

ACERA ANNUAL BENEFIT RENEWAL PRESENTATION

BOARD OF RETIREMENT

Overview of Plan Year 2023

Rates and Benefits

August 18, 2022

Ava Lavender

HR Division Manager, Benefits

Ryan Olson, FSA, FCA, MAAA

Korn Ferry Senior Principal



Contents

		PAGE
1	EXECUTIVE SUMMARY	3
2	2023 PLAN YEAR RATE INCREASES	4
3	PRE-65 RETIREE RATES	5
4	MEDICARE RATES	7
5	2023 PLAN YEAR BLENDED VS. UNBLENDED PREMIUMS	10
6	2022 VS. 2023 UNBLENDED PREMIUMS	11
7	LOW-INCOME PREMIUM SUBSIDY AMOUNTS (PART D)	12
8	QUESTIONS?	13

Executive Summary

The purpose of this presentation is to present rates and plan design changes to the ACERA Retirees Committee resulting from the Plan Year 2023 renewal negotiations between the County of Alameda and its medical vendors, Kaiser and UHC

- The overall blended (i.e., for actives, subgroups and early retirees) rate increase was **7.81% for Kaiser**. The rate increase for **UHC was 9.0% for SV and 8.0% for SVA**, which is substantially *lower than UHC's initial renewal rate increase of 27.16% (page 4)*. Based on information provided by Kaiser and UHC, the blended increase was primarily attributed to higher claim activity for actives in 2021 compared to historical norms, particularly for inpatient and outpatient services as well as for large claims.
- **This continues to make the UHC SVA the lowest cost plan.**
- There are no plan design changes in CY 2023 for the commercial medical plans offered by Kaiser and UHC
- The Kaiser Senior Advantage plan **rate decreased by 8.0%** (page 7). Kaiser has offered 3 rider options for ACERA to consider, including the hearing aid benefit as requested (pages 8 & 9).



County of Alameda 2023 Plan Year – Blended Rate Increases by Carrier (Actives, Subgroups and Early Retirees)



KAISER PERMANENTE®

7.81% (HMO)



9.0% (SV)

8.0% (SVA)

Blended
Rate
Increases

Kaiser's renewal called for a blended 7.81% rate increase

To demonstrate their continued partnership with the County and ACERA, UHC made underwriting concessions to offer the 9.0% increase on SV and 8.0% on SVA. This was down from an initial overall rate increase of 27.16%.

11.48%
(County)

-11.40%
(ACERA)

Actives: 6,326

Early Retirees:
917

10.94%
(County)

-3.43%
(ACERA)

Actives: 1,095

Early Retirees:
90

8.59%
(County)

-15.43%
(ACERA)

Actives: 347

Early Retirees:
74

Unblended
Rate
Increases



County of Alameda

2023 Plan Year – Kaiser HMO Pre-65 Retiree Rates

	Current Enrollment	2022 Monthly Premium	2023 Monthly Premium	Increase
Employee Only	774	\$ 843.16	\$ 909.02	7.81%
Employee + 1	105	\$ 1,686.32	\$ 1,818.06	7.81%
Employee + Family	38	\$ 2,386.22	\$ 2,572.56	7.81%
Monthly Total	917	\$ 920,346	\$ 992,235	7.81%

These rates include the Surcharge Buy-out (SBO). ACERA has 153 members over 65 that continue to create the need for the SBO.

County of Alameda

2023 Plan Year – UHC HMO Pre-65 Retiree Rates

Signature Value (SV) Network

	Current Enrollment	2022 Monthly Premium	2023 Monthly Premium	Increase
Employee Only	74	\$ 1,184.32	\$ 1,290.92	9.00%
Employee + 1	13	\$ 2,368.56	\$ 2,581.72	9.00%
Employee + Family	3	\$ 3,351.46	\$ 3,653.08	9.00%
Monthly Total	90	\$ 128,485	\$ 140,050	9.00%

Signature Value Advantage (SVA) Network

	Current Enrollment	2022 Monthly Premium	2023 Monthly Premium	Increase
Employee Only	49	\$ 781.42	\$ 843.94	8.00%
Employee + 1	16	\$ 1,562.70	\$ 1,687.72	8.00%
Employee + Family	9	\$ 2,211.18	\$ 2,388.08	8.00%
Monthly Total	74	\$ 83,193	\$ 89,849	8.00%

These rates represent a 34.6% reduction from those for the full-network HMO option

County of Alameda

2023 Plan Year – Kaiser Senior Advantage Rates

The Kaiser Senior Advantage (KPSA) rates have a decrease of 8.0%. This rate decrease assumes the Silver and Fit benefit will continue to be included in the KPSA.

