



Agenda Item No. (3)

To: Rules, Policy and Industrial Relations Committee/Committee of the Whole
Meeting of August 28, 2020

From: Kellee J. Hopper, Deputy General Manager, Administration and Development
Denis J. Mulligan, General Manager

Subject: **AUTHORIZE CHANGES FOR GROUP MEDICAL COVERAGE FOR
BOARD OF DIRECTORS**

Recommendation

The Rules, Policy and Industrial Relations Committee recommends that the Board of Directors approve changes to the Golden Gate Bridge, Highway and Transportation District's (District) policy for providing group medical coverage for members of the Board of Directors as follows:

1. Approve the transition of District-provided health care coverage for members of the Board of Directors to the CalPERS Health Plan system, effective January 1, 2021, pending adoption of CalPERS Resolutions;
2. Approve the establishment of a Health Reimbursement Arrangement (HRA) plan for members of the Board of Directors enrolled in specified CalPERS medical plans;
3. Modify access to medical coverage for retired members of the Board of Directors to include only District-administered non-medical benefits, effective January 1, 2021, and,
4. Approve updates to the District's policies, as appropriate.

Adoption of Resolutions required by CalPERS to complete the transition will be brought to the Board of Directors for action at its September 11, 2020 meeting.

This matter will be presented to the Board of Directors at its August 28, 2020 meeting for appropriate action.

Summary

At its June 26, 2020 meeting, the Board of Directors approved the transition of Golden Gate Bridge, Highway and Transportation District (District) medical coverage from currently-offered health plans to the CalPERS Health Plan system for non-represented and Amalgamated Transit Union employees and retirees, effective January 1, 2021. Staff recommended that action be taken

in order to access expanded plan offerings under the CalPERS system, and to realize cost-savings for the District that will result from the transition. Similar advantages and cost-savings would result from a similar transition for members of the Board of Directors to the CalPERS health system. If approved, the change will require modification to the administration of benefits for members of the Board of Directors, as outlined in this report.

ACTIVE DIRECTORS

The District currently offers health coverage to Directors while they serve on the Board of Directors, including medical, prescription drug, dental, vision and life insurance coverage. Active Directors who choose to enroll in District medical coverage must pay a premium share equivalent to the premium share paid by District employees in the highest wage bracket in the premium share table, which is currently 8.5% of the monthly medical premium.

Staff recommends that the premium sharing structure under the CalPERS health system remain consistent with respect to cost-sharing. This would mean that the premium share would be 8.5% for Directors who enroll in PERS Kaiser, PERS Choice, or PERS Select.¹ As with active employees, a Director who chooses to enroll in a plan other than PERS Kaiser, PERS Choice, or PERS Select would pay the difference between the cost of the premium for the selected plan and the premium for PERS Select, in addition to the 8.5% premium sharing for the plan selected, as their total premium share.

District Health Reimbursement Arrangement (HRA) Plan

Staff recommends that, as with active employees, a HRA plan be established for Directors who enroll in PERS Kaiser, PERS Select, or PERS Choice Plans. The following amounts will be credited for HRA plan participants effective January 1, 2021 for the 2021 year:

<u>Kaiser HRA</u>		<u>PERS Select HRA</u>		<u>PERS Choice HRA</u>	
Single:	\$1,350	Single:	\$3,140	Single:	\$2,640
EE+1:	\$2,700	EE+1:	\$6,280	EE+1:	\$5,280
Family:	\$3,300	Family:	\$6,520	Family:	\$5,520

HRA funding may only be used to pay for qualified medical costs and copays, and prescription copays. Unused balances at the end of the plan year will not be rolled over. Directors who enroll in a plan other than PERS Kaiser, PERS Choice, or PERS Select will not receive funding through an HRA.

RETIRED DIRECTORS

Under District Resolution 8511 (dated April 25, 1975), retired members of the Board of Directors with five or more years of continuous service have the opportunity to continue receiving District medical, dental and life insurance coverage following retirement from the Board, provided they

¹ Employees who enroll in any of these plans also will receive an annual non-elective cashable employer flex credit under the District's Internal Revenue Code section 125 cafeteria plan. The tax rules governing the cafeteria plan prohibit participation by non-employees such as Board members.

pay the full premium for said coverage. Currently, Medicare-eligible retired Directors may choose to enroll in the District's Group Kaiser Senior Advantage Plan or in an individual supplemental policy through the Willis Towers Watson (WTW) insurance exchange made available to Medicare-eligible retired District employees, and must pay the District for the cost of that coverage, and then the District coordinates payment with the WTW exchange.

