

# Memorandum

TO: Boards of Administration for:  
Police and Fire Retirement Plan  
& Federated Employees' Retirement System

FROM: Amanda Ramos,  
Sr. Health Analyst

SUBJECT: New Retiree Medical Plans for 2020

DATE: July 18, 2019

Approved

Date

*Kam Schum*

*7/22/19*

In February 2019 the City of San José released a Request For Proposal (RFP) seeking a new medical insurance provider for employees and for retirees. The goal of the RFP was primarily to ensure that there will be cost-effective and sustainable options available for employees and retirees in future years. There were other goals which included to improve service area coverage shortfalls, create a more balanced enrollment across the providers and to discontinue the self-funded BlueShield PPO plan.

To achieve these goals the RFP review committee, which was made up of union members, retirees, city staff, and retirement staff, reviewed the responses from five different providers. The committee selected Anthem Blue Cross to replace Sutter Health Plus and BlueShield.

On June 25, 2019 the City Council approved the recommendation to enter into a three-year contract with Anthem Blue Cross starting January 1, 2020. In the memo that went to City Council the preliminary monthly rates were published, that document (Attachment A) is provided for your reference. Below is a summarized representation of the cost changes that retirees can expect in 2020.

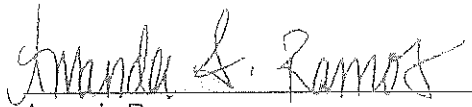
Current Plan	Corresponding Anthem Plan	Average % of change in retiree cost
Blue Shield Medicare PPO	Anthem Medicare Advantage PPO (nationwide)	35% decrease
Blue Shield Medicare HMO	Anthem Medicare Advantage HMO (California Only)	100% decrease BlueShield plan had a monthly retiree cost, the corresponding Anthem plan not have a monthly cost for retirees.
Blue Shield PPO	Anthem Classic PPO (nationwide)	16% increase
Sutter \$25 Copay HMO	Anthem \$20 Copay Select HMO (California Only)	4% increase
Sutter \$1500 Deductible HMO	Anthem \$1500 Deductible Select HMO (California Only)	38% decrease
Sutter \$3000 High Deductible HMO	No Anthem Equivalent Available	N/A

In addition to the plans shown in the table, Anthem has two additional nationwide plans that will be available to retirees.

- \* Select Nationwide PPO -a smaller network of providers than the Anthem Classic PPO and a lower cost than the Anthem Classic PPO
- \* \$2500 High Deductible Nationwide Classic PPO- large network of providers, plan structure is based on the retiree meeting a deductible before services are covered by Anthem

This memo is intended to keep the Board informed of changes that are in-store for retirees of this Plan. Anthem and ORS staff are having weekly implementation meetings at which the primary focus is to achieve the smoothest transition possible for our members. A major part of the implementation plan is to provide retirees, especially those that are currently enrolled in BlueShield and Sutter, with as much advanced notice as possible. The implementation project plan includes a communication schedule of mailings and emails to announce all of the informational resources available to retirees.

A new resource for retirees will be the Anthem Concierge Service. This is an Anthem employee who will work both in City Hall as well as the Office of Retirement Services five days a week for the duration of our contract with Anthem. Retirees will have direct in-person, phone and email access to the Concierge employee for assistance with any issues or questions that may arise through the transition. In addition to the Concierge Service, there will be a schedule of Anthem information sessions, Anthem representatives at the annual retiree health fair, as well as a customized Anthem/San José micro-site for retirees who have computer access.

