

**City of Bakersfield**

# Calendar Year 2020 Renewal

**Insurance and Personnel Committee**

*Tom Morrison, Senior Vice President  
Johnny Wu, Consulting Actuary*

*August 12, 2019*

## Table of Contents

---

- Overview of 2020 Plan Renewals
- Principle Causes of Rate Change
- Plan Options and Alternatives
- Appendix
  - Medical Rate Increase History
  - Medical Enrollment by Plan
  - Financial Ratings

# Overview of 2020 Plan Renewals



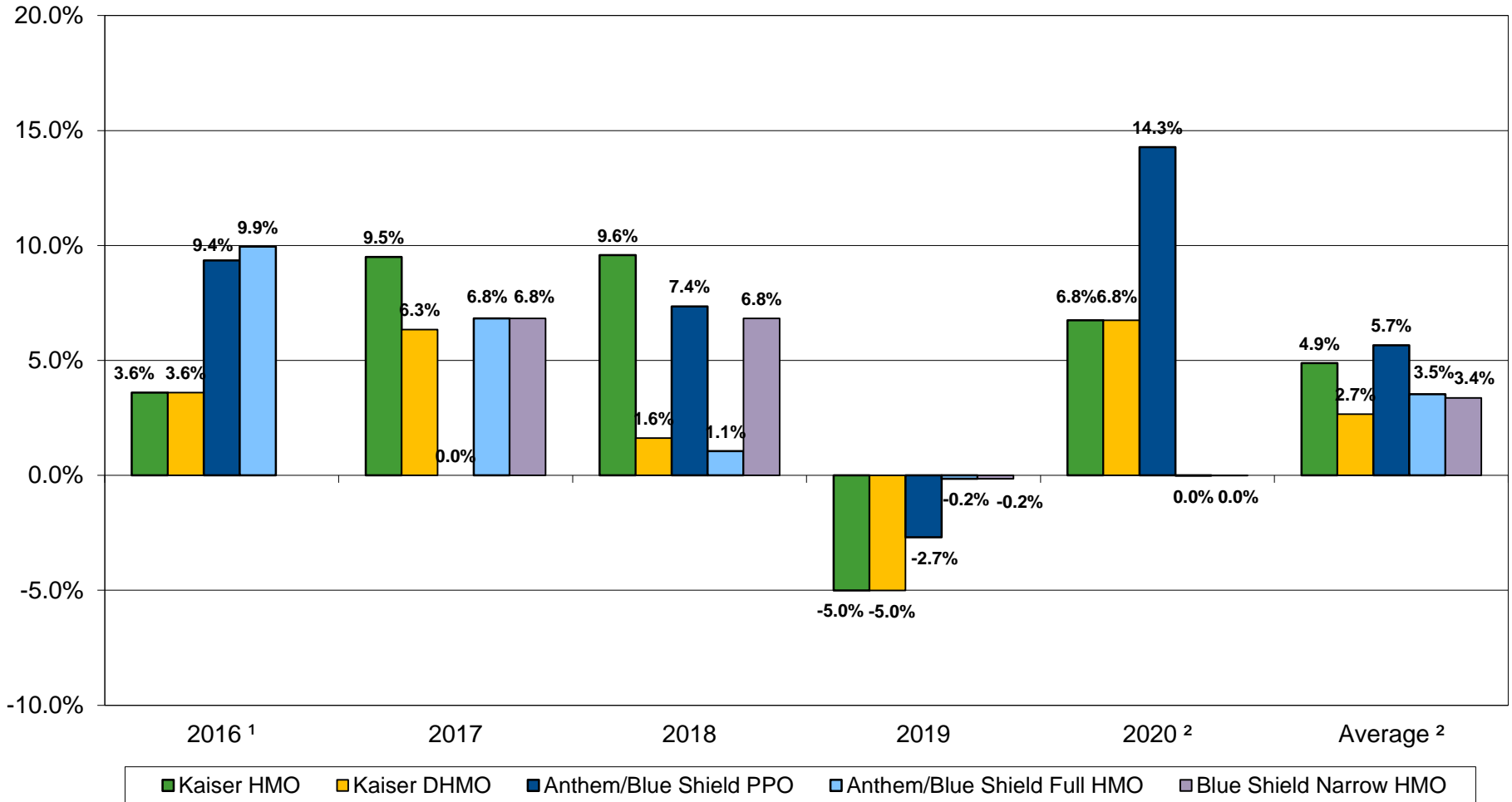
# Executive Summary

---

- The following plans experienced higher claims than in the prior year:
  - Blue Shield Active PPO
  - Kaiser Non-Medicare HMO
  - United Concordia (UCCI) PPO
- UCCI proposed a two-year renewal premium increase of 10.2%
- Optum and Voya proposed no increase to the rates
- Unum initially proposed a 8.8% increase and after negotiation reduced it to a 5.3% increase
- P&A Group and MES Vision are in the last year of multi-year rate guarantees and there is no increase
- The City's overall cost for active employee benefits increased by 9.4% or \$1,499,500 for 2020 at the current contribution level of 80%, when compared to the 2019 reduction of 2.7%
- Kaiser proposed an alternative plan in conjunction with the current plans that will reduce the proposed rate increase for the current Active Traditional and Deductible HMO plans to 4.04% and 2.8%, respectively. The total budgeted active increase would be reduced to 8.6% for all benefits
- The 2020 premiums for retiree benefits increased by 1.1% or \$81,900 without consideration of the subsidy amount paid by the City

# Active Plan Rate History

## Active Plan Rate History

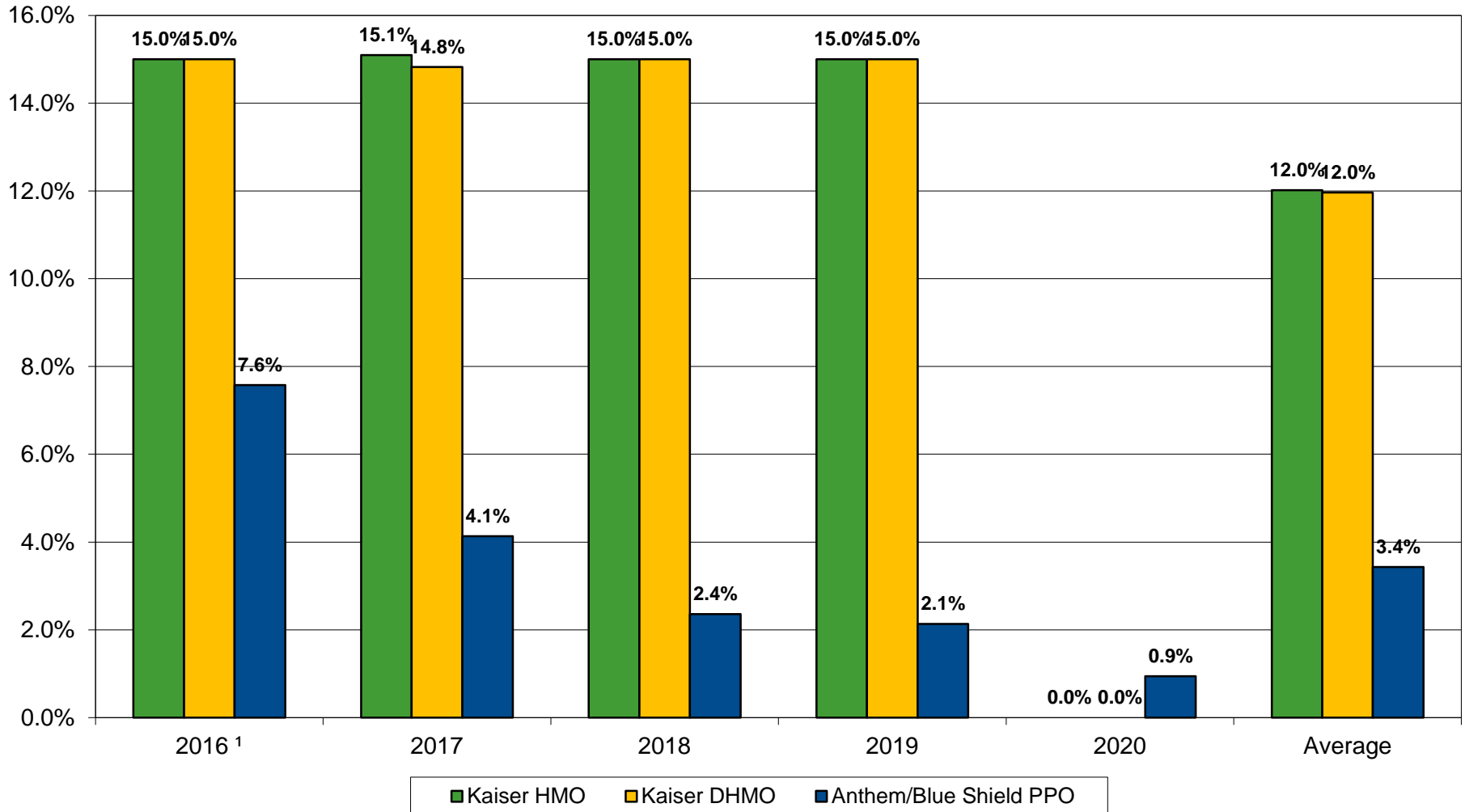


<sup>1</sup> Anthem was replaced with Blue Shield of California in 2016.

