



Organization, Personnel, and Technology Committee

Resolution to Update Medical Insurance Contributions

Item 7-7

September 13, 2022

Agenda

Resolution to Update Medical Insurance Contributions

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

Purpose

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- Board Approval of CalPERS Resolution for Medical Plan Contributions effective January 1, 2023.

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 a new Resolution 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**

Premium Changes

Premiums will increase in 2023:

- Combined average premium increase, 6.8%
 - HMO plan premiums, 4.2%
 - PPO plan premiums, 15.76%

MOU Language

What Do Our MOUs Require?

- MWD contributes up to highest cost HMO in either Region 2 or Region 3.
- For 2023, Board to adopt Anthem Traditional HMO Plan, for Region 3

How Is MWD Contributions Impacted?

Fiscal Impact

	<u>2022</u>	<u>2023 (<i>New Resolution</i>)</u>
1-Party	\$1,007	\$943
2-Party	\$2,014	\$1,885
Family	\$2,618	\$2,451

- Current budget for FY22/23 and FY 23/24 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 contribution for medical benefits in order to comply with the current authorized Memoranda of Understanding.
- Option #2 – Do not adopt a resolution providing for a change in Metropolitan's health benefit premium contribution for employees and annuitants under Government Code Section 22892(a).

Next Step

Staff Recommendation

- Option #1

