

# Exhibit to Agenda Item #1

- a. Approve contract change to Contract No. 4500110473 with **United Health Care Insurance Company** approving medical insurance premium rates for the period January 1, 2021, through December 31, 2021; 2021 cost estimated at \$36.5 million.
- b. Approve contract change to Contract No. 4500043215 with **Kaiser Permanente** approving medical insurance premium rates and extending the contract by one year from January 1, 2021, through December 31, 2021; 2021 cost estimated at \$28.2 million.

Board Policy Committee and Special SMUD Board of Directors Meeting  
Wednesday, September 9, 2020, scheduled to begin at 5:30 p.m.  
Virtual Meeting (online)

# United HealthCare Renewal

## Medical Insurance premiums for 2021:

- Increase of 6.52% for our active employees and pre-65 retirees (total premiums: \$28.4M vs. \$26.6M)
- No increase/Rate Pass for our Post-65 Medicare Advantage Plan (total premiums: \$8.1M vs. \$8.1M)
- Total increase: 5.32%
  - \$36.5M vs. \$34.7M

# Kaiser Renewal

## Medical Insurance premiums for 2021:

- Increase of 9.96% for our active employees and pre-65 retirees (total premium: \$24.3M vs. \$21.9M)
- Decrease of 5.9% for our Post-65 Medicare Advantage Plan (total premiums: \$3.9M vs. \$4.2M)
- Total Premium Increase from 2021: 7.89%
  - \$28.2M vs. \$26.1M

# 2021 Renewal Summary

Overall SMUD 2021 Renewal: 6.4% Increase

- \$64.7M vs. \$60.8M (increase of \$3.9M)

Industry Trend projects Medical Premium increases for 2021 of approximately 4% to 10%\*

\*PwC Health Research Institute “Medical Cost Trends: Behind the Numbers 2021”, June 2020 <https://www.pwc.com/us/en/industries/health-industries/library/behind-the-numbers.html>

# Board Action

Approve the Medical Insurance Premium Rates with United HealthCare for the period of January 1, 2021 to December 31, 2021 at a cost estimated at \$36.5 million.

Approve contract change to Contract No. 4500043215 with Kaiser Permanente:

- One-year extension to contract (January 1, 2021 to December 31, 2021)
- Medical Insurance Premium Rates – cost estimated at \$28.2 million

# 2021 Active Employees Medical Rates

Active Employees Carrier	Basic		
	Employee Only	Employee + 1	Employee + Family
Kaiser HMO – High Plan	701.57	1,403.14	2,104.71
Kaiser HMO – Low Plan	666.33	1,332.66	1,998.99
United Healthcare HMO – High Plan	1,048.83	2,212.03	3,167.46
United Healthcare HMO – Low Plan	942.82	1,989.34	2,847.45
United Healthcare High Deductible Health Plan	882.47	1,862.01	2,665.05
United Healthcare PPO Plan	1,706.10	3,599.87	5,152.42

# 2021 Retiree Medical Rates

Retiree	Basic			Medicare	
Carrier	Retiree Only	Retiree + 1	Retiree + Family	Retiree	Retiree + 1
Kaiser HMO	701.57	1,403.14	2,104.71	275.00	550.00
Kaiser Medicare Unassigned*	N/A	N/A	N/A	1,903.52	3,807.04
Kaiser Medicare Part A only**	N/A	N/A	N/A	1,492.87	2,985.74
United Healthcare HMO	1,048.83	2,213.03	3,167.46	N/A	N/A
United Healthcare PPO – In CA	1,706.10	3,599.87	5,152.42	N/A	N/A
United Healthcare PPO – Out Of CA	1,706.10	3,599.87	5,152.42	N/A	N/A
United Healthcare Medicare Advantage	N/A	N/A	N/A	437.63	875.26

\* Age 65+ retiree – not enrolled in Medicare – transitional plan

\*\* Have Medicare Part A due to disability but not enrolled in Medicare Part B due to age (under 65)