



Agenda Item No. (6)

To: Finance-Auditing Committee/Committee of the Whole  
Meeting of April 22, 2021

From: Stephanie LaRue, Human Resources Manager  
Kellee J. Hopper, Deputy General Manager, Administration and Development  
Joseph M. Wire, Auditor-Controller  
Denis J. Mulligan, General Manager

Subject: **APPROVE ACTIONS RELATIVE TO THE RENEWAL OF THE HEALTH  
AND BENEFITS INSURANCE PLANS**

### **Recommendation**

The Finance-Auditing Committee recommends the Board of Directors approve the policy year 2021/22 premium rates for the Golden Gate Bridge, Highway and Transportation District's Health and Benefits Insurance Plans, not including CalPERS medical plans, at an overall estimated renewal cost of \$19,072,777. These renewals are for health insurance benefits for the Coalition members and is based on a six-month period; while vision, dental, life insurance and employee assistance programs are for the entire District population and based on a twelve-month period. This is presented with the understanding that requisite funding will be included in the FY 21/22 Operating Budget.

This matter will be presented to the Board of Directors at its April 23, 2021 meeting for appropriate action.

### **Background**

The approval of medical and prescription drug benefits for those employees enrolled in CalPERS medical plans are not included in this item. Of note, the projected average annualized cost per Coalition employee in the traditional District medical plans in this item is 48 percent higher than the average cost per employee in the CalPERS medical plans.

Every year, the Board of Directors (Board) considers the Golden Gate Bridge, Highway and Transportation District's (District) Health and Benefit Plans. The rate renewals in Attachment A illustrate each plan's premium rate change.

One recent, significant change to the District's benefit offerings is that the majority of our workforce (bus operators, painters and non-represented employees) transitioned to the CalPERS medical system effective January 1, 2021, except for the Union Coalition. Negotiations with the Union Coalition bargaining units are ongoing, and they have not yet agreed to transition to CalPERS medical benefits; therefore, continuation of the existing medical benefits through Blue

Shield (PPO and HMO) and Kaiser are required for this population. There are currently approximately 416 Coalition active and early (less than 65 years old) retirees enrolled in these plans.

In light of continuing negotiations, staff recommends that a six-month agreement with these medical carriers be approved. Should negotiations settle prior to the end of those contracts, there are termination provisions contained within the contract terms. Other medical benefits are for the entire year and for the entire District population.

The estimated annual cost per active employee for the groups which have transitioned into the CalPERS medical plans is approximately \$24,480. By comparison, the projected average annualized cost for medical plans under these traditional District plans will be \$36,108 per coalition employee. Since the District is contracting for only six months at this time, if it must contract for another six months, the rates will increase further.

Below is a summary of each plan's estimated costs based on current enrollment, which are subject to changes in employee enrollment and benefit elections.

#### **FOR COALITION UNITS ONLY**

1. **Health Insurance Plans totaling \$6,238,000 with the following approximate breakdown by plan design (subject to benefit "open enrollment" transitions):**
  - a. **Kaiser Foundation Health Plan ("Traditional" Plan)** for a six-month term, at a cost of approximately \$3,244,000;
  - b. **Blue Shield of California PPO Plan ("Traditional" Plan)** for a six-month term, on a self-funded basis, at an estimated cost of \$1,091,000;
  - c. **Blue Shield of California HMO Plan ("Traditional" Plan)** for a six-month term, at an estimated cost of \$971,000;
  - d. **Kaiser Foundation Health Plan ("High Deductible" Plan)** for a six-month term, at a cost of \$236,000;
  - e. **Blue Shield of California PPO Plan ("High Deductible" Plan)** for a six-month term, on a self-funded basis, at an estimated cost of \$41,000;
  - f. **Blue Shield of California HMO Plan ("High Deductible" Plan)** for a six-month term, at an estimated cost of \$159,000;
  - g. **Medical Stop-Loss Coverage for Blue Shield Plans** with HM Life for a six-month term (including Rx claims), at a cost of \$225,000; and,
  - h. **CVS Caremark Prescription Drug Plan for Blue Shield Enrollees** for six-month at an estimated cost of \$271,000.
2. **District funded HRA Contributions** fund HRA debit cards for High Deductible plan enrollees and will total \$203,000.

#### **FOR ENTIRE DISTRICT POPULATION**

3. **OptumHealth Behavioral Solutions (EAP)** for a one-year term, at a cost of \$28,000.
4. **Vision Service Plan of California** on a self-funded basis renews at a cost of \$265,000.
5. **Delta Dental Plan of California** on a self-funded basis, at an annual cost of \$2,803,000.
6. **Group Life, Accidental Death & Dismemberment and Dependent Life Plan** with SunLife at an annual cost of \$104,000.
7. **Retiree Health Benefit Costs** are provided for by fully funding the actuarially calculated Annual Determined Contribution (ADC) in the District's Other Post-Employment Benefits (OPEB) Trust. The ADC for FY 21/22 is \$12,032,777, based on the latest July 1, 2019

OPEB actuarial valuation, and will be budgeted for the FY 21/22 Budget. Of this amount, \$2,601,000 is already budgeted in the contracts for health care services in this report to pay for pre age 65 retirees' medical costs except those in CalPERS medical plans. with the \$9,431,777 as an additional expense that will fund pre 65 retirees in CalPERS medical plans and Medicare eligible retirees not included in this staff report's contracts for health care services for this fiscal year and in future years.