Under the CalPERS rules, retired members of a covered group are eligible to access CalPERS coverage after retirement only if they are receiving a monthly pension benefit from the agency at which they worked/served. Given that the District does not provide a pension to retired Board members, they would not be eligible to access CalPERS medical coverage upon their departure from the District's Board of Directors. They would, however, continue to have access to the District's vision, dental and life insurance coverage, provided they pay the full premium for said coverage. Retired Medicare-eligible Directors will continue to have access to individual supplemental policies. Additionally, staff will work with retired Medicare-eligible Directors who wish to obtain supplemental coverage with Kaiser Senior Advantage or through available insurance exchanges or marketplaces. That insurance exchange process will become more streamlined than the current process with the WTW exchange, because the District will no longer need to be involved in the payment transaction.

Fiscal Impact

The fiscal impact to this recommendation is a savings of approximately \$10,000 - \$20,000 in the FY 20/21 Operating Budget due to the implementation beginning in January 2021 and the current number of Directors enrolled. In future years the savings are estimated to consistently grow due to CalPERS' pricing power with the health care providers.

Attachment: District Resolution, Group Health Insurance Coverage for Retired Directors

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GOLDEN GATE BRIDGE, HIGHWAY AND TRANSPORTATION DISTRICT

RESOLUTION NO. 2020-XXX

**GROUP HEALTH INSURANCE COVERAGE FOR
RETIRED DIRECTORS**

August 28, 2020

WHEREAS, the District has historically provided access to District-provided medical, vision, dental and life insurance benefit coverage to members of the Board Directors, including eligible retired Directors; **WHEREAS**, on June 26, 2020, the Board of Directors approved the transition of District medical coverage to the CalPERS Health Plan system for non-represented and Amalgamated Transit Union employees and retirees, effective January 2, 2021;

WHEREAS, a transition to the CalPERS Health Plan system for members of the Board of Directors will provide cost savings and expanded plan offerings;

WHEREAS, such a change will require modification to the administration of benefits for members of the Board of Directors and to the Board policy for retired members of the Board of Directors;

WHEREAS, the policies regarding medical benefits for members of the Board of Directors are described in various Resolutions, including Resolution 8511, which provides that retired members of the Board of Directors with five or more years of continuous service have the opportunity to continue receiving District medical, dental and life insurance coverage following retirement from the Board, provided they pay the full premium for said coverage;

WHEREAS, it is proposed that medical coverage for active members of the Board of Directors will be provided under the CalPERS health plan system, effective as of January 1, 2021, and that a Health Reimbursement Arrangement be established, as further detailed in the staff report;

WHEREAS, it is proposed that, in order to conform with CalPERS requirements, retired members of the Board of Directors will not be eligible to access CalPERS health plan coverage because they do not receive a monthly pension benefit from the District; and,

WHEREAS, the Rules, Policy and Industrial Relations Committee has so recommended; now, therefore, be it

RESOLVED, that the Board of Directors approves the transition of District-provided healthcare coverage for members of the Board of Directors to the CalPERS Health Plan system, effective January 1, 20201, pending adoption of CalPERS Resolutions;

RESOLVED, that the Board of Directors approves the establishment of a Health Reimbursement Arrangement (HRA) plan for members of the Board of Directors enrolled in specified CalPERS medical plans;

RESOLUTION NO. 2020-XXX
BOARD OF DIRECTORS MEETING OF AUGUST 28, 2020
PAGE 2

RESOLVED, that the Board of Directors hereby establishes a policy that, effective January 1, 2021, retired Directors with five (5) or more years of continuous service, be given the opportunity to continue receiving District-administered group coverage under the Life Insurance, Dental and Vision Plans, provided said retired Directors pay the full premium for said coverage; and be it further

RESOLVED, that effective January 1, 2021, no retired member of the Board of Directors will receive access to District-provided group medical coverage; and be it further

RESOLVED, that the Board of Directors authorizes updates to existing Board policies, as appropriate, to conform to the intent of this Resolution.

ADOPTED this 28th day of August 2020, by the following vote of the Board of Directors:

AYES (): Directors

NOES (): None.

ABSENT ():

[Note: On this date, there were 2 vacancies on the Board of Directors.]

Barbara Pahre
President, Board of Directors

ATTEST: _____
Amorette M. Ko-Wong
Secretary of the District

Reference: