



24-5328

DATE: April 16, 2024 (Item No. {{item.number}})
TO: Governing Board of the Public Authority for In-Home Supportive Services
FROM: James R. Williams, County Executive
SUBJECT: 2024-2025 Plan Year Valley Health Plan Agreement for IHSS Independent Providers

RECOMMENDED ACTION

Approve Agreement with County of Santa Clara, dba Valley Health Plan, relating to providing medical insurance benefits for eligible In-Home Supportive Services Independent Providers in an amount not to exceed \$162,047,908 for period July 1, 2024 through June 30, 2025, that has been reviewed and approved by County Counsel as to form and legality.

FISCAL IMPLICATIONS

The current Valley Health Plan (VHP) rate is \$1,098.39 per month for the Classic (broad) network, and \$839.16 per month for the Preferred (narrow) network, with eligible Independent Providers (IPs) contributing \$25 toward each of these amounts. Effective July 1, 2024, there will be an increase of 10.8% to the Classic and Preferred network plans' premium rates, which will remain in effect through June 30, 2025. The current total In-Home Supportive Services (IHSS) IP enrollment in VHP is 13,166, with 2,748 IPs enrolled in the Classic Plan and 10,418 IPs enrolled in the Preferred Plan.

The maximum financial obligation is based on monthly premium rates per member times the estimated monthly enrollment of 13,604 IPs and an expected 5% increase in IPs in the Fiscal Year (FY) 2024-2025. The total estimated cost for FY 2024-2025 to provide medical insurance coverage for eligible IHSS IPs is \$162,047,908, which includes an increase of \$21,360,066 in expenditures and federal and state revenues with no impact on the County General Fund. Upon Board approval, the Administration will work with the Office of Budget and Analysis to include this adjustment in the FY 2024-2025 Base Budget.

CONTRACT HISTORY

The County provides medical insurance coverage for eligible IHSS IPs through its agreement with VHP. The date of the original VHP group service agreement is September 1, 2000, and it has been renewed annually every plan year. On September 23, 2014, the Governing Board of the Public Authority for IHSS approved an agreement with VHP relating to adding a new Preferred Network Plan for IHSS IPs hired after October 1, 2014, or for any current IHSS IPs

who leave the Classic Network Plan for any reason. The current agreement runs through June 30, 2024.

REASONS FOR RECOMMENDATION AND BACKGROUND

The Agreement with VHP is renewed annually on July 1 of each year and is subject to potential premium rate adjustments along with any amendments updating or clarifying any regulatory changes, requirements, or language required by the provider based upon current standards of medical practice in the community.

The rate setting process was developed using two years of actual spend and utilization experience, and included factors for contractual changes, changes to benefits from government legislation, and assumptions developed on an actuarial-based model forecasting the healthcare industry changes for various provider types. The results projected a needed 10.8% increase for IHSS IPs.

Additional factors that impacted the premium rate increase included a reduction in the administrative overhead from 12% to 10%, member age/gender mix, internalization of the payment for COVID-related vaccinations to the Plan, changes to the cost structure for GLP-1 therapeutics for weight loss and diabetes management, and additional investments in the diabetes prevention and reversal programs.

Furthermore, the increase to medical expense trend includes an increase in inpatient hospital and a double-digit increase in outpatient hospital expenses primarily driven by facility cost increases, inpatient/outpatient surgery volumes, emergency services utilization, and outflows of services to community hospitals that provide high cost/high acuity services to VHP members. Other provider type increases included an increase in physician professional services driven by increased utilization of primary care, mental health, and ancillary services due to expected contractual changes. Pharmaceutical cost increases are driven by increases in drug prices and in utilization of specialty drug and chemotherapy related therapeutics.

Administration believes that the FY 2024-2025 renewal rates for VHP are in line with the claims utilization of eligible IPs and within the range of comparative data presented.

BACKGROUND

In 1992, California enacted legislation to define the role of Public Authorities established by County Boards of Supervisors to provide for the delivery of IHSS. Counties could establish public authorities to act as the “employer” for purposes of collective bargaining with IHSS providers. In December 1996, the Santa Clara County Board of Supervisors adopted an ordinance creating the In-Home Supportive Services Public Authority to act as the employer of record of IHSS IPs for purposes of collective bargaining. Sourcewise is currently under contract with the County to provide management services for the IHSS Public Authority.

SEIU Local 2015 is the exclusive collective bargaining representative for IHSS workers, also known as IPs. The County, negotiating on behalf of the Public Authority for In-Home Supportive Services, reached an agreement with SEIU Local 2015 for a Memorandum of Agreement (MOA) with a term of January 1, 2021 through January 31, 2024.

The current MOA between the Public Authority and SEIU Local 2015 continues to offer eligible IHSS IPs benefit insurance for medical, dental, and vision services. Due to VHP's escalating costs relating to its contracts with certain provider networks like Palo Alto Medical Foundation (PAMF), the County negotiated cost-saving measures with the union.

On September 23, 2014, following the California Department of Managed Health Care's approval, the Governing Board approved an Agreement with VHP that added a Preferred Network Plan for IHSS IPs hired after October 1, 2014, or for any current IHSS IPs who leave the Classic Network Plan for any reason. The Preferred Network includes VMC, Valley Health Centers, and the Santa Clara County Independent Providers Association (SCCIPA). The Preferred Network excludes all other provider networks, including PAMF, which are included in the Classic Network. Under the MOA, participating IPs meeting certain eligibility requirements pay a monthly participation rate of \$25 for the VHP medical insurance benefit and continue to pay no monthly premiums for the dental and vision benefits.

CHILD IMPACT

The recommended action will have no/neutral impact on children and youth.

SENIOR IMPACT

The recommended action will have no/neutral impact on seniors.

SUSTAINABILITY IMPLICATIONS

The recommended action will have no/neutral sustainability implications.

CONSEQUENCES OF NEGATIVE ACTION

The IHSS Public Authority will not be able to provide the medical insurance benefits as required in the MOA for IHSS IPs.

STEPS FOLLOWING APPROVAL

The Clerk of the Board of Supervisors is requested to send notification of final action and a soft copy of the signed agreement to Rhonda Schmidt, Employee Benefits Director, Employee Services Agency and Edith Gong, Director, Sourcewise Public Authority Services.

ATTACHMENTS:

- FY25 IHSS – Group Medical & Hospital Service Agreement