



## Board Report

File #: 2020-0567, File Type: Program

Agenda Number: 8.

### FINANCE, BUDGET AND AUDIT COMMITTEE SEPTEMBER 16, 2020

**SUBJECT: GROUP INSURANCE PLANS**

**ACTION: RENEW GROUP INSURANCE POLICIES**

#### **RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to renew existing group insurance policies covering Non-Contract and AFSCME employees, including the life and disability coverage for Teamster employees, for a one-year period beginning January 1, 2021.

#### **ISSUE**

Our health insurance plans are part of the total compensation package that helps attract and retain qualified employees, as well as provide existing employees a foundation to maintain or improve health. Los Angeles County Metropolitan Transportation Authority (LACMTA), including the Public Transportation Services Corporation (PTSC), seeks to offer benefit plans that promote efficient use of health resources and are cost effective for the company and our employees.

#### **DISCUSSION**

The Non-Contract Group Insurance Plan, a flexible benefits program, was implemented in August 1994. Roughly 99% of the employees covered by the benefit plans are PTSC employees. On an annual basis, employees are encouraged to review their enrollment and may choose medical, dental, vision, supplemental life, long-term disability, and accidental death and dismemberment plans that meet their needs. Alternatively, employees may opt to waive medical and/or dental coverage and receive a taxable cash benefit, provided proof of other medical coverage is submitted and the employee does not obtain subsidized coverage from an exchange. Employees may also participate in the flexible spending accounts, a vehicle to pay for certain out-of-pocket healthcare and dependent care expenses on a pre-tax basis.

The overall premium cost is an increase of 2.25% for calendar year 2021. This reflects \$1.39 million in negotiated reductions from the initial renewal quotes. The recommended medical, dental, and vision premiums are shown on Attachment A. As previously established by the Chief Executive Officer, Non-Contract and AFSCME employees contribute 10% of the actual premium for each medical and dental plan selected. The monthly employee contributions are shown in Attachment B.

### **DETERMINATION OF SAFETY IMPACT**

Approval of this item will have no impact on the safety of our patrons or employees.

### **FINANCIAL IMPACT**

Funding for the Non-Contract and AFSCME group insurance plans is included in each department's FY21 budget and on the balance sheet for accrued retiree medical liabilities. Based on the current employee participation by plan, estimated employer costs of \$59.4 million are expected to be within the FY21 adopted budget.

The COVID-19 pandemic has fundamentally disrupted the very fabric of our daily lives. We are striving to avoid further disruption that would result from provider and service changes and are therefore not recommending plan design changes at this time.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The recommendation supports strategic plan goal #5: To provide responsive, accountable, and trustworthy guidance within the Metro Organization, Initiatives 5.6: Metro will foster and maintain a strong safety culture. By approving this recommendation, Metro will ensure employee wellness and support the physical and mental health and wellbeing of its workforce as it is of the utmost importance.

### **ALTERNATIVES CONSIDERED**

With the favorable renewal on the plans for 2021, it is recommended that the current plan designs be renewed, thereby avoiding provider access/disruption for 2021.

The Board could decide to self-insure and self-administer health benefits. However, this is not recommended due to the resources required to establish the medical expertise and operational infrastructure required to review and process claims as well as the liability that would be assumed.

### **NEXT STEPS**

- Conduct annual open enrollment for Non-Contract and AFSCME employees during November 2020
- Implement elections effective January 1, 2021


### **ATTACHMENTS**

Attachment A - Proposed Monthly Premium Rates  
Attachment B - Proposed Monthly Employee Contributions