<sup>2</sup> Kaiser proposed to reduce the rate increase for the Traditional and Deductible HMO plans to 4.04% and 2.8%, respectively, if the City would add a middle plan. Please see page 26 for more details.

# Retiree Plan Rate History (Non-Medicare Kaiser and Non-Medicare/Medicare Blue Shield)

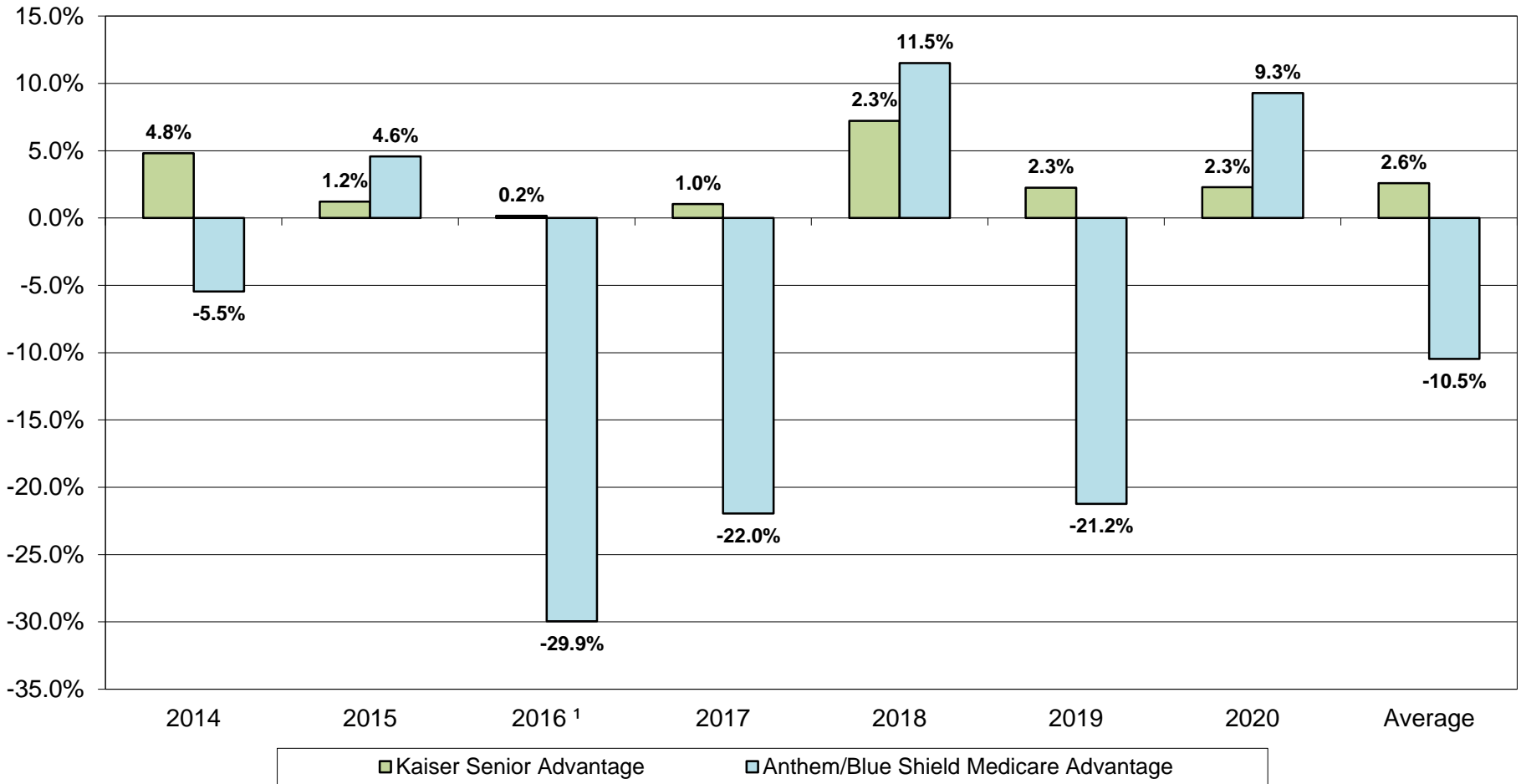
Retiree Plan Rate History



<sup>1</sup> Anthem was replaced with Blue Shield of California in 2016.

# Medicare Advantage Plan Rate History

## Medicare Advantage Plan Rate History



<sup>1</sup> In 2016, Anthem was replaced with Blue Shield of California.

# 2020 City Contribution at 80%

## CITY OF BAKERSFIELD Annual City Contribution Based on Rates Effective January 1, 2020

### Active

Plan	Enrollment	Current City Contribution at 80%	2020 City Contribution at 80%	Annual Change	Percentage Change
<b>Blue Shield</b>					
Full HMO	153	\$1,938,600	\$1,938,300	-\$300	0.0%
Narrow HMO	75	\$758,400	\$758,300	-\$100	0.0%
PPO	607	\$7,813,200	\$8,929,100	\$1,115,900	14.3%
<b>Subtotal</b>	<b>835</b>	<b>\$10,510,200</b>	<b>\$11,625,700</b>	<b>\$1,115,500</b>	<b>10.6%</b>
<b>Kaiser <sup>(1)</sup></b>					
HMO	438	\$4,240,700	\$4,527,000	\$286,300	6.8%
HDHP	30	\$141,400	\$151,000	\$9,600	6.8%
<b>Subtotal</b>	<b>468</b>	<b>\$4,382,100</b>	<b>\$4,678,000</b>	<b>\$295,900</b>	<b>6.8%</b>
<b>United Concordia <sup>(2)</sup></b>					
HMO	356	\$154,100	\$154,100	\$0	0.0%
PPO	988	\$865,000	\$953,100	\$88,100	10.2%
<b>Subtotal</b>	<b>1,344</b>	<b>\$1,019,100</b>	<b>\$1,107,200</b>	<b>\$88,100</b>	<b>8.6%</b>
<b>MES Vision</b>					
HMO	700	\$46,900	\$46,900	\$0	0.0%
PPO	636	\$61,200	\$61,200	\$0	0.0%
<b>Subtotal</b>	<b>1,336</b>	<b>\$108,100</b>	<b>\$108,100</b>	<b>\$0</b>	<b>0.0%</b>
<b>Total Medical, Dental, Vision <sup>(3)</sup></b>		<b>\$16,019,500</b>	<b>\$17,519,000</b>	<b>\$1,499,500</b>	<b>9.4%</b>

<sup>(1)</sup> Kaiser proposed to reduce the rate increase for the Traditional and Deductible HMO plans to 4.04% and 2.8%, respectively, if the City would add a middle plan. Please see page 26 for more details.

<sup>(2)</sup> United Concordia proposed a rate guarantee through December 31, 2021.

<sup>(3)</sup> Voya Life and AD&D, Optum EAP, Unum LTD and P&A Group are not included above.