The KPSA Out-of-Pocket maximum is decreasing in 2023 to align with all KPSA plans in all markets from \$1,500 per calendar year to \$1,000 per calendar year.

	2022 Monthly Premium	2023 Monthly Premium	Increase
Employee (Medicare)	\$ 344.44	\$ 316.81	-8.0%
Employee (Medicare) + Spouse (Medicare)	\$ 688.88	\$ 633.62	-8.0%
Employee (Medicare) + Spouse (Medicare) + Child (Non-Medicare)	\$ 1,388.78	\$ 1,388.12	0.0%

These rates include the Surcharge Buy-out

This rate is the sum of the 2-Party Medicare rate (\$633.62) and the difference between the Pre-65 2-Party and Family rates on page 5 (i.e., \$754.50, or \$2572.56 - \$1818.06)

County of Alameda

2023 Plan Year – Kaiser Senior Advantage Rider Options

Kaiser is offering the Silver & Fit benefit in the base renewal, which equates to a charge of \$2.80 PMPM. Below is a summary of the utilization of the benefit in 2022:

Year	Fitness Center		Home Fitness Kits		Web Registrants	
	Member Count	Visit Count	Unique Members With Kits	Total Kits	New	Active
2022	247	2,632	198	198	537	537

Additionally, Kaiser has offered ACERA additional options available as riders for the Medicare plans this year if you would like to add them for an additional cost.

1. **Over-the-Counter (OTC) Benefit:** \$1.74 PMPM (renewal: -8.0% to -7.5%)
 - Includes a \$70 quarterly benefit limit for OTC products
2. **Transportation Rider:** \$5.25 PMPM (renewal: -8.0% to -6.5%)
 - Routine & post-discharge transportation coverage up to 24 one-way trips per year to medically-related appointments
 - 50-mile radius per trip

ACERA KPSA	W/ Silver & Fit		No Silver & Fit	
Formula Rate Action	\$ 316.81	-8.0%	\$ 314.01	-8.8%
Current KPSA + OTC	\$ 318.55	-7.5%	\$ 315.75	-8.3%
Current KPSA + Transportation	\$ 322.06	-6.5%	\$ 319.26	-7.3%

County of Alameda

2023 Plan Year – Hearing Aid Benefit Rider Options

As requested, Kaiser has offered the following Hearing Aid Benefit options to the HMO Pre-65 Retiree Plan as well as the KPSA Plan. The rates shown in the table below represent the increase to the renewal for each tier on the HMO Pre-65 plan and to the PMPM for the KPSA plan. The increase would apply to all enrollees in the plan.

Hearing Aid Benefit - Retirees Only		HMO Pre-65 Retiree Plan			KPSA PMPM
		EE	EE+1	EE+2+	
\$1,000 Allowance	Per ear every 36 months	\$0.72	\$1.44	\$2.04	\$0.71
\$2,000 Allowance	Per ear every 36 months	\$1.48	\$2.96	\$4.20	\$1.44
\$2,500 Allowance	Per ear every 36 months	\$1.86	\$3.72	\$5.26	\$1.80
\$3,000 Allowance	Per ear every 36 months	\$2.20	\$4.40	\$6.22	\$2.14

Revised KPSA Rates

Hearing Aid (Per Ear-Every 36 months)	KPSA PMPM
\$1,000 Allowance	\$9.31
\$2,000 Allowance	\$18.65
\$2,500 Allowance	\$23.20
\$3,000 Allowance	\$27.95

