

Summary of Info Session for County of Marin Retirees:

The County of Marin conducted an information session for retirees at the Marin County Employees' Retirement Association Board Room on Thursday, February 8, 2018. The purpose of the information session was to discuss trends impacting the rising costs and sustainability of the Anthem Blue Cross PPO plan as well as the upcoming Medical Plan Request for Proposal (RFP) and next steps. A copy of the handout from the meeting is below.

In brief, the Anthem Blue Cross PPO medical plan has grown increasingly unaffordable in recent years, with double digit rate increases each year since 2015. In order that Anthem plan participants not suffer such large premium increases, the County has used funds from the Anthem Blue Cross Premium Stabilization Reserve (PSR) to "buy-down" large rate increases and therefore pass along more affordable rate increase to plan participants (plan participants consist of both active employees and retirees). With insufficient funds remaining in the PSR to "buy-down" rates for 2019, annual costs will likely exceed \$20,000 for one person under-65 and \$9,800 for one person enrolled in Medicare. That equates to a more than \$1,800 monthly premium for one person under-65 and an \$800 monthly premium for one person enrolled in Medicare. For comparison, the current 2018 annual premium, subsidized with funds from the PSR for one person under-65 is \$13,952 and \$7,576.92 for one person enrolled in Medicare.

With rapidly rising costs in the Anthem Blue Cross PPO plan, the risk pool and "plan experience" continues to deteriorate due to adverse selection as enrollment in this plan declines. As a result, the plan is not sustainable or affordable to our employees and many retirees.

Given the unsustainability of the Anthem Blue Cross PPO plan, the County is conducting a Medical Plan Request for Proposal (RFP). The Medical Plan RFP will pursue:

1. A more affordable non-Kaiser alternative
2. Coverage for out-of-area retirees
3. How to minimize disruption for current enrollees
4. A sustainable and viable plan option for both actives and retirees long-term

Because it is still early in this process, the County does not have more information about the new plan(s) at this time. More information will be provided as it becomes available, in approximately early to mid-summer. In the meantime, you are encouraged to share any concerns or questions by completing a short survey. You can complete the confidential survey electronically by going to www.surveymonkey.com/r/retireehealthplan or printing the survey below, completing by hand and mailing your responses to:

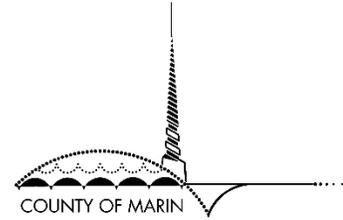
County of Marin
Attn: Employee Benefits Supervisor
Department of Human Resources
3501 Civic Center Drive, Suite 415
San Rafael, CA 94903

Retiree Medical Info Session

Thursday, February 8, 2018

Marin County Employees Retirement Association, Board Room

10:00am – 11:30am



Agenda

- **Welcome & Introduction**
- **Overview of Medical Plans and Trends**
- **Medical Plan Request for Proposal (RFP)**
- **Next Steps**

Today's Objectives

1. Understand trends impacting affordability and sustainability of Anthem Blue Cross
2. Identify member concerns as we move forward in the RFP process

Overview of Medical Plans and Trends

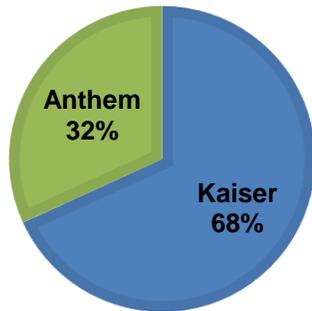
- The retiree medical insurance plans through Kaiser and Anthem Blue Cross are the same plans offered by the County for active employees and are eligible to be covered by the Benefit Plan Subsidy you may receive from the County
- At retirement you are eligible to enroll in the medical plan and level of coverage you have as an active employee.
- Brief summary of County of Marin Benefit Plan Subsidies:

Benefit Plan Subsidies – eligibility requirements apply	Membership Dates	Retiree Premiums
Benefit Plan 1	Membership dates on or before 9/30/1987	Medical premiums paid by the County
Benefit Plan 2	Membership dates on or before 9/30/1993	County pays up to a maximum \$2,275 per year
Benefit Plan 3	Membership dates on or before 12/31/2007	County pays up to a maximum \$8,853 per year
Benefit Plan 4	Membership dates on or before 1/1/2008	County pays up to a maximum \$3,000 per year

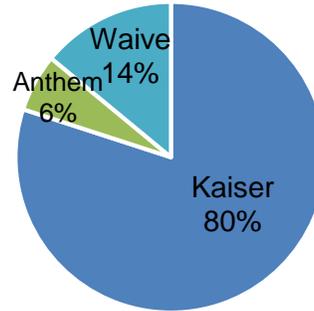
- There are two types of plans offered: HMO (Kaiser L & Kaiser S) and PPO (Anthem Blue Cross)
- More information about retirement benefits available to Marin County retirees is available at www.mcera.org

Note: This document is for informational purposes only and is not intended to give legal and/or retirement advice.

