



Human Resources Department
Memorandum

July 26, 2007

To: Darlene Bloom, Clerk of the Board

From: Thomas G. Matuk, County Executive Officer

Subject: Revise Agenda Staff Report # 26 - Approve and adopt (MOU) Agreements with OCEA; Approve PSR

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CLERK OF THE BOARD
ORANGE COUNTY
BOARD OF SUPERVISORS

Please revise Agenda Staff Report # 26 - Approve and adopt (MOU) Agreements with OCEA; Approve PSR as follows:

Page 1- RECOMMENDED ACTION(S):

#3. Approve health plan design changes as agreed to with the Orange County Employees Association (OCEA)

Page 2 – BACKGROUND INFORMATION:

Delete paragraph: OCEA agreed to health plan design changes, to be implemented January 2008. The new plan designs help to align the County's health plans with industry standards, and include increased prescription co-payments, increased deductibles and out of pocket costs for out-of-network use; as well as enhancements such as the addition of durable medical equipment coverage to the Kaiser HMO plan.

Add the following language:

OCEA agreed to health plan design changes, to be implemented January 1, 2008. The new plan designs help to align the County's health plans with industry standards and are outlined below. The amended health plans will be presented for Board adoption prior to implementation.

PPO Health Plan: Premier Wellwise

- Eliminate the Pre-Existing Condition Clause
- Increase the Individual Lifetime Maximum from \$1 million to \$3 million
- Increase the out-of-network co-insurance from 20% to 30%
- Increase the out-of-network annual deductible from \$300 to \$500 per individual and to a maximum of \$1000 per family
- Increase the individual annual plan maximum per individual from \$10,000 to \$15,000 for out-of-network providers

- Increase the preventive benefit from \$250 annually in-network only to \$750 in or out of network. In addition, separate the Wellness Incentive from the preventive benefit as two stand alone benefits. Example: an employee may still receive their Wellness Incentive if they only submit claims under the Preventive Benefit.

HMO Health Plans: CIGNA & Kaiser

- CIGNA: Prescription co-pay increases from \$15 to \$20 for brand name drugs and a new tier of \$40 for drugs outside the formulary
- Kaiser: Prescription co-pay increases from \$15 to \$20 for brand name drugs and enhance the Durable Medical Equipment Benefits