



Ethics, Organization, and Personnel Committee

Resolution to Update Medical Insurance Contributions

Item 7-3

September 11, 2023

Agenda

Resolution to Update Medical Insurance Contributions

- Purpose
- CalPERS Requirements
- Demographics
- MOU Requirements
- Cost Impact
- Board Options
- Staff Recommendation

Purpose

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- Board Approval of CalPERS Resolutions for Medical Plan Contributions effective January 1, 2024.

Requirements

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 two new Resolutions whenever the maximum contribution or region changes.

Regional Model

CalPERS' Geographic Regions

- 43 Northern California counties = **Region 1**
- 12 Southern California counties = **Region 2**
- Los Angeles, San Bernardino and Riverside counties = **Region 3**
- **Out of State**

MWD Enrollment Statistics by Region

Region 1 = 43 Northern California counties

22 Active Employees

45 Retirees/Survivors

1.82% of MWD Participants Enrolled

Region 2 = 12 Southern California counties

201 Active Employees

252 Retirees/Survivors

12.9% of MWD Participants Enrolled

Region 3 = Los Angeles, San Bernardino and Riverside Counties

1,410 Active Employees

1,073 Retirees/Survivors

67.38% of MWD Participants Enrolled

Out of State

125 Active Employees

558 Retirees/Survivors

18.51% of MWD Participants Enrolled

MOU Language

What Do Our MOUs Require?

- MWD contributes up to the highest cost HMO in either Region 2 or Region 3.
- For 2024, Board to adopt Anthem Traditional HMO Plan, Region 2

Premium Changes

Premiums will increase in 2024:

- Overall Average Increase 10.77%
 - ❖ HMO Basic Plans 10.50%
 - ❖ PPO Basic Plans 12.17%
 - ❖ Medicare and Combination Plans 9.55%

How Is MWD Contributions Impacted?

Fiscal Impact

	<u>2023</u>	<u>2024 (<i>New Resolution</i>)</u>
1-Party	\$943	\$1,034
2-Party	\$1,885	\$2,068
Family	\$2,451	\$2,689

- Increase in Employer Contributions of 8.8%
- Current budget for FY 23/24 and FY 24/25 includes estimated costs
- Fiscal impact will be absorbed in the current and future budgets

Board Options

- Option #1 – Adopt a resolution designating Metropolitan’s maximum medical contributions on the highest HMO Plan Region 2, Anthem Traditional HMO, to comply with the current authorized Memoranda of Understandings.
- Option #2 – Do not adopt a resolution providing for any change in Metropolitan’s health benefit premium contribution for employees and annuitants under Government Code Section 22892(a) and 22893(a)(1).

Next Step

Staff Recommendation

- Option #1

