calculation

ACWA JPIA		
SUMMARY OF 2021 BLUE CROSS HMO RENEWAL CALCULATION		
	PEPM	TOTAL DOLLARS
Estimated Medical HMO Enrollment	1,513	18,156
<b>PROJECTED CLAIM &amp; CAPITATION COSTS</b>		
Fee for Service Claims	\$873.79	\$15,864,501
Fixed Fees to Providers (Capitation)	\$569.53	\$10,340,382
EGWP Part D	\$51.50	\$935,023
<b>Projected Claim and Capitation Subtotal</b>	<b>\$1,494.82</b>	<b>\$27,139,906</b>
<b>FIXED COSTS</b>		
Retention (Administration Charges)	\$172.16	\$3,125,712
Large Claims Charge	\$89.38	\$1,622,757
<b>Fixed Cost Subtotal</b>	<b>\$261.54</b>	<b>\$4,748,469</b>
<b>RENEWAL PREMIUM</b>	<b>\$1,756.35</b>	<b>\$31,888,375</b>
<b>ACA FEES</b>	<b>\$0.00</b>	<b>\$0</b>
<b>TOTAL</b>	<b>\$1,756.35</b>	<b>\$31,888,375</b>
<b>CURRENT ANTHEM PREMIUM</b>	<b>\$1,593.26</b>	<b>\$28,927,271</b>
<b>EGWP Part D Adjustment</b>	<b>\$52.86</b>	<b>\$959,649</b>
<b>TOTAL</b>	<b>\$1,646.12</b>	<b>\$29,886,920</b>
<b>% CHANGE FROM CURRENT</b>	<b>6.70%</b>	<b>6.70%</b>

**ACWA JPIA  
2021 HMO Renewal  
July 22, 2020**

CALCARE HMO REGION	ENROLL TOTAL	2021 STANDARD PREMIUMS			2021 INCENTIVE PREMIUMS			2021 ANNUAL PREMIUMS	2021 INCREASE	CalPERS BS Acc+	CP 2021 CHANGE	JPIA INC	JPIA STD
		EE	EE+1	FAM	EE	EE+1	FAM						
Los Angeles	256	857.69	1,715.38	2,272.88	823.38	1,646.76	2,181.96	5,384,314.55	7.60%	834.88	2.7%	-1%	1%
Other South	795	925.10	1,850.21	2,451.52	888.10	1,776.20	2,353.46	17,602,872.16	7.60%	938.96	3.2%	-6%	-2%
Sacramento	130	1,159.97	2,319.95	3,073.93	1,113.57	2,227.15	2,950.97	3,264,753.62	7.60%	1,170.08	3.8%	-5%	-1%
Other North	110	1,170.14	2,340.28	3,100.87	1,123.33	2,246.67	2,976.84	3,088,915.11	7.60%	1,170.08	3.8%	-4%	0%
Bay Area	19	1,226.87	2,453.74	3,251.21	1,177.80	2,355.60	3,121.16	459,067.38	7.60%	1,170.08	3.8%	1%	4%
Medicare	183	649.52	1,299.04	1,993.21	623.54	1,247.08	1,913.48	1,982,545.04	7.60%	388.37	0.1%	38%	38%
	1,493		2.00	2.65		4%		\$ 31,782,468					

VALUE HMO	ENROLL TOTAL	EE	EE+1	FAM	EE	EE+1	FAM	2021 ANNUAL PREMIUMS	2021 INCREASE	CalPERS BS Acc+	CP 2021 CHANGE	JPIA INC	JPIA STD
Los Angeles	2	790.01	1,580.01	2,093.51	758.41	1,516.81	2,009.77	49,239.46	7.60%	834.88	2.6%	-10%	-7%
Other South	15	852.02	1,704.04	2,257.85	817.94	1,635.88	2,167.54	296,155.38	7.60%	938.96	3.2%	-15%	-11%
Sacramento	2	1,068.11	2,136.21	2,830.48	1,025.38	2,050.76	2,717.26	65,214.24	7.60%	1,170.08	3.8%	-14%	-10%
Other North	1	1,077.45	2,154.90	2,855.25	1,034.35	2,068.71	2,741.04	32,892.44	7.60%	1,170.08	3.8%	-13%	-9%
Bay Area	1	1,129.65	2,259.30	2,993.58	1,084.47	2,168.93	2,873.83	13,555.82	7.60%	1,170.08	3.8%	-8%	-4%
Medicare	2	598.48	1,196.96	1,836.20	574.54	1,149.08	1,762.75	21,258.01	7.60%	388.37	0.1%	32%	32%
	23							\$ 478,315					
	1,516												

<b>Aggregate Increase</b>	<b>7.60%</b>
<b>Annual Premiums</b>	<b>\$ 32,260,783</b>
Premium PEPM	1,773.35
Projected Plan Cost PEPM	1,773.35
<b>Projected Plan Cost</b>	<b>\$ 32,260,783</b>
<b>Potential Subsidy</b>	<b>\$ -</b>

PEPM = Per Employee Per Month  
 Premiums Annualized based on 5/31/2020 enrollment  
 Rates include Administrative Fees

**ACWA JPIA**  
**2021 Pricing for the Insured Kaiser Medical Plans**  
**July 22, 2020**

**BACKGROUND**

Employee Benefits plans renew January 1, 2021. Historic enrollment and rates are included in the following pages.