*The projections of annual premium in this report are estimates of future costs and are based on information available to The Segal Company at the time the projections were made. The Segal Company has not audited the information provided. Projections are not a guarantee of future results. Actual experience may differ due to, but not limited to, such variables as changes in the regulatory environment, local market pressure, health trend rates and claims volatility. The accuracy and reliability of health projections decrease as the projection period increases.*



# 2020 Annual Premiums (Active and COBRA)

## CITY OF BAKERSFIELD Annual Premium Based on Rates Effective January 1, 2020

### Active and COBRA

Plan	Enrollment	Current Annual Premium	2020 Annual Premium	Annual Change	Percentage Change
<b>Blue Shield</b>					
Full HMO	153	\$2,423,200	\$2,422,900	-\$300	0.0%
Narrow HMO	77	\$975,500	\$975,400	-\$100	0.0%
PPO	613	\$9,836,100	\$11,240,900	\$1,404,800	14.3%
<b>Subtotal</b>	<b>843</b>	<b>\$13,234,800</b>	<b>\$14,639,200</b>	<b>\$1,404,400</b>	<b>10.6%</b>
<b>Kaiser <sup>(1)</sup></b>					
HMO	445	\$5,350,900	\$5,712,100	\$361,200	6.8%
HDHP	31	\$184,400	\$196,900	\$12,500	6.8%
<b>Subtotal</b>	<b>476</b>	<b>\$5,535,300</b>	<b>\$5,909,000</b>	<b>\$373,700</b>	<b>6.8%</b>
<b>United Concordia <sup>(2)</sup></b>					
HMO	360	\$194,300	\$194,300	\$0	0.0%
PPO	1,024	\$1,111,600	\$1,224,700	\$113,100	10.2%
<b>Subtotal</b>	<b>1,384</b>	<b>\$1,305,900</b>	<b>\$1,419,000</b>	<b>\$113,100</b>	<b>8.7%</b>
<b>MES Vision</b>					
HMO	706	\$59,000	\$59,000	\$0	0.0%
PPO	659	\$78,700	\$78,700	\$0	0.0%
<b>Subtotal</b>	<b>1,365</b>	<b>\$137,700</b>	<b>\$137,700</b>	<b>\$0</b>	<b>0.0%</b>
<b>Total Premiums</b>		<b>\$20,213,700</b>	<b>\$22,104,900</b>	<b>\$1,891,200</b>	<b>9.4%</b>

<sup>(1)</sup> Kaiser proposed to reduce the rate increase for the Traditional and Deductible HMO plans to 4.04% and 2.8%, respectively, if the City would add a middle plan. Please see page 26 for more details.

<sup>(2)</sup> United Concordia proposed a rate guarantee through December 31, 2021.

# 2020 Annual Premiums (Retiree)

## CITY OF BAKERSFIELD Annual Premium Based on Rates Effective January 1, 2020

### Retiree

Plan	Enrollment	Current Annual Premium	2020 Annual Premium	Annual Change	Percentage Change
<b>Blue Shield</b>					
PPO	432	\$7,601,800	\$7,673,500	\$71,700	0.9%
Medicare Advantage	32	\$110,400	\$120,600	\$10,200	9.2%
<b>Subtotal</b>	<b>464</b>	<b>\$7,712,200</b>	<b>\$7,794,100</b>	<b>\$81,900</b>	<b>1.1%</b>
<b>Kaiser</b>					
HMO	0	\$0	\$0	\$0	N/A
HDHP	0	\$0	\$0	\$0	N/A
Senior Advantage	154	\$434,000	\$444,000	\$10,000	2.3%
<b>Subtotal</b>	<b>154</b>	<b>\$434,000</b>	<b>\$444,000</b>	<b>\$10,000</b>	<b>2.3%</b>
<b>United Concordia</b>					
HMO	211	\$57,300	\$57,300	\$0	0.0%
<b>MES Vision <sup>(1)</sup></b>					
HMO	0	\$0	\$0	\$0	N/A
<b>Total Premiums</b>		<b>\$8,203,500</b>	<b>\$8,295,400</b>	<b>\$91,900</b>	<b>1.1%</b>

(1) Vision plan is bundled with the Non-Medicare Kaiser plan, which has no enrollment.

# 2020 Blue Shield of California Monthly Rate Summary

Blue Shield - Access+ HMO (Full Network)								
	Enrollment	2019 Rates	2020 Rates	Percentage Change	2020 City Contribution	2020 Employee Contribution	2020 City Contribution Change	2020 Employee Contribution Change
<b>Active</b>								
Single	38	\$568.08	\$568.08	0.00%	\$454.46	\$113.62	\$0.00	\$0.00
Two-Party	22	\$1,141.73	\$1,141.73	0.00%	\$913.38	\$228.35	\$0.00	\$0.00
Family	93	\$1,669.11	\$1,669.11	0.00%	\$1,335.29	\$333.82	\$0.00	\$0.00
<b>COBRA/Cal-COBRA</b>					No City Contribution			
Single	0	\$568.08	\$568.08	0.00%				
Two-Party	0	\$1,141.73	\$1,141.73	0.00%				
Family	0	\$1,669.11	\$1,669.11	0.00%				

Blue Shield - Trio ACO HMO (Narrow Network)								
	Enrollment	2019 Rates	2020 Rates	Percentage Change	2020 City Contribution	2020 Employee Contribution	2020 City Contribution Change	2020 Employee Contribution Change
<b>Active</b>								
Single	19	\$463.22	\$463.22	0.00%	\$370.58	\$92.64	\$0.00	\$0.00
Two-Party	14	\$930.98	\$930.98	0.00%	\$744.78	\$186.20	\$0.00	\$0.00
Family	42	\$1,361.03	\$1,361.03	0.00%	\$1,088.82	\$272.21	\$0.00	\$0.00
<b>COBRA/Cal-COBRA</b>					No City Contribution			
Single	0	\$463.22	\$463.22	0.00%				
Two-Party	1	\$930.98	\$930.98	0.00%				
Family	1	\$1,361.03	\$1,361.03	0.00%				

# 2020 Blue Shield of California Monthly Rate Summary

Blue Shield - PPO								
	Enrollment	2019 Rates	2020 Rates	Percentage Change	2020 City Contribution	2020 Employee Contribution	2020 City Contribution Change	2020 Employee Contribution Change
<b>Active</b>								
Single	144	\$578.89	\$661.57	14.28%	\$529.26	\$132.31	\$66.14	\$16.54
Two-Party	131	\$1,159.76	\$1,325.41	14.28%	\$1,060.33	\$265.08	\$132.52	\$33.13
Family	332	\$1,742.72	\$1,991.63	14.28%	\$1,593.30	\$398.33	\$199.13	\$49.78
<b>COBRA/Cal-COBRA</b>								
Single	4	\$578.89	\$661.57	14.28%	No City Contribution			
Two-Party	0	\$1,159.76	\$1,325.41	14.28%				
Family	2	\$1,742.72	\$1,991.63	14.28%				
<b>Retiree</b>								
Single	294	\$1,096.02	\$1,106.36	0.94%	Varies			
Two-Party	130	\$2,191.90	\$2,212.57	0.94%				
Family	8	\$3,287.88	\$3,318.89	0.94%				

Blue Shield - Medicare Advantage								
	Enrollment	2019 Rates	2020 Rates	Percentage Change	2020 City Contribution	2020 Employee Contribution	2020 City Contribution Change	2020 Employee Contribution Change
<b>Over 65 Retiree</b>								
Single	32	\$287.43	\$314.13	9.29%	Varies			

# 2020 Kaiser Monthly Rate Summary

Kaiser Permanente - HMO								
	Enrollment	2019 Rates	2020 Rates	Percentage Change	2020 City Contribution	2020 Employee Contribution	2020 City Contribution Change	2020 Employee Contribution Change
<b>Active</b>								
Single	119	\$463.58	\$494.88	6.75%	\$395.90	\$98.98	\$25.04	\$6.26
Two-Party	83	\$927.16	\$989.75	6.75%	\$791.80	\$197.95	\$50.07	\$12.52
Family	236	\$1,311.93	\$1,400.50	6.75%	\$1,120.40	\$280.10	\$70.86	\$17.71
<b>COBRA</b>								
Single	5	\$463.58	\$494.88	6.75%	No City Contribution			
Two-Party	2	\$927.16	\$989.75	6.75%				
Family	0	\$1,311.93	\$1,400.50	6.75%				
<b>Under 65 Retiree</b>								
Single	0	\$1,647.01	\$1,647.01	0.00%	Varies			
Two-Party	0	\$3,294.03	\$3,294.03	0.00%				
Family	0	\$4,661.05	\$4,661.05	0.00%				

Note: If the City offers the intermediate plan option, Kaiser will reduce the proposed rate increase for the current Active Traditional and Deductible HMO plans to 4.04% and 2.8%, respectively. Please see page 26 for more details.

# 2020 Kaiser Monthly Rate Summary

Kaiser Permanente - Deductible HMO								
	Enrollment	2019 Rates	2020 Rates	Percentage Change	2020 City Contribution	2020 Employee Contribution	2020 City Contribution Change	2020 Employee Contribution Change
<b>Active</b>								
Single	17	\$318.04	\$339.51	6.75%	\$271.61	\$67.90	\$17.18	\$4.29
Two-Party	9	\$636.09	\$679.03	6.75%	\$543.22	\$135.81	\$34.35	\$8.59
Family	4	\$900.07	\$960.86	6.75%	\$768.69	\$192.17	\$48.63	\$12.16
<b>COBRA</b>					No City Contribution			
Single	0	\$318.04	\$339.51	6.75%				
Two-Party	1	\$636.09	\$679.03	6.75%				
Family	0	\$900.07	\$960.86	6.75%	Varies			
<b>Under 65 Retiree</b>								
Single	0	\$1,421.65	\$1,421.65	0.00%				
Two-Party	0	\$2,843.29	\$2,843.29	0.00%	Varies			
Family	0	\$4,023.25	\$4,023.25	0.00%				

Kaiser Permanente - Senior Advantage								
	Enrollment	2019 Rate	2020 Rate	Percentage Change	2020 City Contribution	2020 Employee Contribution	2020 City Contribution Change	2020 Employee Contribution Change
<b>Over 65 Retiree</b>					Varies			
Single	154	\$234.87	\$240.25	2.29%				

Note: If the City offers the intermediate plan option, Kaiser will reduce the proposed rate increase for the current Active Traditional and Deductible HMO plans to 4.04% and 2.8%, respectively. Please see page 26 for more details.

# 2020 Dental Monthly Rate Summary

United Concordia (UCCI) - Dental HMO								
	Enrollment	2019 Rates	2020 Rates	Percentage Change	2020 City Contribution	2020 Employee Contribution	2020 City Contribution Change	2020 Employee Contribution Change
<b>Active</b>								
Single	90	\$20.75	\$20.75	0.00%	\$16.60	\$4.15	\$0.00	\$0.00
Two-Party	81	\$38.05	\$38.05	0.00%	\$30.44	\$7.61	\$0.00	\$0.00
Family	185	\$60.00	\$60.00	0.00%	\$48.00	\$12.00	\$0.00	\$0.00
<b>COBRA</b>					No City Contribution			
Single	2	\$20.75	\$20.75	0.00%				
Two-Party	1	\$38.05	\$38.05	0.00%				
Family	1	\$60.00	\$60.00	0.00%	No City Contribution			
<b>Retiree</b>								
Single	108	\$15.85	\$15.85	0.00%				
Two-Party	97	\$28.85	\$28.85	0.00%	No City Contribution			
Family	6	\$44.60	\$44.60	0.00%				

United Concordia (UCCI) - Dental PPO								
	Enrollment	2019 Rates	2020 Rates	Percentage Change	2020 City Contribution	2020 Employee Contribution	2020 City Contribution Change	2020 Employee Contribution Change
<b>Active</b>								
Single	245	\$35.97	\$39.63	10.18%	\$31.70	\$7.93	\$2.93	\$0.73
Two-Party	209	\$73.96	\$81.49	10.18%	\$65.19	\$16.30	\$6.02	\$1.51
Family	534	\$123.29	\$135.84	10.18%	\$108.67	\$27.17	\$10.04	\$2.51
<b>COBRA</b>					No City Contribution			
Single	14	\$35.97	\$39.63	10.18%				
Two-Party	14	\$73.96	\$81.49	10.18%				
Family	8	\$123.29	\$135.84	10.18%	No City Contribution			

Note: UCCI proposed a premium increase of 10.18% with a 24 month guarantee ending December 31, 2021.

# 2020 Vision Monthly Rate Summary

Medical Eye Services (MES) - Vision HMO								
	Enrollment	2019 Rates	2020 Rates	Percentage Change	2020 City Contribution	2020 Employee Contribution	2020 City Contribution Change	2020 Employee Contribution Change
<b>Active</b>								
Single	201	\$3.45	\$3.45	0.00%	\$2.76	\$0.69	\$0.00	\$0.00
Two-Party	135	\$6.90	\$6.90	0.00%	\$5.52	\$1.38	\$0.00	\$0.00
Family	364	\$8.97	\$8.97	0.00%	\$7.18	\$1.79	\$0.00	\$0.00
<b>COBRA</b>					No City Contribution			
Single	5	\$3.45	\$3.45	0.00%				
Two-Party	1	\$6.90	\$6.90	0.00%				
Family	0	\$8.97	\$8.97	0.00%	Varies			
<b>Retiree</b>								
Single	0	\$3.45	\$3.45	0.00%				
Two-Party	0	\$6.90	\$6.90	0.00%				
Family	0	\$8.97	\$8.97	0.00%				

Medical Eye Services (MES) - Vision PPO								
	Enrollment	2019 Rates	2020 Rates	Percentage Change	2020 City Contribution	2020 Employee Contribution	2020 City Contribution Change	2020 Employee Contribution Change
<b>Active</b>								
Single	156	\$4.83	\$4.83	0.00%	\$3.86	\$0.97	\$0.00	\$0.00
Two-Party	154	\$9.70	\$9.70	0.00%	\$7.76	\$1.94	\$0.00	\$0.00
Family	326	\$12.65	\$12.65	0.00%	\$10.12	\$2.53	\$0.00	\$0.00
<b>COBRA</b>					No City Contribution			
Single	10	\$4.83	\$4.83	0.00%				
Two-Party	8	\$9.70	\$9.70	0.00%				
Family	5	\$12.65	\$12.65	0.00%				



# 2020 Life and AD&D Monthly Rate Summary

<b>Voya - Life and AD&amp;D Insurance (Rate per \$1,000)</b>			
	<b>2019 Rates</b>	<b>2020 Rates <sup>(1)</sup></b>	<b>Percent Change</b>
<b>City Costs</b>			
<b>Basic Life</b>	\$0.130	\$0.130	0.00%
<b>Basic AD&amp;D</b>	\$0.020	\$0.020	0.00%
<b>Voluntary Employee Costs</b>			
<b>Supplemental Life (Employee and Spouse)</b>			
<30	\$0.070	\$0.070	0.00%
30-34	\$0.100	\$0.100	0.00%
35-39	\$0.120	\$0.120	0.00%
40-44	\$0.180	\$0.180	0.00%
45-49	\$0.270	\$0.270	0.00%
50-54	\$0.440	\$0.440	0.00%
55-59	\$0.760	\$0.760	0.00%
60-64	\$1.170	\$1.170	0.00%
65-69	\$2.260	\$2.260	0.00%
70-74	\$3.660	\$3.660	0.00%
75+	\$3.660	\$3.660	0.00%
<b>Supplemental Dependent Life</b>	\$0.200	\$0.200	0.00%
<b>Supplemental AD&amp;D</b>			
Subscriber Only	\$0.050	\$0.050	0.00%
Family	\$0.080	\$0.080	0.00%

<sup>(1)</sup> Voya proposed a two-year rate guarantee between January 1, 2020 through December 31, 2021.

# 2020 EAP, Flexible Benefits, and LTD Summary

<b>Optum - EAP</b>			
	<b>2019 Rate</b>	<b>2020 Rate</b>	<b>Percentage Change</b>
<i>Active</i>	\$1.74	\$1.74	0.00%

<b>P&amp;A Group - Section 125 Flexible Benefits</b>			
	<b>2019 Rates</b>	<b>2020 Rates</b>	<b>Percentage Change</b>
<i>FSA and/or DCAP</i>	\$4.00	\$4.00	0.00%

<b>Unum - Long Term Disability (Rate per \$100)</b>			
	<b>2019 Rate</b>	<b>2020 Rate</b>	<b>Percentage Change</b>
<i>Long Term Disability</i>	\$0.57	\$0.60	5.26%

# Principle Causes of Rate Change

# Principle Causes of Rate Change

---

## Blue Shield

- Medical and Prescription claims increased by approximately 45.1% and 11.8%, respectively, for the Active Blue Shield PPO plan
  - The claims for five individuals exceeded the pooling point of \$200,000
  - Whereas last year, one individual's claims exceeded the pooling point
- Reinstatement of the Health Insurance Tax (HIT) constitutes about 2.1% of the proposed increase

