



ITEM 17.
Human Resources - Consent

AGENDA ITEM REPORT

DATE: October 22, 2019
DEPARTMENT: Human Resources
REQUESTER: Erin Hailstone
TITLE: Approve Renewal for Retiree Group Medicare Advantage Plan

I. MOTION REQUESTED

- A. Approve health plan premium increase of 12.5%, to Aetna Life Insurance Company, for the renewal of the annual contract under RFP170337LKD Group Medicare Advantage Plan, through December 31, 2020.
- B. Grant the County Manager or designee the authority to execute any documents associated with the price increase on behalf of the Board of County Commissioners.

II. ITEM SUMMARY

Approves an insurance premium increase of 12.5% (\$220,267), to Aetna Life Insurance Company, for the renewal of the annual contract for the retiree Group Medicare Advantage Plan through December 31, 2020. This plan is offered to Medicare eligible retirees and their spouses. It is an alternate lower cost fully insured plan for retirees which reduces Lee County's Other Post-Employment Benefit cost (OPEB). The contract provides for annual premium adjustments at the beginning of any subsequent term. The majority of the increase is resulting from the reinstatement of the Affordable Care Act health insurer fee for fully insured plans. Without the health insurer fee, the renewal would be a 2.6% increase. The monthly rate per member will increase \$42.10 from \$337.69 to \$379.79. The county pays 60 percent of the monthly premium (\$227.87) and the retiree pays 40 percent of the premium (\$151.92). The total expenditures for Aetna Life Insurance Company to provide services during Fiscal Year 2018-2019 were approximately \$1,664,563 of which 40 percent was offset by retiree contributions (\$665,825).

III. BACKGROUND AND IMPLICATIONS OF ACTION

A) Board Action and Other History

On October 17, 2017, the Board of County Commissioners awarded RFP170337LKD Group Medicare Advantage Plan, to Aetna Life Insurance Company to provide Group Medicare Advantage Plan to for retirees. The original term of the contract was for one year with an option to renew for three one-year periods. Board approval will allow for a 12.5% increase to premiums, to Aetna Life Insurance Company, for the renewal of the annual contract for Group Medicare Advantage Plan for retirees through December 31, 2020. The majority of the increase is resulting from the reinstatement of the Affordable Care Act health insurer fee for full insured plans. Without the health insurer fee, the renewal would be a 2.6% increase.

Total expenditures for Aetna Life Insurance Company to provide these services during Fiscal Year 2018-2019 were approximately \$1,664,563.

B) Policy Issues

C) BoCC Goals

D) Analysis

E) Options

IV. FINANCIAL INFORMATION

A)	Current year dollar amount of item:	Approximately \$1,931,527
B)	Is this item approved in the current budget?	Yes
C)	Is this a revenue or expense item?	Expense
D)	Is this Discretionary or Mandatory?	Discretionary
E)	Will this item impact future budgets? If yes, please include reasons in III(D) above.	No
F)	Fund: Group Medical Insurance Program: Retiree Healthcare Project: Account Strings:	
G)	Fund Type?	Other: Self Insurance Health Fund
H)	Comments:	

V. RECOMMENDATION

Approve

VI. **TIMING/IMPLEMENTATION**
Effective 1/1/2020

VII. **FOLLOW UP**

ATTACHMENTS:

Description	Upload Date	Type
<u>Lee County BOCC 2020 Medicare Rate Exhibit_Final</u>	10/4/2019	Backup Material

REVIEWERS:

Department	Reviewer	Action	Date
Human Resources	Hailstone, Erin	Approved	10/3/2019 - 4:49 PM
Budget Services	Henkel, Anne	Approved	10/4/2019 - 7:17 AM
Budget Services	Winton, Peter	Approved	10/14/2019 - 10:26 AM
County Attorney	Lira, Louis C.	Approved	10/14/2019 - 1:50 PM
County Manager	Brady, Christine	Approved	10/15/2019 - 9:34 AM