



Contra Costa County

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To Contra Costa County Employees
From David Twa, County Administrator

June 21, 2013

After years of “doom and gloom” I wanted to share some very good news on health care costs.

A recent article in the Bay Area News Group was captioned “Health care cost decline expected to continue”. The article pointed out that changes anticipated under the Affordable Care Act appear to be having a positive impact on holding down insurance rate increases. The article quotes Mike Thompson of PwC’s Health Research Institute, which produced the study, as saying “There are some underlying changes to the system that are having an impact, and we can expect lower increases as we come out of the recession”.

This prediction appears to be holding true for the County as we begin finalizing our health insurance coverage rates for 2014. While we are still in negotiations with Kaiser, preliminary indications lead us to expect that the rate increase will be no greater than 4% for either HMO Plan A or B, with no coverage changes for deductibles or out of pocket maximum expenses.

Better news is that the average CCHP rates for both Plan A and Plan B are projected to increase by only 1.5% for 2014. As is currently the case, CCHP Plan A will be offered with no annual out-of-pocket costs for prescriptions or medical services and no annual deductible costs for you or your dependents, continuing to keep down the cost to employees for healthcare coverage.

We can credit the excellent leadership at CCHP and the County’s Health Services Department for helping to hold down these costs. Key to these efforts is a partnership with several large chain pharmacies that allow 50% discounts on most brand name drugs for employees whose primary care physicians are at the County’s Regional Medical Center. Another major reduction has been realized by having physicians and advice nurses co-located 6 days a week to meet patient needs by phone rather than with an office visit. Dr. Walker noted that patient satisfaction is very high with these new approaches to care.

The following example shows what the anticipated change would be for CCHP Basic Plan A and Plan B at an assumed increase of 1.5% for 2014 and 2015:

PLAN/COVERAGE DESCRIPTION	2014 MONTHLY INCREASE IN EMPLOYEE SHARE	2015 MONTHLY INCREASE IN EMPLOYEE SHARE
CONTRA COSTA HEALTH PLAN - BASIC PLAN A		
Employee on Basic Plan	\$9.06	\$9.19
Employee & 1 or more dependents on Basic Plan	\$21.58	\$21.90
CONTRA COSTA HEALTH PLAN - BASIC PLAN B		
Employee on Basic Plan	\$10.04	\$10.19
Employee & 1 or more dependents on Basic Plan	\$23.85	\$24.21

The projections depicted in the chart for January 2014 use the preliminary rates for 2014 described above. For January 2015, we have used the same percentage increase. Although these figures may prove to be overly optimistic for 2015, significant changes are expected as the Affordable Care Act begins to impact the way health care is delivered in the US. We note, however, that our latest other post employment benefit actuarial calculation of liability used 7% for January 1, 2015. Our next biennial projection will be based upon January 1, 2015.

While we understand that any increase in insurance rates adds to the financial burden County employees are experiencing, the fact that healthcare insurance costs appear to be stabilizing is good news for all of us. We're committed to continuing to find ways to bring down healthcare coverage costs. Thank you for the work you do to partner with us in these efforts.