# Principle Causes of Rate Change

---

## Kaiser

- Medical claims increased by approximately 18.5% for Kaiser's active plans
  - Inpatient claims increased by 157.6% on a per member per month (PMPM) basis
  - Outpatient and Pharmacy PMPM claims reduced by 6.4% and 2.6% respectively
  - The claims for three individuals exceeded the pooling point of \$215,000
  - Whereas last year, no individuals' claims exceeded the pooling point
  - Reinstatement of the HIT fee constitute about 1% of the proposed increase

# Principle Causes of Rate Change

---

## United Concordia (UCCI)

- Retention includes ACA Insurer fee that was suspended in 2019
  - Reinstatement of the HIT fee constitute about 3% of the proposed increase
- Claims have been high relative to premiums with a loss ratio averaging 93% since the plan's effective date of January 1, 2017

# Plan Options and Alternatives



# Plan Options and Alternatives (Blue Shield)

➤ Blue Shield proposed the following plan design options:

Benefits	Current	Proposed	Proposed Rate Reduction <sup>(1)</sup>		
			PPO - Active	PPO - Retiree	HMO Access+ & Trio
Coinsurance (In-Network/Out-of-Network)	90% / 50%	80% / 50%	-2.58%	-2.50%	N/A
In-Network Out-of-Pocket Maximum (Individual/Family)	\$2,000 / \$6,000	\$3,000 / \$9,000	-2.63%	-2.50%	N/A
Out-of-Network Out-of-Pocket Maximum (Individual/Family)	\$7,000 / \$21,000	\$10,000 / \$30,000	-0.08%	-0.07%	N/A
Emergency Room Copay	\$100 Copay	\$150 Copay	-0.013%	-0.012%	N/A
Pharmacy Plan Copays <sup>(2)</sup>	<p><b>PPO</b> Retail: \$10 / \$20 / \$20 Mail Order: \$20 / \$30 / \$30</p> <p><b>HMO &amp; Trio</b> Retail: \$10 / \$25 / \$45 Mail Order: \$20 / \$50 / \$90</p>	<p><b>PPO, HMO &amp; Trio</b> Retail: \$10 / \$25 / \$40 Mail Order: \$20 / \$50 / \$80</p>	-1.24%	-2.47%	-1.27%

<sup>(1)</sup> All proposed rate reduction factors are multiplicative, and not additive.

<sup>(2)</sup> In addition to copays, the current formulary would transition to Blue Shield's Value Formulary. The list below contains changes in the proposed formulary:

- a). Certain drugs are moved to a higher tier or removed from the formulary
- b). High-cost generics are placed on higher tiers
- c). Non-formulary drugs require a medical necessity exception.



# Plan Options and Alternatives (Kaiser)

- Kaiser proposed to reduce the rate increase for the Traditional and Deductible HMO plans to 4.0% and 2.8%, respectively, if the City would add a middle plan

	Kaiser Traditional HMO (Current)	Medium Benefit HMO (Proposed)	Deductible HMO (Current)
Plan Deductible (Individual/Family)	None	\$1,000/\$2,000	\$1,000/\$2,000
Out-of-Pocket Maximum (Individual/Family)	\$1,500/\$3,000	\$3,000/\$6,000	\$3,000/\$6,000
Pharmacy Deductible (Individual)	None	None	\$100
<b>Physician Services</b>			
Primary Care Visits	\$25 Copay Per Visit	\$20 Copay Per Visit (Deductible Does Not Apply)	\$30 Copay Per Visit (Deductible Does Not Apply)
Physician Specialist Visits	\$25 Copay Per Visit	\$20 Copay Per Visit (Deductible Does Not Apply)	\$30 Copay Per Visit (Deductible Does Not Apply)
Preventive Care Services	No Charge	No Charge (Deductible Does Not Apply)	No Charge (Deductible Does Not Apply)
<b>Hospital Services</b>			
Emergency Room (Waived if Admitted)	\$100 Per Visit	20% After Plan Deductible	30% After Plan Deductible
Inpatient Services	\$250 Per Admit	20% After Plan Deductible	30% After Plan Deductible
Outpatient Services	\$25 Per Procedure	20% After Plan Deductible	30% After Plan Deductible
<b>Prescription Drugs</b>			
Retail (up to 30-day supply)			
Generic	\$10 Copay	\$10 Copay	\$10 Copay
Brand	\$30 Copay	\$30 Copay	\$30 Copay
Specialty	20% up to \$150	20% up to \$150	20% up to \$150
Mail-Order (up to 100-day supply)			
Generic	\$20 Copay	\$20 Copay	\$20 Copay
Brand	\$60 Copay	\$60 Copay	\$60 Copay
<b>2020 Monthly Proposed Premium at 4% Increase</b>			
Single	\$482.33	\$427.82	\$326.91
Two-Party	\$964.65	\$855.64	\$653.83
Family	\$1,364.99	\$1,210.72	\$925.20

Note: There is no minimum enrollment required for the proposed plan.

# Plan Options and Alternatives (Kaiser)

- Below is the annual City contribution for active employees if the City would add a Kaiser middle plan

**CITY OF BAKERSFIELD**  
Annual City Contribution Based on Rates Effective January 1, 2020

Active					
Plan	Enrollment	Current City Contribution at 80%	2020 City Contribution at 80%	Annual Change	Percentage Change
<b>Blue Shield</b>					
Full HMO	153	\$1,938,600	\$1,938,300	-\$300	0.0%
Narrow HMO	75	\$758,400	\$758,300	-\$100	0.0%
PPO	607	\$7,813,200	\$8,929,100	\$1,115,900	14.3%
<b>Subtotal</b>	<b>835</b>	<b>\$10,510,200</b>	<b>\$11,625,700</b>	<b>\$1,115,500</b>	<b>10.6%</b>
<b>Kaiser</b>					
HMO	438	\$4,240,700	\$4,412,200	\$171,500	4.0%
HDHP	30	\$141,400	\$145,400	\$4,000	2.8%
<b>Subtotal</b>	<b>468</b>	<b>\$4,382,100</b>	<b>\$4,557,600</b>	<b>\$175,500</b>	<b>4.0%</b>
<b>United Concordia <sup>(1)</sup></b>					
HMO	356	\$154,100	\$154,100	\$0	0.0%
PPO	988	\$865,000	\$953,100	\$88,100	10.2%
<b>Subtotal</b>	<b>1,344</b>	<b>\$1,019,100</b>	<b>\$1,107,200</b>	<b>\$88,100</b>	<b>8.6%</b>
<b>MES Vision</b>					
HMO	700	\$46,900	\$46,900	\$0	0.0%
PPO	636	\$61,200	\$61,200	\$0	0.0%
<b>Subtotal</b>	<b>1,336</b>	<b>\$108,100</b>	<b>\$108,100</b>	<b>\$0</b>	<b>0.0%</b>
<b>Total Medical, Dental, Vision <sup>(2)</sup></b>		<b>\$16,019,500</b>	<b>\$17,398,600</b>	<b>\$1,379,100</b>	<b>8.6%</b>

<sup>(1)</sup> United Concordia proposed a rate guarantee through December 31, 2021.

<sup>(2)</sup> Voya Life and AD&D, Optum EAP, Unum LTD and P&A Group are not included above.

## Plan Options and Alternatives (UCCI)

- UCCI proposed the following plan alternatives:
  - Change the Out-of-Network Reimbursement from the 90<sup>th</sup> percentile Usual, Customary and Reasonable (UCR) Fee Schedule to the Maximum Allowable Cost (MAC), based on UCCI's Fee Schedule
  - Change the Out-of-Network (OON) Reimbursement to the UCR Fee Schedule from 90<sup>th</sup> to 70<sup>th</sup> percentile
  - Reduce the Annual Maximum from \$2,500 to \$2,000
  - Combination of all the above options with Preventive Incentive (PI)
    - PI is where Class I services do not count against the Annual Maximum

	Maximum Allowable Cost (OON MAC)	UCR 70th Percentile	\$2,000 Annual Maximum	OON MAC, \$2,000 Annual Maximum, & Preventive Incentive	UCR 70th Percentile, \$2,000 Annual Maximum, & Preventive Incentive
% Impact of Benefit Change	-4.6%	-2.0%	-2.5%	-6.2%	-3.6%