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Chief Executive Officer

## Proposed Monthly Premium Rates

| Provider                       | Coverage Option | CY 2020    | CY 2021    | %Change | Est # of Employees (1/1/21) |
|--------------------------------|-----------------|------------|------------|---------|-----------------------------|
| Blue Cross (PPO)               | Single          | \$1,312.65 | \$1,404.51 | 7.00%   | 329                         |
|                                | Couple          | \$2,642.36 | \$2,827.25 | 7.00%   | 350                         |
|                                | Family          | \$3,544.15 | \$3,792.14 | 7.00%   | 322                         |
| Blue Cross (HMO)               | Single          | \$775.57   | \$775.57   | 0.00%   | 95                          |
|                                | Couple          | \$1,628.68 | \$1,628.68 | 0.00%   | 93                          |
|                                | Family          | \$2,326.53 | \$2,326.53 | 0.00%   | 177                         |
| Kaiser (HMO)                   | Single          | \$646.70   | \$621.38   | -3.92%  | 469                         |
|                                | Couple          | \$1,293.40 | \$1,242.75 | -3.92%  | 307                         |
|                                | Family          | \$1,830.16 | \$1,758.49 | -3.92%  | 507                         |
| Delta Dental (PPO)             | Single          | \$53.02    | \$54.60    | 2.97%   | 524                         |
|                                | Couple          | \$92.15    | \$94.89    | 2.97%   | 597                         |
|                                | Family          | \$138.47   | \$142.58   | 2.97%   | 774                         |
| DeltaCare (DHMO)               | Single          | \$20.21    | \$20.21    | 0.00%   | 96                          |
|                                | Couple          | \$36.71    | \$36.71    | 0.00%   | 69                          |
|                                | Family          | \$54.32    | \$54.32    | 0.00%   | 123                         |
| Dental Health Services (DHMO)  | Single          | \$16.82    | \$16.82    | 0.00%   | 85                          |
|                                | Couple          | \$32.60    | \$32.60    | 0.00%   | 47                          |
|                                | Family          | \$49.15    | \$49.15    | 0.00%   | 116                         |
| Vision Service Plan            | Single          | \$9.99     | \$9.99     | 0.00%   | 350                         |
|                                | Couple          | \$14.45    | \$14.45    | 0.00%   | 400                         |
|                                | Family          | \$25.90    | \$25.90    | 0.00%   | 508                         |
| Voluntary Waiver of Coverage:* |                 |            |            |         |                             |
|                                | Medical         | \$253.00   |            |         | 144                         |
|                                | Dental          | \$36.00    |            |         | 103                         |

\* Waiver of Medical coverage requires proof of alternative coverage.

## Proposed Monthly Employee Contributions

| <b>Provider</b>               | <b>Coverage Option</b> | <b>NC &amp; AFSCME Employee Contribution (Current)</b> | <b>NC &amp; AFSCME Employee Contribution (Proposed) Effective 1/1/21</b> | <b>Change</b> |
|-------------------------------|------------------------|--|--|---------------|
| Blue Cross (PPO)              | Single                 | \$131.00   | \$140.00   | \$9.00        |
|                               | Couple                 | \$264.00   | \$283.00   | \$19.00       |
|                               | Family                 | \$354.00   | \$379.00   | \$25.00       |
| Blue Cross (HMO)              | Single                 | \$78.00  | \$78.00  | \$0.00        |
|                               | Couple                 | \$163.00   | \$163.00   | \$0.00        |
|                               | Family                 | \$233.00   | \$233.00   | \$0.00        |
| Kaiser (HMO)                  | Single                 | \$65.00  | \$62.00  | -\$3.00       |
|                               | Couple                 | \$129.00   | \$124.00   | -\$5.00       |
|                               | Family                 | \$183.00   | \$176.00   | -\$7.00       |
| Delta Dental (PPO)            | Single                 | \$5.00   | \$5.00   | \$0.00        |
|                               | Couple                 | \$9.00   | \$9.00   | \$0.00        |
|                               | Family                 | \$14.00  | \$14.00  | \$0.00        |
| DeltaCare (DHMO)              | Single                 | \$2.00   | \$2.00   | \$0.00        |
|                               | Couple                 | \$4.00   | \$4.00   | \$0.00        |
|                               | Family                 | \$5.00   | \$5.00   | \$0.00        |
| Dental Health Services (DHMO) | Single                 | \$2.00   | \$2.00   | \$0.00        |
|                               | Couple                 | \$3.00   | \$3.00   | \$0.00        |
|                               | Family                 | \$5.00   | \$5.00   | \$0.00        |
| Vision Service Plan           | Single                 | \$1.00   | \$1.00   | \$0.00        |
|                               | Couple                 | \$1.00   | \$1.00   | \$0.00        |
|                               | Family                 | \$3.00   | \$3.00   | \$0.00        |

Non-Contract and AFSCME Employees contribute 10% (rounded to whole dollar) towards their individually selected plan's medical and dental premiums