The Kaiser plans are fully insured, with Northern and Southern California rates set by Kaiser. Beginning in 2019, JPIA's Kaiser North and Kaiser South plans have blended the rate of increase to provide rate stability across the regions.

**CURRENT SITUATION**

For the 2021 renewal, rates provided by Kaiser reflect an average increase of 9.12% to the non-Medicare rates. Kaiser Senior Advantage rates, for retirees with Medicare, reflect a 6.5% decrease in rates. The increase to member premiums to meet these expenses is 8.84%.

**RECOMMENDATION**

That the Employee Benefits Committee recommend that the Executive Committee approve an aggregate **increase of 8.84%** to Kaiser rates, effective January 1, 2021.

# Kaiser Renewal & Enrollment History

Kaiser Renewal Rate History					
Region	2017	2018	2019	2020	2021
North	2.40%	4.60%	2.64%	1.69%	9.19%
South	5.96%	13.00%	2.64%	1.69%	9.19%

Employee Enrollment History - Kaiser							
Kaiser Plans	2014	2015	2016	2017	2018	2019	2020
<b>Northern Region</b>							
HMO	217	205	206	307	335	363	392
Consumer Driven Health Plan (CDHP)	11	26	39	47	47	49	59
<b>Total</b>	<b>228</b>	<b>231</b>	<b>245</b>	<b>354</b>	<b>382</b>	<b>412</b>	<b>451</b>
% Change from Previous Year	18.13%	1.32%	6.06%	44.49%	7.91%	7.85%	9.47%
% of Total Kaiser Enrollment	23.90%	22.67%	21.32%	26.36%	26.42%	26.96%	27.74%
<b>Southern Region</b>							
HMO	702	724	777	876	941	977	1,034
HMO with Vision	7	15	29	26	23	23	21
Value	2	2	22	2	3	4	5
Consumer Driven Health Plan (CDHP)	15	47	76	85	97	112	115
<b>Total</b>	<b>726</b>	<b>788</b>	<b>904</b>	<b>989</b>	<b>1,064</b>	<b>1,116</b>	<b>1,175</b>
% Change from Previous Year	14.51%	8.54%	14.72%	9.40%	7.58%	4.89%	5.29%
% of Total Kaiser Enrollment	76.10%	77.33%	78.68%	73.64%	73.58%	73.04%	72.26%
Total Kaiser Plans	954	1,019	1,149	1,343	1,446	1,528	1,626
<b>% Change from Previous Year</b>	<b>15.36%</b>	<b>6.81%</b>	<b>12.76%</b>	<b>16.88%</b>	<b>7.67%</b>	<b>5.67%</b>	<b>6.41%</b>

## 2021 Kaiser Renewal - Blended

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### Kaiser Renewal Highlights:

- The experience period used for the renewal calculation is from January 1 - December 31, 2019
- ACWA JPIA Southern California population is 100% credible, making the renewal based on JPIA's specific claims experience and demographics. The Northern California population is 90% credible.
- The blended Kaiser renewal for Southern and Northern California is **9.19%**
- Kaiser is using a medical and pharmacy trend factor of 3.93% for Kaiser South and 2.89% for Kaiser North. In 2020, Kaiser used a trend factor of 4.95% for Kaiser South and 3.16% for Kaiser North.
- Membership increased by 4.5%, from 3,937 to 4,113

**ACWA JPIA  
2021 Kaiser Renewal  
July 22, 2020**

KAISER REGION	JPIA REGION	PLAN NAME	ENROLL TOTAL	2021 PREMIUMS			2021 ANNUAL PREMIUMS	CaIPERS EE	CP 2021 CHANGE	CALPERS COMPARISON			
				EE	EE+1	FAM				EE	EE+1	FAM	
KP South	Los Angeles	HMO	327	697.92	1,378.84	1,944.00	5,658,930	669.84	0.8%	4.0%	2.8%	10.4%	
KP South	Other South	HMO	659	697.92	1,378.84	1,944.00	11,386,224	669.77	3.8%	4.0%	2.8%	10.4%	
KP South	All South	VALUE	4	637.90	1,258.80	1,774.16	85,160						
KP South	All South	OPTICAL	23	710.78	1,404.56	1,980.40	438,694						
KP South	All South	CDHP	109	500.08	983.16	1,384.12	1,421,216						
KP South	All South	SR ADV	36	193.74	370.48	935.64	123,992						
			1,158	17.00			19,114,216						
KP North	Sacramento	HMO	124	830.70	1,644.40	2,319.78	2,631,010	813.64	5.9%	2.1%	1.0%	8.8%	
KP North	Other North	HMO	20	830.70	1,644.40	2,319.78	389,482	813.64	5.9%	2.1%	1.0%	8.8%	
KP North	Bay Area	HMO	162	830.70	1,644.40	2,319.78	2,826,341	813.64	5.9%	2.1%	1.0%	8.8%	
KP North	All North	VALUE	-	767.92	1,518.84	2,142.10	-						
KP North	All North	OPTICAL	17	845.40	1,673.80	2,361.38	333,006						
KP North	All North	CDHP	49	629.82	1,242.64	1,751.28	808,476						
KP North	All North	SR ADV	37	309.32	601.64	1,277.02	182,940						
			452				7,848,393						
			1,610										

