



Board Report

File #: 2025-0677, **File Type:** Contract

Agenda Number: 22.

FINANCE, BUDGET AND AUDIT COMMITTEE SEPTEMBER 18, 2025

SUBJECT: GROUP INSURANCE PLANS

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

AUTHORIZE the Chief Executive Officer (CEO) to renew existing group insurance policies covering Non-Contract and American Federation of State, County and Municipal (AFSCME) employees, including long term disability coverage for Teamsters employees, and life insurance for all full-time Los Angeles County Metropolitan Transportation Authority (Metro) employees, for the one-year period beginning January 1, 2026.

ISSUE

Existing group insurance policies covering Non-Contract and AFSCME employees, including long-term disability coverage for Teamsters and life insurance for all full-time Metro employees end on December 31, 2025, and must be renewed on an annual basis. Renewal of the existing group insurance plan coverage for the one-year period must be approved and in effect on January 1, 2026, to provide continuous seamless group insurance coverage for Metro employees.

BACKGROUND

The Non-Contract Group Insurance Plan, a flexible benefits program, was implemented in August 1994. 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 their health. The Los Angeles County Metropolitan Transportation Authority, 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 agency and employees. Roughly 99% of the employees covered by the benefit plans are PTSC employees.

DISCUSSION

Employees who work 30 hours per week 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 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 with an orientation session and assistance in enrolling in their selected plan (s). Additionally, existing employees are also provided information and outreach to assist them in making informed decisions or changes to their plan selections.

The overall group insurance premium cost will increase by 10.9% for calendar year 2026. Factors contributing to the increased premium costs include an increased number of high-dollar medical claims, significant losses on life insurance claims, and the impact of inflation. The Delta Dental PPO/HMO, VSP and Long-Term Disability plans did not have a rate increase for 2026 and will keep their current rates until January 1, 2027.

The recommended medical, dental, and vision premiums are shown on Attachment A. Non-Contract and AFSCME 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 positively impact the safety of our workforce. Metro's group insurance plans offer employees cost-effective and efficient access to health resources, ultimately contributing to their overall well-being.

FINANCIAL IMPACT

Funding for the Non-Contract and AFSCME group insurance plans, along with life insurance for all full-time Metro employees and long-term disability plans for Teamster employees, is included in each department's FY26 budget and on the balance sheet for accrued retiree medical liabilities. Based on the current employee participation by plan, estimated group insurance plan costs of \$84.1 million are within the FY26 adopted budget. Costs are allocated and funded via Metro's Federally approved Indirect Cost Allocation Plan and involve operating eligible funds.

Impact to Budget

Sources of funds will parallel the projects charged agency wide and will include operating and capital eligible funds encompassing sales tax, fares, federal, state and local funds.

EQUITY PLATFORM

Currently, 87% of employees in the Non-Contract, and AFSCME employees enroll in health benefits, with the remaining 13% choosing to waive coverage by providing proof they are covered under another plan. Metro's Pension and Benefits department is committed to ensuring that employees have access to information and resources regarding group insurance plans and alternative healthcare options available. References are provided in the Benefits Enrollment Guide for [CoveredCA.com](https://coveredca.com) <[http://coveredca.com](https://coveredca.com)> and [Healthcare.gov](https://healthcare.gov) <[http://healthcare.gov](https://healthcare.gov)> and staff provide additional

guidance on an individual basis as requested. Additionally, annual open enrollment training sessions are offered both in-person and online to ensure employees have the information they need to make informed decisions for continuous healthcare coverage. Employees may also access informational materials and forms online and are welcome to call the Pension and Benefits Department directly to receive personalized assistance. These efforts help promote equity and inclusion by ensuring that employees have direct access to information, understand, and utilize their healthcare benefits effectively.

VEHICLE MILES TRAVELED OUTCOME

VMT and VMT per capita in Los Angeles County are lower than national averages, the lowest in the SCAG region, and on the lower end of VMT per capita statewide, with these declining VMT trends due in part to Metro's significant investment in rail and bus transit. * Metro's Board-adopted VMT reduction targets align with California's statewide climate goals, including achieving carbon neutrality by 2045. To ensure continued progress, all Board items are assessed for their potential impact on VMT.

While this item does not directly encourage taking transit, sharing a ride, or using active transportation, it is a vital part of Metro operations, as Metro AFSCME and Non-Contract employees play an important role in the delivery of reliable, multi-modal transit service throughout Los Angeles County. Because the Metro Board has adopted an agency-wide VMT Reduction Target, and this item supports the overall function of the agency, this item is consistent with the goals of reducing VMT.

**Based on population estimates from the United States Census and VMT estimates from Caltrans' Highway Performance Monitoring System (HPMS) data between 2001-2019.*

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 agency and its employees.

ALTERNATIVES CONSIDERED

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

Metro will hold annual open enrollment for Non-Contract and AFSCME employees during November 2025 and implement benefit elections effective January 1, 2026.

