



## Board Report

File #: 2023-0504, File Type: Policy

Agenda Number: 7.

### FINANCE, BUDGET AND AUDIT COMMITTEE SEPTEMBER 20, 2023

**SUBJECT: GROUP INSURANCE PLANS**

**ACTION: APPROVE RECOMMENDATION**

#### **RECOMMENDATION**

AUTHORIZE the Chief Executive Officer (CEO) to renew existing group insurance policies covering Non-Contract and AFSCME employees, including long-term disability coverage for Teamster employees, and life insurance for all full-time Metro employees, for the one-year period beginning January 1, 2024.

#### **BACKGROUND**

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. Metro's health insurance plans are part of the total compensation package that helps attract and retain qualified employees, as well as provide existing employees with 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**

Employees who work 30 hours or more are eligible to enroll in a medical plan and other benefits. 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. New employees are provided an orientation session and assistance in enrolling in their selected plan(s).

The overall health and dental premium cost is a 4.7% increase for calendar year 2024. Factors contributing to increased premium cost include a higher number of claims, some of which are a result

of delayed care during the COVID pandemic. Specialty prescriptions drugs are also driving up the cost of healthcare with new high cost medications expected to hit the market in 2023. Unprecedented inflation, supply chain disruptions, and historic labor shortages are also providing an impact.

The recommended medical, dental, and vision premiums are shown in 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. The life insurance and long-term disability plans are in a rate guarantee until January 1, 2026.

### **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 FY24 budget and on the balance sheet for accrued retiree medical liabilities. Based on the current employee participation by plan, estimated employer costs of \$70.3 million are within the adopted budget.

Costs are allocated and funded via Metro's Federally approved Indirect Cost Allocation Plan and do involve the use of operating eligible funds.

### **EQUITY PLATFORM**

Currently, 96% of employees in the Non-Contract and AFSCME classifications enroll in health benefits, with the remaining 4% choosing to waive coverage by providing proof they are covered under another plan. References are provided in the Benefits Enrollment Guide for CoveredCA.com and Healthcare.gov, and staff provides additional guidance on an individual basis when needed.

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

The recommendation supports strategic plan goal #5 "Provide responsive, accountable, and trustworthy governance within the LA Metro organization." The responsible administration of Metro's Group Insurance Policies promotes efficient use of health resources and are cost effective for the company and our employees.

### **ALTERNATIVES CONSIDERED**

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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 2023.
- Implement elections effective January 1, 2024.

### **ATTACHMENTS**

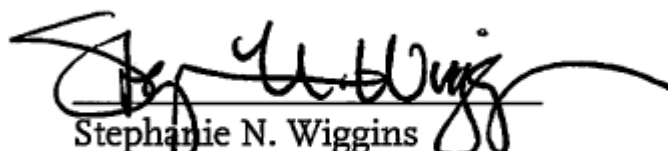
Attachment A - Proposed Monthly Premium Rates  
Attachment B - Proposed Monthly Employee Contributions

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## Proposed Monthly Premium Rates

Provider	Coverage Option	CY 2023	CY 2024	%Change	Est # of Employees (1/1/24)
Blue Cross (PPO)	Single	\$1,403.82	\$1,384.59	-1.4%	226
	Couple	\$2,825.86	\$2,787.15	-1.4%	194
	Family	\$3,790.27	\$3,738.34	-1.4%	328
Blue Cross (HMO)	Single	\$899.90	\$1,052.79	16.9%	99
	Couple	\$1889.76	\$2,210.83	16.9%	85
	Family	\$2,699.45	\$3,158.08	16.9%	151
Kaiser (HMO)	Single	\$702.53	\$767.84	9.3%	545
	Couple	\$1,405.05	\$1,535.67	9.3%	311
	Family	\$1,988.15	\$2,172.97	9.3%	528
Delta Dental (PPO)	Single	\$65.46	\$65.46	0.0%	637
	Couple	\$113.76	\$113.76	0.0%	641
	Family	\$170.94	\$170.94	0.0%	843
DeltaCare (DHMO)	Single	\$20.21	\$20.21	0.0%	81
	Couple	\$36.71	\$36.71	0.0%	42
	Family	\$54.32	\$54.32	0.0%	79
Dental Health Services (DHMO)	Single	\$17.95	\$19.56	9.0%	56
	Couple	\$34.80	\$37.93	9.0%	35
	Family	\$52.46	\$57.18	9.0%	99
Vision Service Plan	Single	\$11.25	\$11.25	0.0%	426
	Couple	\$16.27	\$16.27	0.0%	440
	Family	\$29.15	\$29.15	0.0%	643
Voluntary Waiver of Coverage:*					
	Medical	\$277.00			94
	Dental	\$40.00			87

\* 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 1/1/24</b>	<b>Change</b>
Blue Cross (PPO)	Single	\$140.00	\$138.00	-\$2.00
	Couple	\$283.00	\$279.00	-\$4.00
	Family	\$379.00	\$374.00	-\$5.00
Blue Cross (HMO)	Single	\$90.00	\$105.00	\$15.00
	Couple	\$189.00	\$221.00	\$32.00
	Family	\$270.00	\$316.00	\$46.00
Kaiser (HMO)	Single	\$70.00	\$77.00	\$7.00
	Couple	\$141.00	\$154.00	\$13.00
	Family	\$199.00	\$217.00	\$18.00
Delta Dental (PPO)	Single	\$7.00	\$7.00	\$0.00
	Couple	\$11.00	\$11.00	\$0.00
	Family	\$17.00	\$17.00	\$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	\$4.00	\$1.00
	Family	\$5.00	\$6.00	\$1.00
Vision Service Plan	Single	\$1.00	\$1.00	\$0.00
	Couple	\$2.00	\$2.00	\$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