**Total Premium \$ 26,962,609**  
**PEPM \$ 1,395.58**

Increase **8.84%**

PEPM = Per Employee Per Month

Premiums Annualized based on 5/31/2020 enrollment

Rates include Administrative Fees

**ACWA JPIA**  
**2021 Pricing for the Ancillary Plans**  
**July 22, 2020**

**BACKGROUND**

Employee Benefits plans renew January 1, 2021. Historic rate and enrollment information is included in the following pages.

**CURRENT SITUATION**

Delta Dental PPO and Vision Service Plan (VSP) plans are self-funded. These plans continue to perform well. A temporary reduction in claims costs in the second quarter is not anticipated to result in a long term reduction in costs. There are no changes to the carriers' administrative fees for claims processing and network access for 2021. Staff recommends **no change** in rates for the self-funded dental and vision plans.

The following fully insured plans have presented a renewal with **no change** in rates for 2021:

- DeltaCare HMO
- Standard Short-Term Disability

The following fully insured plans have presented a renewal with a **5% decrease** in rates for 2021:

- Standard Long-Term Disability
- Standard Basic Life
- Standard Supplemental Life

**RECOMMENDATIONS**

- 1) That the Employee Benefits Committee recommend that the Executive Committee approve renewal of the following programs with **no change** in rates, effective January 1, 2021: Delta Dental PPO, DeltaCare HMO, VSP, Standard Short-Term Disability.
- 2) That the Employee Benefits Committee recommend that the Executive Committee approve renewal of the following programs with a **5% decrease** in rates, effective January 1, 2021: Standard Long-Term Disability, Basic Life and Supplemental Life.

# Dental Enrollment and Rate History

Year	Dental PPO	Dental DHMO
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	0.0%	0.0%
2020	0.0%	0.0%
2021 <sup>1</sup>	-1.9%	0.0%
<b>Average</b>	<b>-1.2%</b>	<b>0.0%</b>

<sup>1</sup>2021 - Dental PPO rate is based on the Alliant Underwriting Projection

ACWA JPIA - Enrollment History							
Enrollment History	2014	2015	2016	2017	2018	2019	2020
<b>Dental PPO</b>	7,877	7,982	8,239	8,497	8,492	8,569	8,725
<b>% Change</b>	-4.3%	1.3%	3.2%	3.1%	-0.1%	0.9%	1.8%
<b>DeltaCare</b>	138	149	165	158	177	181	191
<b>% Change</b>	-12.7%	8.0%	10.7%	-4.2%	12.0%	2.3%	5.5%
<b>Total</b>	8,015	8,131	8,404	8,655	8,669	8,750	8,916
<b>% Change</b>	-4.5%	1.4%	3.4%	3.0%	0.2%	0.9%	1.9%

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# 2021 Dental Projection Overview

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## **Delta Dental DHMO Plan:**

ACWA JPIA is in a rate guarantee with Delta Dental for their DHMO plan through December 31, 2021.

## **Delta Dental PPO Plans:**

ACWA JPIA is in a rate guarantee with Delta Dental for their Administration (ASO) fee through December 31, 2021.

## **• Self-Funded Dental PPO Rate Projections:**

- Status Quo: Using the current ASO fee, Alliant's underwriting calculation suggests a **1.88% decrease** to the current PPO funding rates. Our projection includes the following:
  - 2.5% Trend
  - 0.0% margin as a claims fluctuation reserve
  - Analysis is based on paid claims/enrollment/premium through March 2020
  - A 20% weight of claims from 4/1/2018 - 3/31/2019
  - An 80% weight of claims from 4/1/2019 – 3/31/2020

