

Memorandum

**TO: Board of Administration for the
Police and Fire Department
Retirement Plan**

**FROM: Amanda Ramos,
Sr. Health Analyst**

SUBJECT: Summary of 2018 Open Enrollment

DATE: February 21, 2018

Approved

Date

In the 2018 Open Enrollment, the Office of Retirement Services processed 225 Police & Fire enrollment changes. Below are some of the highlights, issues and mishaps of the Open Enrollment Process.

New 2018 Health In Lieu Credit Program

- 33 enrollments into the Health In Lieu Credit Program were received. The HIL Credit Program is new this year. For those members who are waiving the Plan's medical coverage, Health In Lieu allows them to accrue credits toward future Plan premiums.
- On Wednesday February 21, 2018 ORS is sending a second mailing of 104 letters, to those members who meet eligibility criteria for medical coverage but who are not currently enrolled in a health insurance coverage. These letters are to inform them of their eligibility to enroll in the Health In Lieu program. Members have until May 11, 2018 to return their materials and be enrolled in the Health In Lieu Credit Program.

Sutter Health Plan's New Service Area in Santa Cruz County

- 17 enrollments for Sutter Health Plan were received in November 2017. However, we received feedback that the new Santa Cruz County service area was not adequately communicated to members who live in that county; therefore, a second enrollment period was opened for those members with a Santa Cruz County zip code allowing them to enroll in the Sutter Health Plan. 140 letters were sent out extending the enrollment window to January 5th, in this special enrollment period 6 additional enrollments for Sutter Health were processed.

Life Insurance and Accidental Death & Dismemberment Rate Changes

- In 2018 The Standard Voluntary Life Insurance and Cigna AD&D rates went up. These new rates were incorrectly entered into the Pension Gold system. The entry error was not discovered until after the December payroll had been processed, thus requiring an adjustment to be applied to all January checks where the member was enrolled in AD&D

and/or Standard Voluntary Life insurance. This error highlighted an area for process improvement in our Open Enrollment procedures. Going forward, all rate changes will be detailed in the materials sent to members and internally we have incorporated a double review step into our Open Enrollment timeline.

- In an effort to notify all members included in the mass January adjustment, we sent an email notification to all members who had a valid email address on file and a notification appeared in the Message field on the pension check stub.

Summary

This was a year of transition and learning. The Benefits division and more specifically the Health Insurance team has had substantial staff turnover throughout 2017. The Health insurance team is now fully staffed and is full team of 3. We have held Open Enrollment summary meetings to identify all of the areas that we can improve upon in the next Open Enrollment.

There are some issues, namely that Sutter Health expansion, that can be categorized as the nature of the business. Sutter Health's expansion into Santa Cruz County was communicated to ORS after the mailing of Open Enrollment packets had been started.

Additionally, there has been a development with Kaiser Permanente that occurred subsequent to Open Enrollment. In the 2018 Open Enrollment a new lowest cost Plan was offered, this Plan is a High Deductible Health Plan (HDHP) which also offers enrollment into a Health Savings Account (HSA). Kaiser has recently informed the City, that because this HDHP plan has an offering of a HSA, then Kaiser must follow some strict IRS guidelines when administering this plan. Namely, in instances where there is double coverage and both enrollments are in the HDHP plan, Kaiser must enforce coordination of benefits. In other words, Kaiser will no longer be waiving the deductibles for members who have double coverage in the HDHP plan.

Kaiser is preparing to notify members in early March and the change will be retroactive to January 2018. If members who are affected by this rule have used Kaiser services since January 1st, they will receive a bill for their portion of the deductible if applicable. There are 3 Police & Fire retirees who are affected by this IRS rule.

Amanda Ramos
Sr. Health Analyst