# Plan Options and Alternatives (UCCI)

➤ Below is the utilization percentage for in and out of network

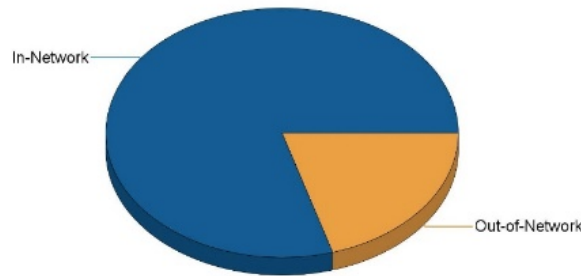


**CITY OF BAKERSFIELD**

**Account:** 0223700  
**Incurred Period:** 01/01/17 - 03/31/19  
**Finalized Period:** 01/01/17 - 04/30/19

**Network Analysis**

**Services by Network Status**



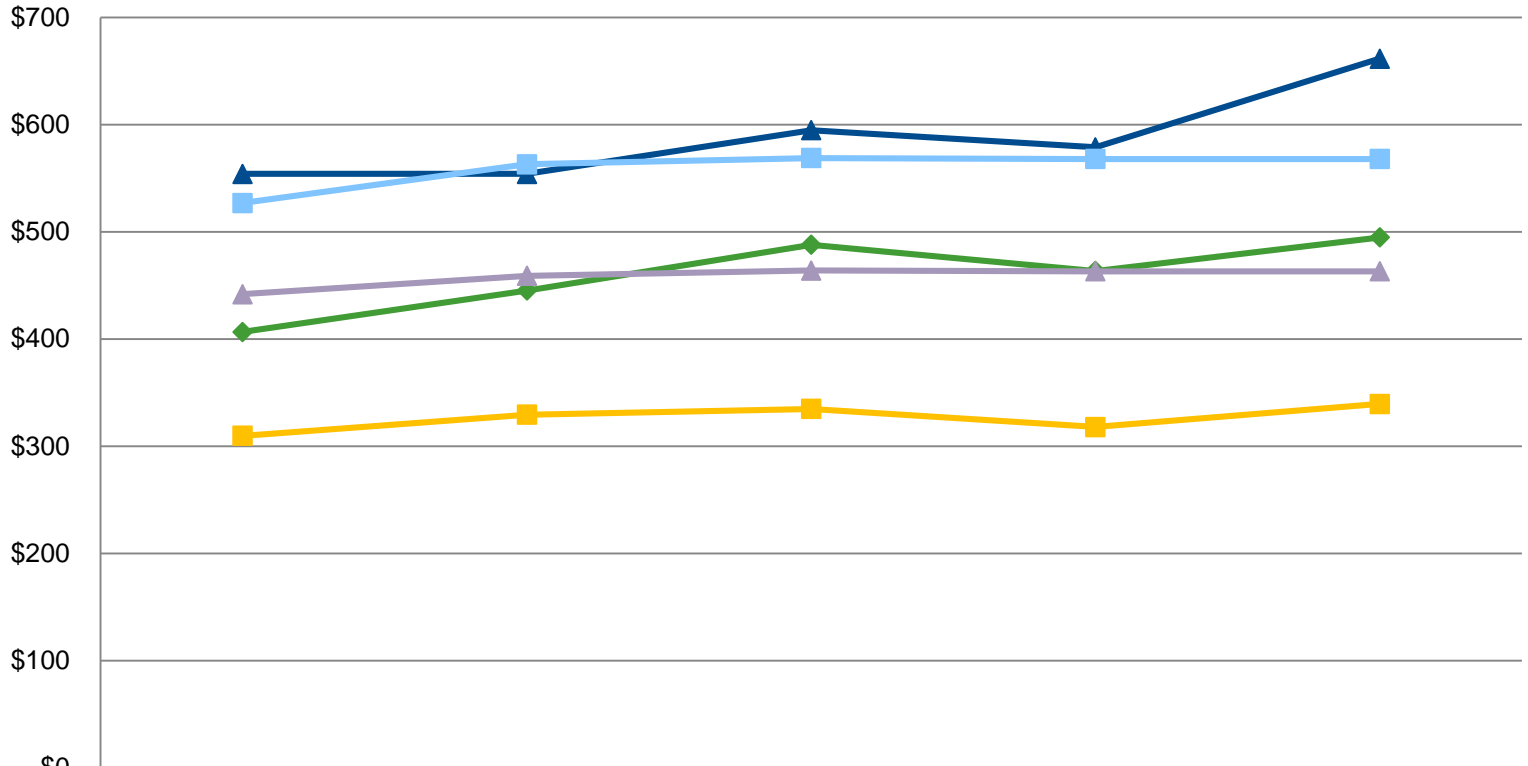
Network Status	Services	Network Percentage	Provider Charge	Allowed Amount	Approved Amount	Network Savings	Network Discount
In-Network	20,046	79.64%	\$3,283,255	\$2,268,355	\$1,523,056	\$1,014,901	30.91%
Out-of-Network	5,126	20.36%	\$1,127,169	\$1,043,338	\$579,744	\$83,831	7.44%
<b>Totals:</b>	<b>25,172</b>	<b>100.00%</b>	<b>\$4,410,424</b>	<b>\$3,311,693</b>	<b>\$2,102,800</b>	<b>\$1,098,732</b>	<b>24.91%</b>

# Appendix



# Active Plan Rate for Single Employee – Rate History

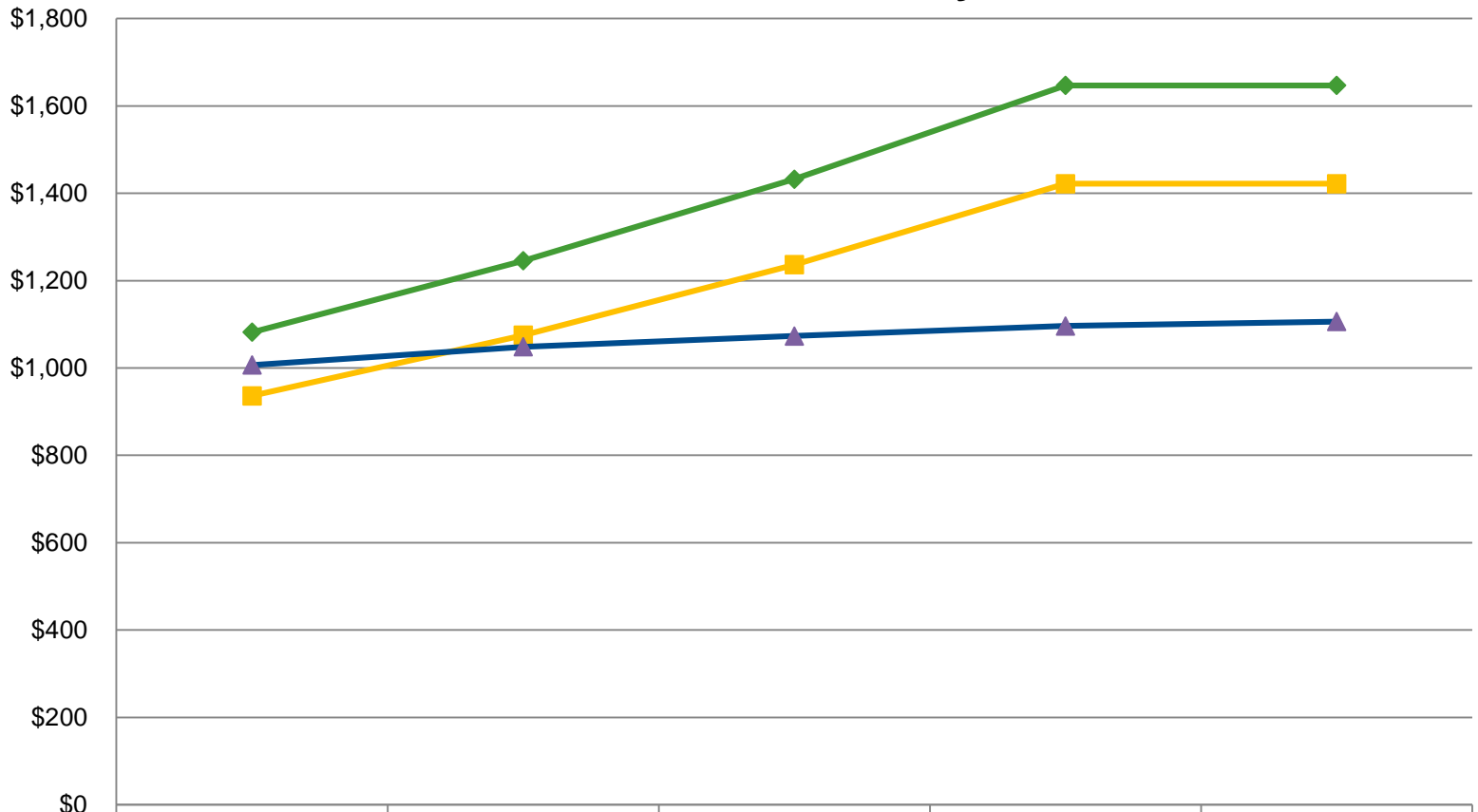
## Active Rate History



	2016	2017	2018	2019	2020
◆ Kaiser HMO	\$406.68	\$445.31	\$487.98	\$463.58	\$494.88
■ Kaiser DHMO	\$309.79	\$329.44	\$334.78	\$318.04	\$339.51
▲ Anthem/Blue Shield PPO	\$554.19	\$554.19	\$594.93	\$578.89	\$661.57
■ Anthem/Blue Shield HMO	\$527.03	\$563.03	\$568.95	\$568.08	\$568.08
▲ Blue Shield Narrow HMO	\$441.83	\$459.11	\$463.93	\$463.22	\$463.22

# Retiree Plan Rate for Single Retiree – Rate History

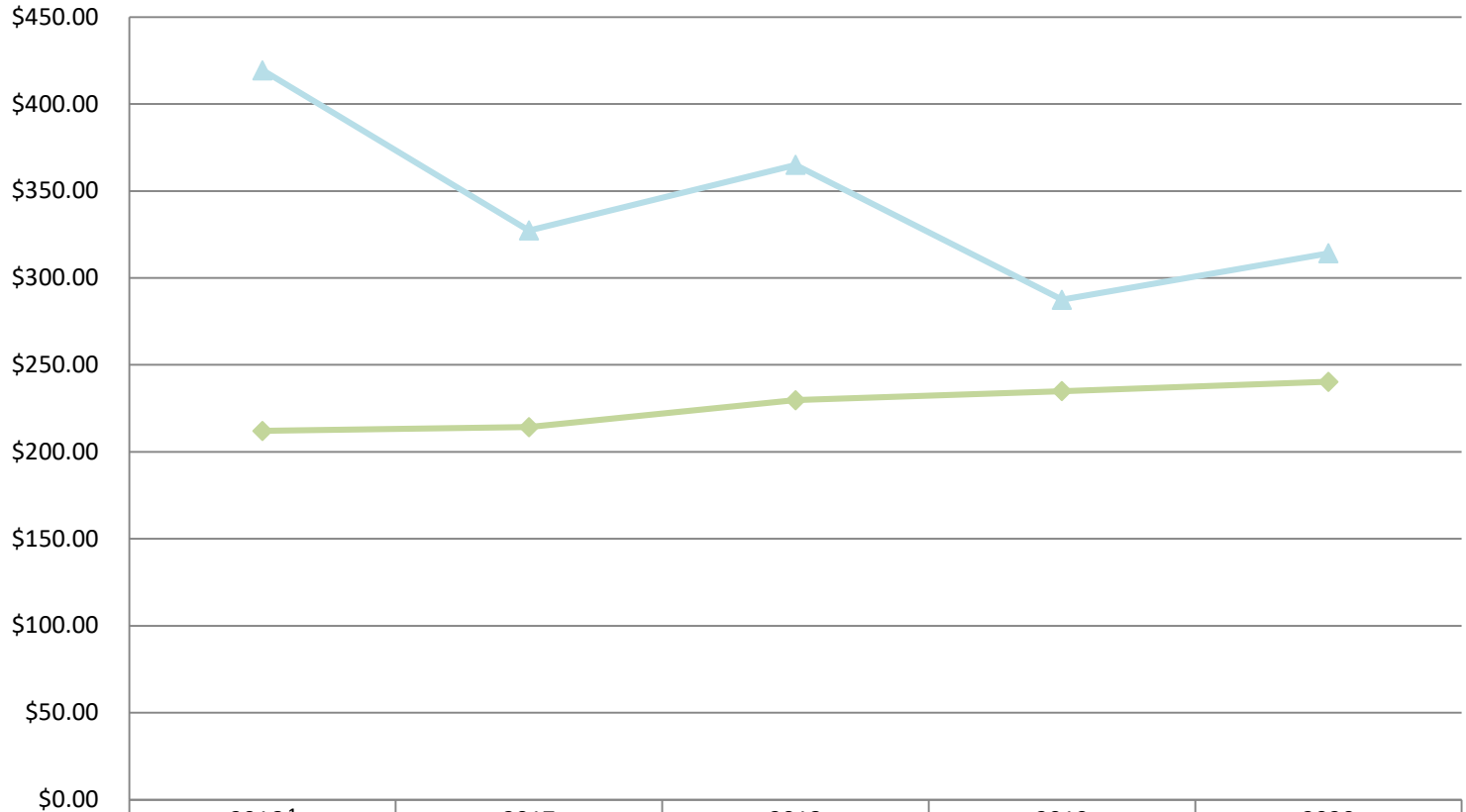
## Retiree Rate History



◆ Kaiser HMO	\$1,082.01	\$1,245.38	\$1,432.19	\$1,647.01	\$1,647.01
■ Kaiser DHMO	\$936.20	\$1,074.97	\$1,236.22	\$1,421.65	\$1,421.65
▲ Anthem/Blue Shield PPO	\$1,006.76	\$1,048.38	\$1,073.10	\$1,096.02	\$1,106.36

# Medicare Advantage Plan Rate for Single Retiree – Rate History

## Medicare Advantage Rate History



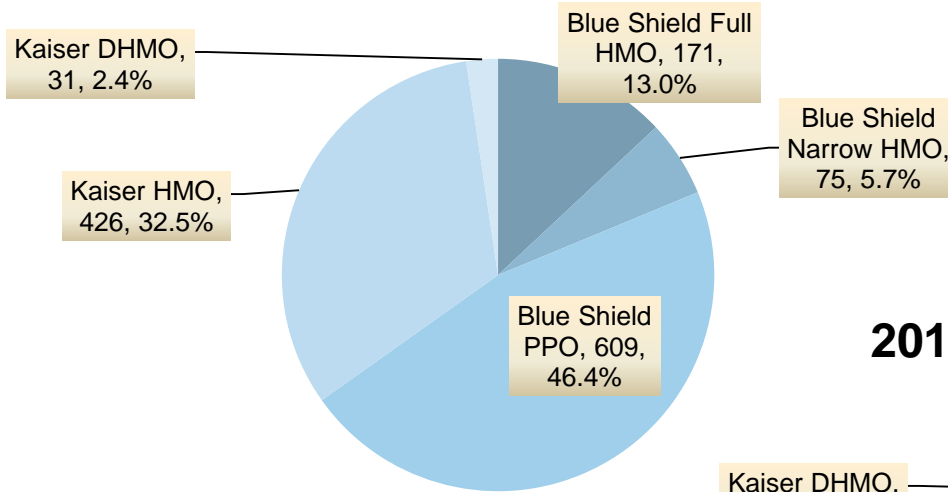
◆ Kaiser Senior Advantage  
▲ Anthem/Blue Shield MC Advantage

<sup>1</sup> In 2016, Anthem was replaced with Blue Shield of California.