# 2021 Dental Renewal Projection

ACWA JPIA	
PPO UNDERWRITING FORECAST	
Proposed Effective Date	January 1, 2021
Proposed Contract Duration (Months)	12
Most Recent Month of Data	March 2020
Period	
Beginning Date (Historical Data)	
End Date (Historical Data)	
Months of Data	
<b>Current Premium / Funding Rate PEPM<sup>1</sup></b>	<b>\$96.33</b>
<b><u>Paid Claims<sup>2</sup></u></b>	
Beginning IBNR Reserve (Est.)	(\$533,216)
Ending IBNR Reserve (Est.)	\$546,547
<b>Incurring Claims</b>	<b>\$8,675,342</b>
<b>Historical Benefit Design Adjustment Factor</b>	<b>1.000</b>
<b>Adjusted Incurring Claims</b>	<b>\$8,688,672</b>
<b>Annual Subscriber Lives</b>	<b>102,308</b>
<b>Adjusted Incurring Claims PEPM</b>	<b>\$84.93</b>
Annual Trend	2.5%
Applied Trend Factor	1.070
<b>Trended Claims PEPM</b>	<b>\$90.89</b>
<b>Network Change Adjustment Factor</b>	<b>1.000</b>
<b>Projected Claims PEPM</b>	<b>\$90.89</b>
<b>Period Blending Weight</b>	<b>20.0%</b>
<b>Blended Projected Claims</b>	<b>\$86.75</b>
<b>Margin Adjustment<sup>3</sup></b>	<b>0.00%</b>
<b><u>Fixed Costs</u></b>	
Administration Fee	8.95%
<b>Total Fixed Costs</b>	<b>\$7.76</b>
<b>Net Required Funding PEPM</b>	<b>\$94.52</b>
<b>Required Funding Change Percentage</b>	<b>-1.88%</b>

<sup>1</sup>Current composite funding rate is based on current period funding rates

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

<sup>3</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
2014	0.0%
2015 <sup>1</sup>	0.0%
2016	0.0%
2017	0.0%
2018	0.0%
2019	0.0%
2020	0.0%
2021 <sup>2</sup>	-2.7%
<b>Average</b>	<b>-0.3%</b>

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

<sup>2</sup>2021 Vision rate is based on the Alliant Underwriting Projection

ACWAJPIA - Enrollment History							
Year	2014	2015	2016	2017	2018	2019	2020
Employees	7,188	7,309	7,274	7,386	7,661	7,718	7,955
% Change	-5.2%	1.7%	-0.5%	1.5%	3.7%	0.7%	3.1%

# 2021 Vision Projection Overview

## VSP ASO:

- Self-funded VSP ASO fee of \$1.98 PEPM is in a rate guarantee through December 31, 2021.

## Vision Rate Projections:

- Using the current ASO fee, Alliant's underwriting calculation suggests a **2.66% decrease** to the current Vision funding rates. Our projection includes the following:
  - VSP recommended trend of 3.0%
  - We have included 0% margin as a claims fluctuation reserve
  - Analysis is based on paid claims/enrollment/premium through March 2020

# 2021 Self-funded Vision Projection

ACWA JPIA	
VISION UNDERWRITING FORECAST	
Proposed Effective Date	January 1, 2021
Proposed Contract Duration (Months)	12
Most Recent Month of Data	March 2020
Period	
Beginning Date (Historical Data)	
End Date (Historical Data)	
Months of Data	
<b>Current Premium / Funding Rate PEPM<sup>1</sup></b>	<b>\$18.15</b>
<b><u>Paid Claims<sup>2</sup></u></b>	
Beginning IBNR Reserve	(\$68,997)
Ending IBNR Reserve	\$71,067
<b>Incurred Claims</b>	<b>\$1,366,672</b>
<b>Historical Benefit Design Adjustment Factor</b>	<b>1.000</b>
<b>Adjusted Incurred Claims</b>	<b>\$1,368,742</b>
<b>Annual Subscriber Lives</b>	<b>92,182</b>
<b>Adjusted Incurred Claims PEPM</b>	<b>\$14.85</b>
Annual Trend	3.0%
Applied Trend Factor	1.085
<b>Trended Claims PEPM</b>	<b>\$16.11</b>
<b>Network Change Adjustment Factor</b>	<b>1.000</b>
<b>Projected Claims PEPM</b>	<b>\$16.11</b>
<b>Period Blending Weight</b>	<b>20.0%</b>
<b>Blended Projected Claims</b>	<b>\$15.58</b>
<b>Margin Adjustment<sup>3</sup></b>	<b>0.00%</b>
<b><u>Fixed Costs</u></b>	
Admin Fee	\$1.98
<b>Total Fixed Costs</b>	<b>\$1.98</b>
<b>Net Required Funding PEPM</b>	<b>\$17.67</b>
<b>Required Funding Change Percentage</b>	<b>-2.66%</b>

<sup>1</sup>Current composite funding rate is based on current period funding rates

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

<sup>3</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**

## 2021 – The Standard Life & Disability Renewal

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### **Employer Paid Life and AD&D:**

- The Standard is proposing a **5% decrease** in rates, with a 24 month rate guarantee through 12/31/2022
- Experience: 4.2 year loss ratio is 58%

### **Employee Paid Life and AD&D:**

- The Standard is proposing a **5% decrease** in rates, with a 24 month rate guarantee through 12/31/2022

### **Long Term Disability:**

- The Standard is proposing a **5% decrease** in rates with a 24 month rate guarantee through 12/31/2022
- Experience: 4.2 year loss ratio is 46%

### **Short Term Disability:**

- The Standard is proposing a rate pass with a 24 month rate guarantee through 12/31/2022.
- Experience: 4.2 year loss ratio is 67%

**ACWA JPIA**  
**2021 Employee Assistance Program**  
**July 22, 2020**

**BACKGROUND**

Employee Benefits plans renew January 1, 2021. The Employee Assistance Program (EAP) has been provided by MHN since January 1, 2014. The EAP provides access to counseling for employees, legal and financial consultation services, onsite training, critical incident stress debriefing, and more.

