



Resolution to Update Medical Insurance Contributions

Organization, Personnel and Technology Committee
Item 7-1

August 19, 2019

Purpose

- Board Approval of CalPERS Resolution for Medical Plan Contributions effective January 1, 2020.

Review of CalPERS Requirements

- CalPERS adopts medical rates based on different regions throughout California and out of state.
- MWD must base its maximum contribution on **one specific plan in one region** to comply with its MOU language and CalPERS requirements.
- Board must approve a new Resolution whenever the maximum contribution or region changes.

Reason for change?

- Current regional model consisted of six regions:
 1. Bay Area,
 2. Sacramento,
 3. Other Northern California,
 4. Other Southern California,
 5. Los Angeles, and
 6. Out of State

There Are Fewer “Regions” in 2020

- 43 Northern California counties combined into **“Region 1”**
- 12 Southern California counties combined into **“Region 2”**
- Los Angeles, San Bernardino and Riverside counties combined into **“Region 3”**
- **“Out of State”** remains unchanged

What Do Our MOUs Require?

- MWD contributes up to highest cost HMO in either Los Angeles or Other Southern California regions.
- In 2019, this meant Anthem Traditional HMO, Los Angeles Region
- In 2020, it means Anthem Traditional HMO, **“Region 2” (formerly Other Southern California)**

What's the Impact of New "Regions"?

- MOU language being revised to reflect new region designations
- New regional structure lowers rates for many plans
- Employees and retirees have options for more health plans **fully paid by MWD**

Cost Impact?

- MWD maximum *employer contribution* limits will increase by **3.5%** in 2020.

2019

1-Party \$878

2-Party \$1,757

Family \$2,284

2020 (New Resolution)

\$935

\$1,870

\$2,431

- *Still*, MWD is containing costs, as plans on average are increasing **4.7%** in 2020.

Board Options

- Option #1 – Adopt Resolution to base MWD maximum medical contribution on Anthem Traditional HMO, Region 2
 - Fiscal Impact: None
- Option #2 – Do not adopt resolution. MWD would be out of compliance with its MOUs

Staff Recommendation

- Option #1

