





**COUNTY OF SAN MATEO**  
**Inter-Departmental Correspondence**  
**Employee and Public Services Department**

**DATE:** October 24, 2001

**BOARD MEETING DATE:** November 6, 2001

**TO:** Honorable Board of Supervisors  
**FROM:**  Mary Welch, EPS Director  
 Paul Hackleman, Benefits Manager

**SUBJECT:** Approval of Amendment to Agreement with Secure Horizons

**Recommendation**

Approve a resolution waiving the Request for Proposal process and amending an agreement with Secure Horizons for provision of health plans benefits to eligible County retirees and their dependents effective January 1, 2002 through December 31, 2002.

**Background**

In July, 2000 the County was notified by Blue Shield and Aetna that they were terminating their managed care health benefits for retirees over age 65. As a result, a Labor-Management-Retiree Committee was formed to solicit proposals to replace the two plans that were terminating. Proposals were received from Secure Horizons and HealthNet.

In October, 2000 your Board accepted the recommendations of the Committee to approve an agreement with Secure Horizons because its premium was less and its network more closely matched those of Blue Shield's and Aetna's. The County's contract with Secure Horizons began January 1, 2001.

**Discussion**

Retiree health care continues to be very volatile. Part of the reason stems from the passage in 1996 of the Balanced Budget Act which limited annual Medicare increases to 2% even when actual cost increases for hospitals and physicians were in the high single digit and, in the last several years, double digit range. This federal legislation has forced health plan providers to either terminate their coverage or substantially increase their premiums. Since the passage of the Balanced Budget Act a total of two million retirees have been forced off of managed care and back onto Medicare (which does not cover prescription drugs). Another 500,000 retirees

are expected to lose coverage January 1, 2002.

Although Secure Horizons will continue to offer coverage, they have terminated benefits in certain areas which impact County retirees. In September, Secure Horizons announced its termination of coverage in Alameda, Contra Costa, Marin, Napa, San Francisco, Solano, Sonoma and portions of San Mateo County. Approximately 20 individuals will be forced to select coverage through Kaiser or the County's Supplement to Medicare Blue Shield plan which offers coverage worldwide. (Even though the County did not select HealthNet, it has also announced similar terminations, including portions of San Mateo County.)

Secure Horizons is being recommended for continuation without a formal request for proposal process because they:

- Offered the best proposal last year in a formal process and
- No new options have arisen which would represent less cost and less disruption of patient-physician relationships.

The Secure Horizons amendment incorporates the changes the County initiated this year in Equal Benefit compliance. Secure Horizons (PacifiCare) has modified the non-discrimination to meet their legal parameters. The non-discrimination language has been reviewed and approved by the County Manager.

**Fiscal Impact**

The estimated increased annual cost to the County is \$7,742.

**RESOLUTION NO. \_\_\_\_\_**

**BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA**

\* \* \* \* \*

**RESOLUTION WAIVING THE REQUEST FOR PROPOSAL PROCESS AND AMENDING AN AGREEMENT WITH SECURE HORIZONS FOR PROVISION OF HEALTH BENEFITS TO ELIGIBLE COUNTY RETIREES AND THEIR DEPENDENTS EFFECTIVE JANUARY 1, 2002 THROUGH DECEMBER 31, 2002**

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**RESOLVED**, by the Board of Supervisors of the County of San Mateo, State of California, that

**WHEREAS**, the County accepted the recommendations of a Labor-Management-Retiree Committee and approved a contract with Secure Horizons in a competitive Request for Proposal process in October 2000; and

**WHEREAS**, it is in the best interests of the County to waive the RFP process since the County desires to continue offering managed care benefits to eligible retirees and their dependents continuing with Secure Horizons would represent less cost and less disruption of patient-physician relationships; and

**WHEREAS**, Secure Horizons has offered in amendments the continuation of coverage and the Board has reviewed and approved said amendments;

**NOW THEREFORE, IT IS HEREBY DETERMINED AND ORDERED** that the Request for Proposal process is waived and the President of this Board of Supervisors be, and is hereby, authorized and directed to sign an amendment with Secure Horizons for and on behalf of the County of San Mateo, and the Clerk of this Board shall attest the President's signature thereto.