**CURRENT SITUATION**

Due to service issues reported by participants, staff has explored returning to Anthem as JPIA's EAP provider. The robust bank of eight training hours per member agency attracted JPIA to MHN, and has been very well received by members.

Anthem has agreed to match the bank of training hours available through MHN, along with other components of the program, and provided a proposal with a lower per employee per month cost. The monthly premium per participant would **decrease 7%**, from \$2.57 to \$2.38. This cost includes the JPIA's \$0.60 administrative fee.

**RECOMMENDATIONS**

That the Employee Benefits Committee recommend that the Executive Committee approve Anthem EAP to replace MHN EAP, with a **7% decrease** in rates, effective January 1, 2021.

# Anthem Employee Assistance Program

## ACWA JPIA

### EAP Plan Design

Effective date: 1/1/21  
Population: 3,912

Employer contribution: 100% paid  
Participation: 100% (non-voluntary)

Service Description	Comment
Toll-free 24/7 telephone consultation and referral	✓
Counseling visits, face-to-face or online via LiveHealth Online, per employee / household member per issue	6
Legal / Financial consultations	✓
Identity monitoring	✓
Child and Elder care resources	Online self-search Consultation with a work/life specialist
Convenience services	Online self-search Consultation with a work/life specialist
EAP website resources	✓
myStrength	✓
Supervisor/Employee trainings	Annual bank of 8 hours for each ACWA JPIA group
Critical Incident Responses (CIR)	Annual bank of 20 critical events per year with up to 20 hours per event. This bank is for the entire ACWA JPIA organization and is not offered to each group independently.
Supervisor / Manager telephone consultation	✓
Substance abuse policy consultation	✓
EAP promotional materials – posters, fliers, brochures	✓
Utilization reports (to employer)	Quarterly
Designated EAP client consultant	✓
Pricing (per employee per month)	1/1/21 – 12/31/21: \$1.78 1/1/21 – 12/31/23: \$1.83

- EAP rates are good for 180 days from the date offered. Pricing may be subject to revision should assumptions detailed above change
- Additional EAP training services (U.S) are available for \$250/hour. Additional CIRs (U.S.) are available at \$300/hour per facilitator and location. Travel billed at cost.
- We can provide separate pricing for international services based on available resources upon request
- We will ship printed materials to a central location for distribution. Shipping to additional locations is available for an additional fee.

Anthem EAP Services do not include the following:

- EAP Service Provider is not responsible for the inclusion or exclusion of any particular service or benefit under an EAP participant's other coverage, such as a group health plan or health benefit/insurance plan
- Evaluations or reports for a legal proceeding
- Fitness-For-Duty Evaluations
- Substance Abuse Professional evaluations and treatment recommendations
- Authorizations for an employee to take a leave of absence or time off from the workplace
- Counseling mandated by a court of law or government agency
- Determinations or reports related to Family Medical Leave Act or Short/Long Term Disability
- Specialized treatment or evaluations required as a condition of parole, probation, custody, visitation or forensic evaluations

#### References

<sup>1</sup>"Work-Life and Employee Assistance Programs," U.S. Office of Personnel Management, [www.opm.gov/policy-data-oversight/worklife/employee-assistance-programs/](http://www.opm.gov/policy-data-oversight/worklife/employee-assistance-programs/)

<sup>2</sup>2018 EAP Program Evaluation

<sup>3</sup>2017 EAP Medical/Behavioral Impact Study

<sup>4</sup>2017 EAP Member Satisfaction Survey

<sup>5</sup>"Mental Health Facts," National Alliance on Mental Illness, [www.nami.org/Learn-More/Mental-Health-By-the-Numbers](http://www.nami.org/Learn-More/Mental-Health-By-the-Numbers)

<sup>6</sup>"Stress in America Survey 2011," American Psychological Association, [/www.apa.org/news/press/releases/stress/2011/](http://www.apa.org/news/press/releases/stress/2011/)

<sup>7</sup>"Drugs and Alcohol in the Workplace," National Council on Alcoholism and Drug Dependence, [www.ncadd.org/about-addiction/addiction-update/drugs-and-alcohol-in-the-workplace](http://www.ncadd.org/about-addiction/addiction-update/drugs-and-alcohol-in-the-workplace)



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**ACWA JPIA**  
**Participation Requirements**  
**July 22, 2020**

**BACKGROUND**

The Executive Committee approved enrollment of tax-dependent grandchildren as children on the JPIA health plans on July 9, 2013.