County of Alameda

2023 Plan Year – Pre-65 Retiree HMO Rates

Blended vs. ACERA Unblended

Kaiser HMO	Current Enrollment	Blended Monthly Premium	Unblended ACERA Monthly Premium	Difference (\$)	Difference (%)
Employee Only	774	\$ 909.02	\$ 1,156.40	\$ 247.38	27.21%
Employee + 1	105	\$ 1,818.06	\$ 2,312.80	\$ 494.74	27.21%
Employee + Family	38	\$ 2,572.56	\$ 3,272.60	\$ 700.04	27.21%
Monthly Total	917	\$ 992,235	\$ 1,262,256	\$ 270,021	27.21%

UHC HMO - SV Network	Current Enrollment	Blended Monthly Premium	Unblended ACERA Monthly Premium	Difference (\$)	Difference (%)
Employee Only	74	\$ 1,290.92	\$ 1,839.82	\$ 548.90	42.52%
Employee + 1	13	\$ 2,581.72	\$ 3,679.46	\$ 1,097.74	42.52%
Employee + Family	3	\$ 3,653.08	\$ 5,206.38	\$ 1,553.30	42.52%
Monthly Total	90	\$ 140,050	\$ 199,599	\$ 59,549	42.52%

UHC HMO - SVA Network	Current Enrollment	Blended Monthly Premium	Unblended ACERA Monthly Premium	Difference (\$)	Difference (%)
Employee Only	49	\$ 843.94	\$ 1,063.00	\$ 219.06	25.96%
Employee + 1	16	\$ 1,687.72	\$ 2,125.78	\$ 438.06	25.96%
Employee + Family	9	\$ 2,388.08	\$ 3,007.94	\$ 619.86	25.96%
Monthly Total	74	\$ 89,849	\$ 113,171	\$ 23,322	25.96%

County of Alameda

2023 Plan Year – Pre-65 Retiree HMO Rates

2022 vs. 2023 ACERA Unblended

Kaiser HMO	Current Enrollment	Unblended 2022 Monthly Premium	Unblended 2023 Monthly Premium	Increase (\$)	Increase (%)
Employee Only	774	\$ 1,305.22	\$ 1,156.40	\$ (148.82)	-11.40%
Employee + 1	105	\$ 2,610.44	\$ 2,312.80	\$ (297.64)	-11.40%
Employee + Family	38	\$ 3,693.90	\$ 3,272.60	\$ (421.30)	-11.41%
Monthly Total	917	\$ 1,424,705	\$ 1,262,256	\$ (162,448)	-11.40%

UHC HMO - SV Network	Current Enrollment	Unblended 2022 Monthly Premium	Unblended 2023 Monthly Premium	Increase (\$)	Increase (%)
Employee Only	74	\$ 1,905.08	\$ 1,839.82	\$ (65.26)	-3.43%
Employee + 1	13	\$ 3,810.06	\$ 3,679.46	\$ (130.60)	-3.43%
Employee + Family	3	\$ 5,391.14	\$ 5,206.38	\$ (184.76)	-3.43%
Monthly Total	90	\$ 206,680	\$ 199,599	\$ (7,081)	-3.43%

UHC HMO - SVA Network	Current Enrollment	Unblended 2022 Monthly Premium	Unblended 2023 Monthly Premium	Increase (\$)	Increase (%)
Employee Only	49	\$ 1,257.00	\$ 1,063.00	\$ (194.00)	-15.43%
Employee + 1	16	\$ 2,513.74	\$ 2,125.78	\$ (387.96)	-15.43%
Employee + Family	9	\$ 3,556.86	\$ 3,007.94	\$ (548.92)	-15.43%
Monthly Total	74	\$ 133,825	\$ 113,171	\$ (20,654)	-15.43%

Low-income Premium Subsidy Amounts (Part D) – 2023

Percentage of Maximum Subsidy Amount	2023 Subsidy Amount
100%	\$38.86
75%	\$29.15
50%	\$19.43
25%	\$9.72

Source: [Regional Rates Benchmarks 2023 \(cms.gov\)](https://www.cms.gov)

Questions



THANK YOU



Human Resource Services
Employee Benefits Center