ATTACHMENTS

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

Prepared by: Jan Olsen, Deputy Executive Officer, Pension & Benefits, 213-922-7151
Don Howey, Executive Officer, Administration, 213-922-8867

Reviewed by: Dawn Jackson-Perkins, Chief People Officer, 213-418-3166

Digitally approved by *Stephanie Wiggins*, Chief Executive Officer

Proposed Monthly Premium Rates

Provider	Coverage Option	CY 2025	CY 2026	%Change	Est # of Employees (1/1/26)
Blue Cross (PPO)	Single	\$1,509.21	\$1,639.48	8.6%	256
	Couple	\$3,037.99	\$3,300.20	8.6%	237
	Family	\$4,074.79	\$4,426.49	8.6%	345
Blue Cross (HMO)	Single	\$976.46	\$1,005.76	3.0%	96
	Couple	\$2,050.55	\$2,112.07	3.0%	84
	Family	\$2,929.12	\$3,017.00	3.0%	154
Kaiser (HMO)	Single	\$837.07	\$969.71	15.8%	549
	Couple	\$1,674.14	\$1,939.42	15.8%	228
	Family	\$2,368.91	\$2,744.28	15.8%	517
Delta Dental (PPO)	Single	\$65.46	\$65.46	0.0%	709
	Couple	\$113.76	\$113.76	0.0%	689
	Family	\$170.94	\$170.94	0.0%	886
DeltaCare (DHMO)	Single	\$20.21	\$20.21	0.0%	68
	Couple	\$36.71	\$36.71	0.0%	41
	Family	\$54.32	\$54.32	0.0%	75
Dental Health Services (DHMO)	Single	\$19.56	\$20.15	3.0%	47
	Couple	\$37.93	\$39.05	3.0%	24
	Family	\$57.18	\$58.90	3.0%	75
Vision Service Plan	Single	\$11.25	\$11.25	0.0%	388
	Couple	\$16.27	\$16.27	0.0%	428
	Family	\$29.15	\$29.15	0.0%	525
Voluntary Waiver of Coverage:*					
	Medical	\$294.00			209
	Dental	\$42.00			119
* Waiver of Medical coverage requires proof of alternative coverage.					

Proposed Monthly Employee Contributions

Provider	Coverage Option	NC & AFSCME Employee Contribution (Current)	NC & AFSCME Employee Contribution (Proposed) Effective 1/1/26	Change
Blue Cross (PPO)	Single	\$150.00	\$164.00	\$14.00
	Couple	\$303.00	\$330.00	\$27.00
	Family	\$407.00	\$443.00	\$36.00
Blue Cross (HMO)	Single	\$97.00	\$101.00	\$4.00
	Couple	\$205.00	\$211.00	\$6.00
	Family	\$292.00	\$302.00	\$10.00
Kaiser (HMO)	Single	\$83.00	\$97.00	\$14.00
	Couple	\$167.00	\$194.00	\$27.00
	Family	\$236.00	\$274.00	\$38.00
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

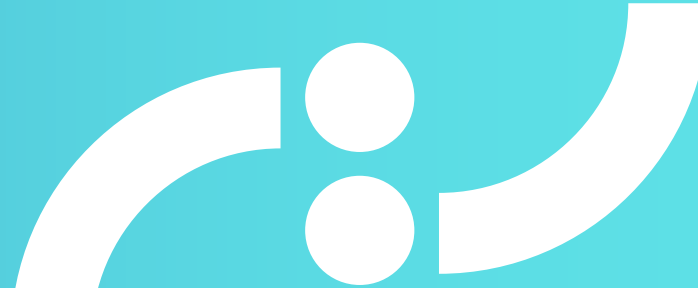
Non-Contract and AFSCME Employees contribute 10% (rounded to whole dollar) towards their individually selected plan's medical and dental premiums

Group Insurance Plans



Finance, Budget and Audit Committee
September 18, 2025

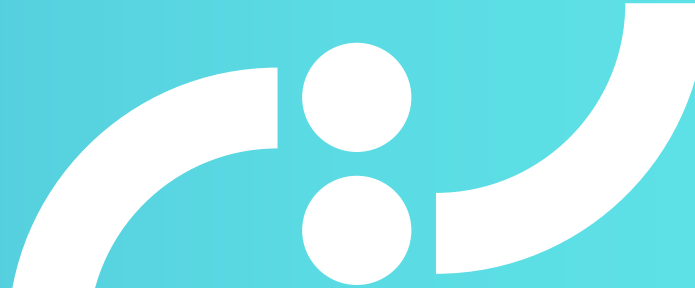
Staff Recommendation



AUTHORIZE the Chief Executive Officer (CEO) to:

Renew existing group insurance policies covering Non-Contract and American Federation of State, County and Municipal (AFSCME) employees, including long term disability coverage for Teamsters employees, and life insurance for all full-time Los Angeles County Metropolitan Transportation Authority (Metro) employees, for a one-year period beginning January 1, 2026.

Background



The Non-Contract Group Insurance Plan, a flexible benefits program, was implemented in August 1994.

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 their health.

Metro, including the Public Transportation Services Corporation (PTSC), offers benefit plans that promote efficient use of health resources and are cost-effective for the agency and employees.

Approximately 99% of the employees covered by the benefit plans are PTSC employees.



Metro

CHIEF PEOPLE OFFICE

Group Insurance Plans Overview & Next Steps

Overview

- Non-Contract and AFSCME Employees contribute 10% towards their individually selected plan's medical and dental premiums
- The Delta Dental PPO/HMO, VSP and Long-Term Disability plans did not have a rate increase for 2026 and will keep their current rates until January 1, 2027
- The overall group insurance premium cost will increase by 10.9% for 2026
- Factors contributing to group insurance premium increases are as follows:
 - increased number of high-dollar medical claims
 - significant losses on life insurance claims
 - impact of inflation

Next Steps

- Metro will hold annual open enrollment from November 3rd, 2025 to November 16th, 2025 for Non-Contract and AFSCME employees and implement benefit elections effective January 1, 2026.



Metro

CHIEF PEOPLE OFFICE