*The Employee Benefits Committee packet included this summary:*

*Staff has received several requests to consider adding grandchildren as an eligible dependent type. This has stemmed from grandparents who raise their grandchildren without having legal custody of them. However, when grandparents have primary responsibility for raising their grandchildren they typically can claim them on their IRS tax return. The JPIA could potentially use a filed tax return as a proof of relationship document to add the grandchild. This would be in lieu of a birth certificate, so the birth certificate of the parent and the grandchild would also need to be provided to establish lineage.*

*Staff recommendation: Staff recommends that the Employee Benefits Committee review this information and possibly make a recommendation to the Executive Committee.*

The Executive Committee was provided the Employee Benefits Program Committee agenda item:

Review and possibly take action on coverage for IRS dependent grandchildren

The Executive Committee approved the following motion:

M/S/C (Muse/Knutson) (Yes – 8, No – 0): That the Executive Committee approve the Employee Benefits Committee's recommendation to approve coverage of dependent grandchildren, as presented.

**CURRENT SITUATION**

Since 2013, staff has been collecting redacted tax returns along with signed affidavits from grandparents, in lieu of birth certificates. The grandparent attests that they are primarily responsible for caring the child, that the child lives with them, and they are financially responsible for the child. However, those criteria are not fully supported by the approved motion.

**RECOMMENDATIONS**

That the Employee Benefits Committee recommend that the Executive Committee approve requirement of financial responsibility, shared residence, and primary parenting responsibilities in order to cover a grandchild as a child in the JPIA health plans, effective January 1, 2021.



ASSOCIATION OF CALIFORNIA WATER AGENCIES  
**JOINT POWERS**  
 INSURANCE AUTHORITY

## Grandchild Affidavit to Accompany Tax Return

This form is to be submitted in addition to birth certificates for a participant who has *full parenting and financial responsibility* for a grandchild. This form is not applicable if the grandparent has legal guardianship. Those documents alone will establish eligibility for coverage.

Please also submit a copy of the most recent tax return. Only the page(s) showing dependents and taxpayer signature are required. It is the participant's responsibility to inform the employer if he/she is no longer responsible for raising and supporting the covered grandchild. If a tax return is not received by April 15th of any subsequent year, the grandchild's coverage will be terminated retroactive to end of preceding tax year. The participant will be financially responsible for costs incurred by the plan and by the employer as a result of insuring an ineligible dependent.

Please contact the Employee Benefits Team if this is an overage dependent grandchild.

Name of employer: \_\_\_\_\_

Name of employee: \_\_\_\_\_

Name of grandchild: \_\_\_\_\_

Name of employee's child (parent of grandchild): \_\_\_\_\_

**Please include copies of both the employee's child and employee's grandchild's birth certificates to establish grandparent/grandchild relationship.**

- I certify that my grandchild resides with me.
- I certify that I am responsible for the day to day parenting responsibilities for my grandchild.
- I certify that I will claim this grandchild as a dependent on the tax return I file for the current tax year.
- I understand that I will be responsible to the plan for any charges incurred on behalf of this grandchild, should I not submit a tax return for this tax year by April 15th of next year.
- I understand that I will be responsible to submit a copy of my tax return annually to insure my grandchild.
- I understand that it is my responsibility to inform my employer if I am no longer responsible for raising and supporting my grandchild. At that point my grandchild will be removed from coverage as an eligible dependent. Since this is a mid-year qualifying event, this must be reported within 31 days of such a change. This will be a COBRA qualifying event.

I understand and agree to abide by all of the terms and conditions listed above.

\_\_\_\_\_  
 Signature of Employee

\_\_\_\_\_  
 Date

**ACWA JPIA**  
**Retirement Policy Requirements**  
**July 22, 2020**

**BACKGROUND**

JPIA has Retirement Policy Requirements in place for members participating in the medical plans and covering retirees. These requirements set minimum requirements for employment policy. Members can be more or less generous or restrictive, so long as they do not violate the Retirement Policy Requirements.

**CURRENT SITUATION**

Age and years of service are typically the primary components of retiree benefits eligibility. Currently, the JPIA Retirement Policy Requirements have a minimum age of 50. Employers policies may require a minimum age of 50 or older, so long as the policy is documented and consistently applied. The JPIA Retirement Policy Requirements do not provide a minimum years of service. Staff recommends setting five years as the minimum years of service an employer may require for retiree benefits eligibility.

**RECOMMENDATIONS**

That the Employee Benefits Committee recommend that the Executive Committee approve amending the Retirement Policy Requirements to require a minimum of five years of service for retiree benefits eligibility, grandfathering current retirees if any conflict arises, effective January 1, 2021.