  
Amanda Ramos  
Sr. Health Analyst

## Attachment A

## EARLY RETIREE ESTIMATED Rates and Contributions

Early Retirees							
Medical Plan	Current 2019 Rates			Proposed 2020 Rates			
	Monthly Premium	Monthly City Share	Monthly Retiree Share	Monthly Premium	Monthly City Share	Monthly Retiree Share	Monthly Retiree Difference (\$)
<b>Kaiser Plans</b>							
Kaiser \$25 HMO - Single	\$645.08	\$445.04	\$200.04	\$701.46	\$483.94	\$217.52	\$17.48
Kaiser \$25 HMO - Member+SP	\$1,290.16	\$890.08	\$400.08	\$1,402.92	\$967.88	\$435.04	\$34.96
Kaiser \$25 HMO - Member+CH(ren)	\$1,128.88	\$778.82	\$350.06	\$1,227.54	\$846.90	\$380.64	\$30.58
Kaiser \$25 HMO - Family	\$1,935.24	\$1,335.12	\$600.12	\$2,104.38	\$1,451.82	\$652.56	\$52.44
Kaiser \$1500 HMO - Single	\$528.20	\$445.04	\$83.16	\$574.36	\$483.94	\$90.42	\$7.20
Kaiser \$1500 HMO - Member+SP	\$1,056.40	\$890.08	\$166.32	\$1,148.72	\$967.88	\$180.84	\$14.52
Kaiser \$1500 HMO - Member+CH(ren)	\$924.36	\$778.82	\$145.54	\$1,005.14	\$846.90	\$158.24	\$12.70
Kaiser \$1500 HMO - Family	\$1,584.60	\$1,335.12	\$249.48	\$1,723.08	\$1,451.82	\$271.26	\$21.78
Kaiser HDHP - Single	\$445.04	\$445.04	\$0.00	\$483.94	\$483.94	\$0.00	\$0.00
Kaiser HDHP - Member+SP	\$890.08	\$890.08	\$0.00	\$967.88	\$967.88	\$0.00	\$0.00
Kaiser HDHP - Member+CH(ren)	\$778.82	\$778.82	\$0.00	\$846.90	\$846.90	\$0.00	\$0.00
Kaiser HDHP - Family	\$1,335.12	\$1,335.12	\$0.00	\$1,451.82	\$1,451.82	\$0.00	\$0.00
<b>Blue Shield Plans</b>							
BSC PPO - Single	\$1,435.38	\$445.04	\$990.34	\$1,571.83	\$483.94	\$1,087.89	\$97.55
BSC PPO - EE+SP	\$2,870.74	\$890.08	\$1,980.66	\$3,458.02	\$967.88	\$2,490.14	\$509.48
BSC PPO - EE+CH(ren)	\$2,511.94	\$778.82	\$1,733.12	\$2,829.29	\$846.90	\$1,982.39	\$249.27
BSC PPO - Family	\$4,306.12	\$1,335.12	\$2,971.00	\$4,872.67	\$1,451.82	\$3,420.85	\$449.85
Anthem Select PPO - Single				\$1,469.66	\$483.94	\$985.72	(\$14.62)
Anthem Select PPO - EE+SP				\$3,233.25	\$967.88	\$2,265.37	\$284.71
Anthem Select PPO - EE+CH(ren)				\$2,645.39	\$846.90	\$1,798.49	\$65.37
Anthem Select PPO - Family				\$4,555.95	\$1,451.82	\$3,104.13	\$133.13
Anthem HDHP - Single				\$905.37	\$483.94	\$421.43	(\$568.91)
Anthem HDHP - EE+SP				\$1,991.82	\$967.88	\$1,023.94	(\$958.72)
Anthem HDHP - EE+CH(ren)				\$1,629.67	\$846.90	\$782.77	(\$950.35)
Anthem HDHP - Family				\$2,806.66	\$1,451.82	\$1,354.84	(\$1,616.16)
<b>Sutter Plans</b>							
Sutter \$25 - Single	\$652.28	\$445.04	\$207.24	\$671.12	\$483.94	\$187.18	(\$20.06)
Sutter \$25 - EE+SP	\$1,304.56	\$890.08	\$414.48	\$1,476.47	\$967.88	\$508.59	\$94.11
Sutter \$25 - EE+CH(ren)	\$1,141.44	\$778.82	\$362.62	\$1,208.02	\$846.90	\$361.12	(\$1.50)
Sutter \$25 - Family	\$1,956.78	\$1,335.12	\$621.66	\$2,080.47	\$1,451.82	\$628.65	\$6.99
Sutter \$1500 - Single	\$534.06	\$445.04	\$89.02	\$517.42	\$483.94	\$33.48	(\$55.54)
Sutter \$1500 - EE + SP	\$1,068.12	\$890.08	\$178.04	\$1,138.34	\$967.88	\$170.46	(\$7.58)
Sutter \$1500 - EE+ CH	\$934.56	\$778.82	\$155.74	\$931.36	\$846.90	\$84.46	(\$71.28)
Sutter \$1500 - Family	\$1,602.12	\$1,335.12	\$267.00	\$1,604.02	\$1,451.82	\$152.20	(\$114.80)
Sutter HDHP - Single	\$445.74	\$445.04	\$0.70				
Sutter HDHP - EE + SP	\$891.50	\$890.08	\$1.42				
Sutter HDHP - EE+ CH	\$780.04	\$778.82	\$1.22				
Sutter HDHP - Family	\$1,337.22	\$1,335.12	\$2.10				

## MEDICARE RETIREE ESTIMATED Rates and Contributions

## Medicare/Post-65 Retirees

	Current 2019 Rates			Proposed 2020 Rates			
	Monthly Premium	Monthly City Share	Monthly Retiree Share	Monthly Premium	Monthly City Share	Monthly Retiree Share	Monthly Retiree Difference (\$)
<b>Kaiser Plans</b>							
KPSA*	\$300.80	\$300.80	\$0.00	\$315.04	\$315.04	\$0.00	\$0.00
*Final rates not available from Kaiser until June 30, 2019							
<b>Blue Shield Plans</b>							
BSC Medicare HMO - EE Only	\$602.56	\$445.04	\$157.52	\$453.55	\$453.55	\$0.00	(\$157.52)
BSC Medicare HMO - EE + SP (both Medicare)	\$1,205.12	\$890.08	\$315.04	\$907.10	\$907.10	\$0.00	(\$315.04)
BSC Medicare PPO - EE Only	\$528.57	\$445.04	\$83.53	\$508.56	\$483.94	\$24.62	(\$58.91)
BSC Medicare PPO - EE Medicare, Spouse/Child Medicare	\$1,057.14	\$890.08	\$167.06	\$1,017.12	\$967.88	\$49.24	(\$117.82)