\* \* \* \* \*

Effective Dates: 01/01/02 through 12/31/02

**RETIREE OVER 65 ENROLLED IN M/C A&B RATES**

Retiree Only:	\$170.69
Retiree & Spouse, One Medicare:	\$485.15
Retiree & Spouse, Two Medicare:	\$341.38
Retiree & Spouse, One Medicare, Deps:	\$862.52
Retiree & Spouse, Two Medicare, Deps:	\$718.75

**RETIREE UNDER 65 RATES**

Retiree Only:	\$314.46
Retiree & Spouse:	\$660.38
Retiree & Children:	\$613.21
Retiree, Spouse and Dependents:	\$1,006.29

**RETIREE OVER 65 ENROLLED IN M/C A&B BENEFITS**

\$5 Office Visit Copay  
Rx: Generic 5/10/Unlim. Brand 10/20/Unlim.  
\$20 ER Copay  
\$0 Ambulance Copay  
\$0 Inpatient Copay  
Vision: Exam -\$5/12months Hardware -\$20/24 months  
Chiro :\$5/ 20 visits  
Discount Dental

**RETIREE UNDER 65 BENEFITS**

Med :\$5 OV / 100% Hosp  
Rx: Generic 5/10/Unlim. Brand 10/20/Unlim. NF 20/40/Unlim.  
Mandate + Option A  
DME: \$0Copay

The proposed rates effective 1/1/2002 are based on the benefits listed above. Medicare HMO rates may be changed by PacifiCare in the event HCFA or the State of California changes the approved benefit and premium package for the Medicare + Choice Plan or in the event HCFA changes the level of reimbursement to PacifiCare.

The above rates and benefits will apply if the Secure Horizons Health Plan is enrolled for an effective date on or prior to 1/1/2002 and will remain in effect for 12 months until 12/31/2002. Health plan premium rates may be changed by PacifiCare in the event HCFA or the State of California changes the approved benefit and premium package for the Medicare + Choice Plan or in the event HCFA changes the level of reimbursement to PacifiCare. The Secure Horizons quote is based on membership in:  
*Alameda, Sacramento, San Joaquin, San Mateo, Santa Clara counties.*

PacifiCare reserves the right to modify its Medicare+Choice service area based upon filings with CMS (formerly HCFA), effective January 1, 2002.

**Broker commission included in the Retiree Under 65 Rates is 0.0%.**  
**The above Retiree Under 65 rates and dependent rates (or Non-Medicare) rates are contingent upon the PacifiCare active contract being in effect and are subject to change if the active rates change.**

\*\*\* See attached page for additional quote stipulations \*\*\*



**AMENDMENT TO THE MEDICAL AND HOSPITAL GROUP SUBSCRIBER  
AGREEMENT BETWEEN PACIFICARE (“PACIFICARE”)  
AND COUNTY OF SAN MATEO (“GROUP”)**

This **AMENDMENT TO THE PACIFICARE OF CALIFORNIA, MEDICAL AND HOSPITAL GROUP SUBSCRIBER AGREEMENT** dated as of January 1, 2002 (this “Amendment”), is made and entered into by and between PacifiCare of California, a California corporation (“PacifiCare”) and County of San Mateo (“Group”).

2.03.01 Coverage for Students shall be deleted and replaced with Coverage for Over-age Dependents. Coverage for Over-age Dependents is amended as follows:

2.03.01 Coverage for Over-age Dependents. A Dependent unmarried child of a Subscriber, Subscriber’s Spouse or of a Domestic Partner, registered on a full-time basis (at least twelve (12) semester units or the equivalent as determined by Group) at a certified educational institution may continue as an eligible Dependent to the limiting age of thirty (30) for full time students, provided proof of such status is submitted to Group on a periodic basis, as requested by Group. If the Dependent student resides outside of the Service Area, the student must maintain a permanent address inside the Service Area with the Subscriber and the student must select a Participating Medical Group within 30-miles of that address. To obtain coverage, all care must be provided or arranged in the Service Area by the designated Participating Medical Group except for Emergency and Urgently Needed Services.