**ACWA JPIA**  
**Retirement Policy Requirements**  
**July 22, 2020**

**BACKGROUND**

JPIA has Retirement Policy Requirements in place for members participating in the medical plans and covering retirees. These requirements set minimum requirements for employment policy. Members can be more or less generous or restrictive, so long as they do not violate the Retirement Policy Requirements.

**CURRENT SITUATION**

The Retirement Policy Requirements state employees must go directly from Active status to Retired. The transition from Active to COBRA to Retired is not permitted. Employees sometimes take a leave of absence, intending to return to work, and find that they are unable to return to work. If the employee does not elect to separate from employment and elect retiree health benefits by the 12<sup>th</sup> week of leave or sooner, typically, they become ineligible for retiree health benefits. For those who have already attained the member agency's minimum years of service and minimum age requirement before going on leave of absence, staff recommends permitting the transition from Active to COBRA to Retired.

**RECOMMENDATIONS**

That the Employee Benefits Committee recommend that the Executive Committee approve amending the Retirement Policy Requirements to permit enrollment in Retiree coverage, so long as the employee has been continuously employed and enrolled.

# Retirement Policy Requirements

ACWA JPIA permits employers to provide qualifying employees with post-employment health benefits. Employers are required to establish and maintain a Retiree Policy that meets the requirements established by JPIA and the Insurance Carriers. JPIA staff does not retain each employer's retiree policy information, but may do so upon request to ensure plans are administered consistent with employer policies. All retirement policies require member Board approval and must be presented to JPIA at implementation or when changes are enacted.

JPIA has established base requirements for Retirement Policies. Employer policies may be more or less generous, so long as they do not violate the requirements provided here. JPIA has not set a minimum years of service requirement. This is at the discretion of each member agency's Board. Employer policy must be documented and adhered to without exception. The following is a summary of JPIA retiree health plan requirements:

- Employee must be at least age 50 at the time of retirement. Exceptions to the minimum age requirement are not available for early disability retirements.
- Retirees must meet years of service and age requirements in employer's written policies to be eligible for retiree coverage.
- Employer must contribute at least 25% of the retiree only premium for the least cost plan for which the retiree is eligible. (If the employer is on the Incentive rating system, the employer must contribute 50% of the retiree only premium for the least cost plan for which the retiree is eligible.)
- Retirees may not reimburse the employer for the employer share of the premium. This is considered "self-pay" and is prohibited in all JPIA plans, except in the case of COBRA.
- Employer contributions for the retiree's dependents may be at any level.
- Employees must enroll in the plan they wish to retire into during the Open Enrollment period prior to retirement, unless the employer's policy offers Open Enrollment annually to all retirees.
- There can be no lapse in coverage between the date of retirement and the date retiree benefits begin. The employee must transfer from active status directly to retired status. The employee may not go from Active to COBRA to Retiree benefits eligible.
- If at any time a retiree is removed from the policy, he/she will not be eligible for reinstatement.
- Employer may provide a Surviving Spouse Policy. This should be documented clearly in employer policies.

There are many options when constructing a Retirement Policy. It is imperative for an employer, in the process of implementing a *new* policy, to be aware that JPIA will not enroll past retirees who are not currently enrolled in the employer's health plans at the time of transition in JPIA health plans. However, once a policy is in-force the employer should apply

the policy consistently and without discrimination to all employees who meet the established criteria. If a retiree does not meet the criteria set forth in the employer's retirement policy, the retiree may exercise his/her applicable COBRA rights.

**PLAN SELECTION**

**Option A:** Employees must enroll in the medical plan they wish to remain on post-employment during the Open Enrollment period prior to retirement. Allowed changes:

1. A retiree may disenroll at any time but may not reenroll at a later date.
2. A retiree may delete a dependent at any time but may not reenroll the dependent at a later date, unless #4 below applies.
3. If a retiree is on an HMO plan and relocates to a non-HMO service area, he/she will be given an opportunity to enroll in the employer's PPO plan. If the retiree moves back into the HMO service area, the retiree may reenroll in the HMO.
4. The retiree may add dependents not previously enrolled only *if* the employer's existing written policy permits the addition *and* there is a HIPAA qualifying event *and* the dependent can show proof of continuous coverage since loss of coverage under JPIA's plan.
5. The retiree may change from the plan with higher monthly retiree premium cost to the plan with lower retiree monthly premium cost *at any time*, but may not switch back.

**Option B:** Employers may choose to offer Open Enrollment rights to retirees. This must be documented in the employer's written policies. The employer is responsible to distribute all required notices, including Summary of Benefits and Coverages (SBCs) for every plan for which the retiree is eligible, during the annual Open Enrollment period. **Open Enrollment does not permit enrollment of new retirees or new dependents that were not previously enrolled.** Open Enrollment simply permits plan changes for enrolled retirees and dependents. **Should the employer elect to offer Open Enrollment to retirees, all of the above changes are still permissible except #5.** If Open Enrollment is available, mid-year changes due solely to premium differences are not permitted.