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- The Anthem Blue Cross PPO medical plan has grown increasingly unaffordable in recent years, with double digit rate increases in each year since 2015
- However, in order that Anthem plan participants not suffer such large premium increases, the County has used funds from the Premium Stabilization Reserve (PSR) to “buy-down” large rate increases to pass along more affordable rate increases to retirees and employees¹
- The PSR is an Anthem owned account that builds up in years when premiums exceed total expenses and reduces in years when premiums are less than expenses and reserves can only be used to offset Anthem rates.
- The chart below describes the actual required rate increase and the increases ultimately passed on to plan participants after applying funds from the Premium Stabilization Reserve:

Plan Year	Anthem Renewal Rate ²	Actual Rate Increases for Plan Participants After Applying Funds from the Premium Stabilization Reserve ²	2018 Anthem Blue Cross PPO Monthly Premiums (one person-under 65)	2018 Anthem Blue Cross PPO Monthly Premiums ³ (one person w/Medicare)
2015	24.3%	5%	\$1,089.00	\$537.05
2016	18.7%	3%	\$1,121.65	\$563.09
2017	28.3%	7.84%	\$1,209.59	\$615.81
2018	40.14%	0%*	\$1,209.59	\$631.41

¹A result of agreement with labor to use the remainder of the available Premium Stabilization Reserve (PSR) to buy-down 2018 rates to a rate pass, understanding that by using the remainder of the available PSR, plan year 2018 would likely be the last year the Anthem plan would be available to plan participants.

²Does not include Medicare Part D rates

³Includes Medicare Part D rates

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- **With insufficient funds remaining in the PSR, unsubsidized premiums in 2019 for Anthem may likely exceed \$20,000 annually for one person under-65 and \$9,800 annually for one person enrolled in Medicare. That equates to more than an \$1,800 monthly premium for one person under-65 and an \$800 monthly premium for one person enrolled in Medicare.**

Medical Plan Request for Proposal (RFP)

- A Medical Plan RFP is a formal process that helps organizations discover new insurance plans, terms, conditions and pricing that may be available in the current market
- The County is preparing to conduct a Medical RFP that will pursue:
 1. A more affordable non-Kaiser alternative
 2. Coverage for out-of-area retirees
 3. Minimize disruption for current enrollees
 4. A sustainable and viable plan option for both actives and retirees long-term

Next Steps

- Timeline (Subject to Change)

Milestone	Timeline
RFP Release	Mid-February
Review RFP with Labor	Mid-April thru Mid-May
Information About New Plan(s)	Summer
Effective Date of New Plan(s)	January 1, 2019

- Survey
- Questions?

Who	Contact Information
Gene Pennington	President, Marin County Association of Retired Employees (MCARE) (415) 479-1491 President@MCAREInfo.org
Rich Arrow	Vice-President, MCARE (916) 626-1645 rarrow01@yahoo.com
Jennifer Paaske	Benefits Supervisor, County of Marin (415) 473-6548 jpaaske@marincounty.org

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Notes

Survey for County of Marin Retirees Enrolled in a County of Marin Medical Plan

Your feedback is important. Please take a few moments to complete the following survey. To take this survey electronically, please visit

www.surveymonkey.com/r/retireehealthplan

1. Which medical plan are you enrolled in? (circle one)

Kaiser or Anthem Blue Cross

2. Which level of coverage are you enrolled in? (circle one)

Single Two-Party Family

3. Which Benefit Plan Subsidy are you enrolled in? (circle one)

- a. Benefit Plan 1
- b. Benefit Plan 2
- c. Benefit Plan 3
- d. Benefit Plan 4
- e. NA

4. Are you enrolled in Medicare? (circle one)

Yes or No

5. When it comes to your medical plan, what is most important to you? (circle all apply)

- a. Affordable monthly premium
- b. Provides out-of-area coverage
- c. That I get to keep my doctor
- d. Other: _____

6. Please take a moment to share any concerns, comments or additional questions you may have as we move forward in this process.