Over-age Dependents for whom the Subscriber has signed an affidavit attesting that they have primary financial responsibility (50%) for the young adult may continue as an eligible Dependent to age 30. Proof of such status must be submitted to Group on a periodic basis, as requested by Group.

Section 14. 14 Non Discrimination shall be added as follows:

14.14 Non Discrimination. No person shall be excluded from participation in, denied benefits of, or be subject to discrimination under this Agreement on the basis of their race, color, religion, national origin, age, sex, sexual orientation, marital status, pregnancy, childbirth or related conditions, medical condition, mental or physical disability or veteran’s status. PacifiCare shall ensure full compliance with federal, state and local laws, directives and executive orders regarding non-discrimination for all Subscriber’s and Dependent’s under this Agreement.

Violation of the non-discrimination provisions of this Agreement shall be considered a breach of this Agreement and subject PacifiCare to penalties, to be determined by the County Manager, including but not limited to:

- a) Termination of this Agreement;

- b) Disqualification of Pacificare from bidding on or being awarded a County contract for a period of up to 3 years;
- c) Liquidated damages of \$2,500 per violation **as mutually agreed upon by PacifiCare;**
- d) Imposition of other appropriate contractual and civil remedies and sanctions, as determined by the County Manager, **and as mutually agreed upon by PacifiCare.**
- e) **Final resolution of any dispute between the County of San Mateo and PacifiCare by Binding Arbitration.**

To effectuate the provisions of this paragraph, the County Manager shall have the authority to:

- a. Examine PacifiCare's **de-identified, non-confidential** employment records with respect to compliance with this paragraph;
- b. Set off all or any portion of the amount described in this paragraph against amounts due to PacifiCare under the Contract or any other contract between PacifiCare and the County.

Pacificare shall report to the County Manager the filing by any **County Subscriber or Dependent** in any court of any complaint of discrimination or the filing by any person of any and all charges with the Equal Employment Opportunity Commission, the Fair Employment and Housing Commission or any other entity charged with the investigation of allegations within 30 days of such **public** filing, provided that within such 30 days such entity has not notified PacifiCare that such charges are dismissed or otherwise unfounded. Such notification shall include the name of the complainant, a copy of such complaint and a description of the circumstance. PacifiCare shall provide County with a copy of its response to the Complaint when filed.

**2. Effect of this Amendment.** The Amendment shall not be further amended, modified or revised and the Agreement shall continue in full force and effect and shall be enforced in accordance with its terms and conditions. **This amendment shall expire on January 1, 2003 at 12:01 a.m.**

**PACIFICARE OF CALIFORNIA  
("PACIFICARE")**

**COUNTY OF SAN MATEO  
("GROUP")**

**By:** \_\_\_\_\_

**By:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Date:** \_\_\_\_\_

### COUNTY OF SAN MATEO

### Equal Benefits Compliance Declaration Form

#### I Vendor Identification

Name of Contractor: Pacificare of California  
Contact Person: Erica Wilson or Brandy Pailes  
Address: 2300 Clayton Rd. Suite 1000  
Concord, CA 94520  
Phone Number: 925) 602-1655 Fax Number: 925) 602-1675

#### II Employees

Does the Contractor have any employees?  Yes \_\_\_ No  
Does the Contractor provide benefits to spouses of employees?  Yes \_\_\_ No

\*If the answer to one or both of the above is no, please skip to Section IV.\*

#### III Equal Benefits Compliance (Check one)

- Yes, the Contractor complies by offering equal benefits, as defined by Chapter 2.93, to its employees with spouses and its employees with domestic partners.
- Yes, the Contractor complies by offering a cash equivalent payment to eligible employees in lieu of equal benefits.
- No, the Contractor does not comply.
- The Contractor is under a collective bargaining agreement which began on \_\_\_\_\_ (date) and expires on \_\_\_\_\_ (date).

#### IV Declaration

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that I am authorized to bind this entity contractually.

Executed this 24 day of October, 2001 at Concord CA  
(City) (State)

Brandy Pailes  
Signature

Brandy Pailes  
Name (Please Print)

Account Manager  
Title

95-2931460  
Contractor Tax Identification Number