**SURVIVING SPOUSE / DEPENDENT PROCEDURES**

Participating employers may institute a policy to provide coverage for surviving family members of a retiree who dies while covered under this plan. When such coverage is available, the employer will then provide premium contribution at the same level provided for the enrollee. Coverage will then continue for the enrolled family members until one of the following occurs:

1. Subscription charges are not paid for on the members behalf, or
2. The group cancels coverage for the class of subscribers to which the member belongs, or
3. The agreement between the employer and JPIA terminates, or
4. The child no longer meets all of the conditions of coverage.

Although JPIA provides the option to implement a surviving spouse policy that best suits the individual employer's needs, it is recommended that employers limit the extension of surviving spouse benefits to the spouse that was enrolled on the plan at the time the employee retired.

**New for 2018: The following surviving spouse exclusions no longer automatically apply to JPIA plans, but may be applied by documented employer policy. These optional employer policies are commonly used to limit ongoing financial liability.**

- **Employers may choose to limit benefits for surviving spouses so that eligibility ceases upon 1) remarriage or 2) enrollment in another group medical plan.**

### **DIRECTOR RETIREMENT BENEFITS**

Government Code Section 53201 states that any director, who takes office on or after January 1, 1995, will not be eligible for benefits upon retirement, regardless of the number of years served. A director who took office prior to that date and whose local employer was providing benefits for retired directors prior to January 1, 1994, would be eligible for benefits upon completion of 12 years of service. The law does allow for the extension of benefits to retired directors providing public funds are not utilized. However, JPIA plans do not permit “self-pay” by any enrollees.

### **DENTAL AND VISION REQUIREMENTS**

For any retiree that is offered continuation of dental and/or vision benefits, the employer must pay at least 50% of the retiree-only portion. The employer may not pay the premiums to ACWA JPIA and have the retiree reimburse the employer for the full cost of coverage. This is considered “self-pay” which is prohibited.

### **MEDICARE ENTITLED RETIREES**

**Effective January 1, 2015, enrollment in Medicare Part A and Medicare Part B is required upon a retiree's eligibility for the plans.** This must occur when both criteria are met: Medicare eligible *and* retired. This is true for both Anthem and Kaiser retiree plans. This also applies to spouses of retirees.

**Anthem Blue Cross** –The ACWA JPIA sponsored Anthem Blue Cross plans are not Medicare supplement plans. Anthem Blue Cross will coordinate benefits with Medicare. Upon enrollment in Medicare Parts A and B, retirees will also be enrolled in Medicare Part D for prescription coverage as part of the ACWA JPIA retiree with Medicare health plans. No action is required on the part of the retiree, unless the retiree wishes to waive all prescription benefits. Medicare permits enrollment in only one Part D plan, so the retiree may choose to keep existing Part D coverage and waive ACWA JPIA prescription coverage.

The Anthem Blue Cross “Coordination of Benefits” definition is as outlined in the Evidence of Coverage booklet.

**Kaiser** – Retirees choosing Kaiser for post-employment medical coverage will be enrolled in the same plan design as actives. Upon enrollment in Medicare Parts A and B, enrolled retirees should assign Medicare benefits to Kaiser and complete a Kaiser Senior Advantage Application. Should the retiree not assign Medicare benefits and complete the Senior Advantage Application form, the "unassigned" Medicare premium will apply. This premium is typically about three times the premium for an active Kaiser plan. Should "unassigned" rates apply, the employer has the option to cease offering the benefit, continue to offer the benefit and make the retiree responsible for the increased premium or pay the higher "unassigned" rate on behalf of the retiree.

# JPIA MEETING & CONFERENCE CALENDAR – 2020

MEETING DATES	BOARD OF DIRECTORS	EXECUTIVE	PERSONNEL	FINANCE & AUDIT	PROGRAMS				RISK MGMT
					Emp. Benefits	Liability	Property	Work Comp	
JAN 15			11:00 AM ONTARIO						
JAN 22		8:30 AM							
APRIL 10		10:00 AM ZOOM							
MAY 1		10:00 AM ZOOM							
MAY 14				10:00 AM ZOOM					
MAY 15		10:00 AM ZOOM							
MAY 28								10:00 AM ZOOM	
JUN 1		2:00 PM ZOOM							
JUN 11							10:00 AM ZOOM		
JUN 12		10:00 AM ZOOM							
JUL 14		1:00 PM ZOOM							
JUL 22					9:00 AM ZOOM				
JUL 23		1:30 PM ZOOM							
JUL 27	10:00 AM ZOOM								
AUG 24				1:00 PM		3:00 PM			
AUG 25		8:30 AM							
OCT 7			TBD						
OCT 22		8:30 AM							
NOV 30	1:30 PM	10:15 AM							

\*\*DATES AND TIMES SUBJECT TO CHANGE