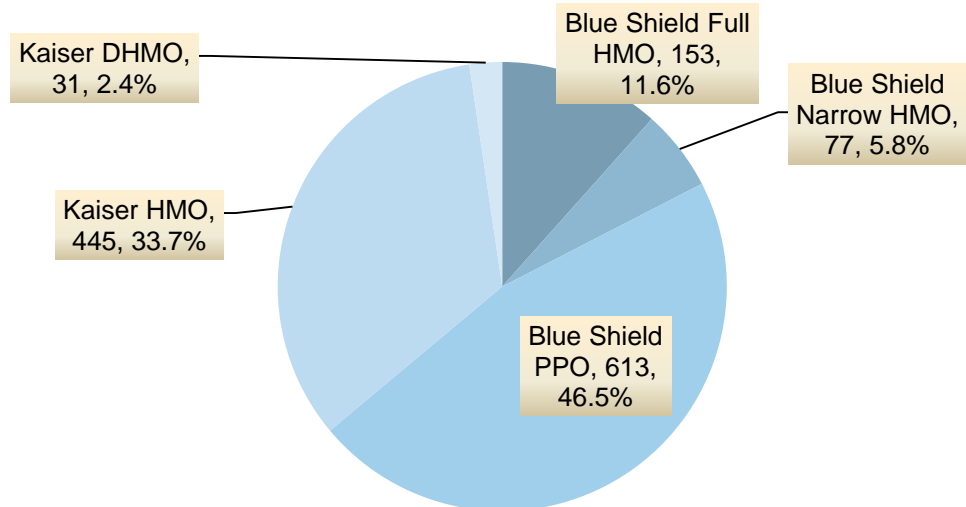


# Enrollment for Active Plans

## 2018 Enrollment - Actives and COBRA

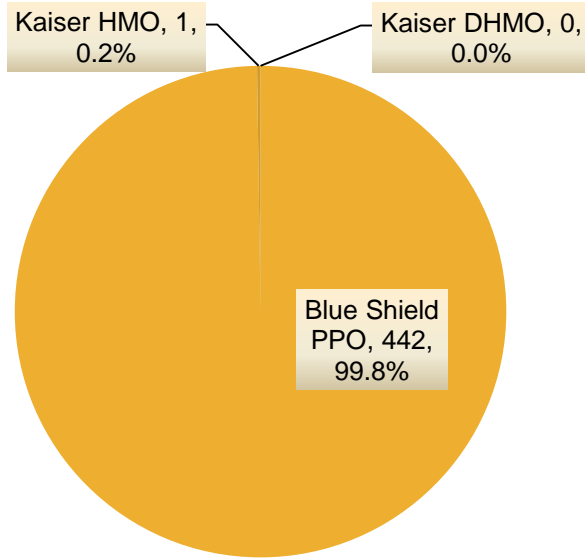


## 2019 Enrollment - Actives and COBRA

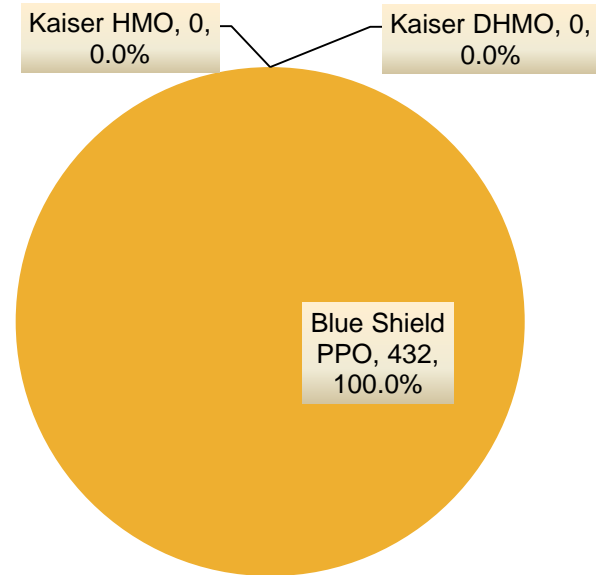


# Enrollment for Retiree Plans

## 2018 Enrollment - Retirees

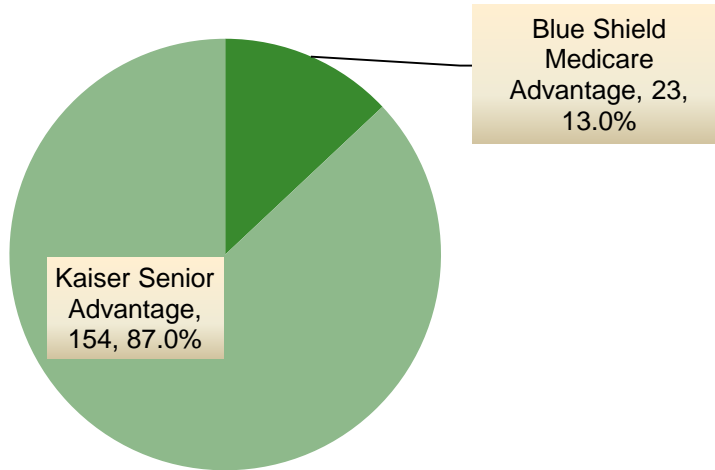


## 2019 Enrollment - Retirees

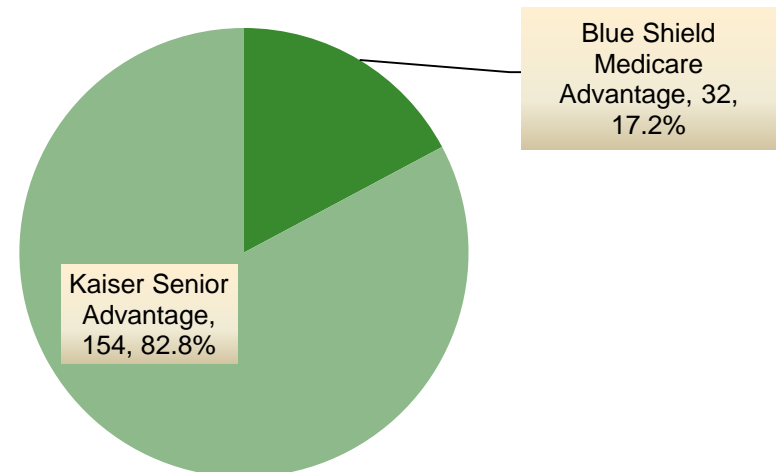


# Enrollment for Medicare Advantage Plans

## 2018 Enrollment - Medicare Advantage



## 2019 Enrollment - Medicare Advantage



# Financial Ratings for 2020 Renewals

---

<u>Company</u>	<u>Rating Agency</u>	<u>Rating</u>
Blue Shield of California Life & Health Insurance Company	A.M. Best	A
P&A Group	Not Rated	Not Rated
Kaiser Foundation Health Plan Inc.	Standard & Poor's	AA-
Medical Eye Services, Inc.	Not Rated	Not Rated
UnitedHealthcare Insurance Company (Parent of Optum)	Standard & Poor's	AA-
United Concordia Dental Plans of California, Inc.	A.M. Best	A
Unum Life Insurance Company of America	A.M. Best	A
Voya Insurance and Annuity Company	A.M. Best	A

# Financial Ratings

Segal believes it is important to consider the financial strength of insurance companies and managed care organizations, which are candidates for initial selection or renewal as insurers or service providers to employee benefit plans. Therefore, we are providing the current claims paying ability rating that was available to us on the date this document was prepared for the insurance company or managed care organization under consideration.

When available, we select Standard & Poor's because of its excellent overall reputation as a rating service. In addition, it evaluates more insurance companies than any of the other comparable rating services. Several other rating services (e.g., Duff & Phelps, Moody's, and A.M. Best) also provide claims paying ability evaluations of insurance companies and managed care organizations, which we provide when a Standard & Poor's rating is not available. You may wish to consult these other services before making a decision regarding the initial selection or renewal of an insurance company or managed care organization.

Insurance company and managed care organization rating categories explanations are attached. For example, Standard & Poor's ratings range from "Vulnerable" to "Secure". In particular, they regard "vulnerable" companies (i.e., ratings of BB+ and lower) to be at relatively serious risk in terms of meeting both claims and creditor obligations. Insurance companies in this category should be researched carefully before being selected.

To the right is a chart, which explains the Standard & Poor's rating categories. (Duff & Phelps uses the same rating system as Standard & Poor's; A.M. Best's rating system is shown in parentheses).

<b>Investment Grade or Secure:</b>	
<b>AAA (A++)</b>	Companies rated AAA have the highest rating assigned. Capacity to pay interest and repay principal is extremely strong.
<b>AA (A+)</b>	Companies rated AA have a very strong capacity to pay interest and repay principal and differ from the highest rated issuers only to a small degree.
<b>A (A, A-)</b>	Companies rated A have a strong capacity to pay interest and repay principal, although they are somewhat more susceptible to adverse changes in economic conditions than those in higher rated categories.
<b>BBB (B++, B+)</b>	Companies rated BBB are regarded as having an adequate capacity to pay interest and repay principal, however, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal.
<b>Below Investment Grade or Vulnerable:</b>	
<b>BB (B) B (B-) CCC (C++, C+) CC (C, C-)</b>	Companies rated BB, B, CCC and CC are regarded, on balance, as speculative with respect to their credit worthiness. While such companies may have some protective characteristics, uncertainties and major risk exposure or adverse conditions outweigh them.
<b>R; NR</b>	The rating R is reserved for companies who "have experienced a REGULATORY ACTION regarding solvency." The rating NR indicates that the insurer's financial solvency is not rated.