### **STOP LOSS COVERAGE**

Beginning in 2018, the District maintained Stop Loss coverage with HM Life. The District's broker, Mercer, again solicited providers this year and HM Life provided a proposal with an estimated six-month premium of \$225,000.

The Stop Loss premium amount is comprised of the following factors:

- 2 high cost claimants have exceeded the \$175,000 ISL Deductible to date;
- 3 additional claimants are over the \$87,500 threshold (half of the ISL Deductible);
- Assessment of the District's employee demographics (Coalition only);
- Leveraged trends; and,
- Inclusion of prescription drugs under the stop loss coverage.

### **HIGH-DEDUCTIBLE MEDICAL PLANS**

In 2014, the Board of Directors approved an action to offer three high-deductible medical plans (HDP) that include District-funded HRA debit cards to non-represented employees: Blue Shield HDP, Blue Shield HMO HDP, and Kaiser HMO HDP. These plans are an additional option to all employees. The premiums for the HDPs with both Blue Shield and Kaiser are included in the projections itemized in this report. There are currently 55 employees and retirees under 65 (not including dependents) enrolled in a high-deductible plan.

### **BLUE SHIELD PPO**

The medical PPO program is underwritten on a self-funded basis with Blue Shield providing administration services and specific stop loss re-insurance. The administrative fees will increase from \$71.94 to \$77.73 (8.05% increase) per employee per month for the year beginning July 1, 2021. The plan includes services for employees such as Health Advocate, NurseHelp 24/7, High Risk Case Management, Disease Management and Teladoc (remote care) to help employees better manage their own health care and the District to better manage healthcare costs. Teladoc allows employees to email or seek medical advice on the telephone for conditions like a cold, the flu or other minor conditions, making it convenient for employees and limiting potential emergency room visits.

### **BLUE SHIELD HMO**

The HMO program is fully-insured through Blue Shield since January 1992. Due to its size, the plan renewal is based on Blue Shield's community rated calculation. Effective July 1, 2021, there will be an increase in premium rates of 9.9% for Traditional Plans and High Deductible Plans. The plan also includes Teladoc (remote care) services.

### **KAISER**

The Mechanics and Coalition employees have access to the Kaiser plan, which has a single combined rate change. The combined rate change, effective July 1, 2021, is an increase of 13.57%.

### **DELTA DENTAL PPO**

The Dental PPO program is self-funded through Delta Dental and has been since January 1992. The administrative fees will remain at \$8.44 per employee per month for the year beginning July 1, 2021.

### **VISION SERVICE PROVIDER**

The Vision plan is self-funded through Vision Service Provider. For the year beginning July 1, 2021, the administrative fees will decrease from \$1.98 to \$1.76 per employee per month for the Amalgamated Transit Union (ATU) and from \$1.76 to \$1.51 per employee per month for the Coalition and non-represented employees.

### **EMPLOYEE ASSISTANCE PROGRAM**

The Employee Assistance Program (EAP) is currently provided through OptumHealth Behavioral Solutions. The program includes eight counseling sessions, legal consultation, financial consultation, management referrals and training hours. The annual premium is \$28,000 and includes counseling hours and the recently implemented critical event and crisis counseling. The current \$3.75 per employee per month administrative fee has been extended to December 31, 2021 and will increase to \$3.78 per employee per month as of January 1, 2022 with a three-year rate guarantee.

### **LIFE/ACCIDENTAL DEATH & DISMEMBERMENT INSURANCE**

The Basic Life, Basic Life, Basic Accidental Death & Dismemberment and Voluntary Life coverage is provided through SunLife since July 1, 2020. The annual premium will be \$104,000.

### **RETIREE HEALTH BENEFIT COSTS**

The District provides a number of other post-employment benefits (OPEB) for eligible retirees and their dependents, including medical, prescription drug, dental, vision, and life insurance coverage. Eligible retirees and dependents, who are not Medicare eligible, are covered through the District group plans discussed above or in CalPERS' medical plans. Eligible retirees and dependents who are Medicare eligible are covered through District group plans for vision, dental, and life insurance. However, for medical and prescriptions, Coalition Medicare eligible retirees and dependents must enroll in individually-owned Supplemental Medicare Plans unless they choose to enroll in the District's Kaiser Senior Advantage Group Plan. All other Medicare eligible retirees and dependents must enroll in one of the CalPERS Medicare Group Plans.

The District provides for the cost for these retiree health benefits through fully funding the ADC into the OPEB Trust. The ADC covers a portion of the cost of benefits that already have been earned by either qualified retired employees or current employees ("Unfunded Accrued Actuarial Liability") as well as the cost of retiree medical benefits that current working employees are earning during the current fiscal year ("Normal Cost"). The ADC for FY 21/22 is \$12,032,777 based on the latest July 1, 2019, OPEB actuarial valuation, and will be budgeted for the FY 21/22 Budget.

### **Fiscal Impact**

The current forecasted cost impact of the renewals to the District's health and benefit plans is as follows (note that costs for the Blue Shield and Kaiser medical programs and HRA contribution reflect a six-month expense for FY 21/22):

HEALTH PLAN	ESTIMATED COST FY 20/21	PROJECTED COST FY 21/22	% CHANGE
<b>SIX-MONTH PROJECTIONS</b>			
Blue Shield of CA PPO (Traditional)		\$1,091,000	
CVS Caremark		\$262,000	
Medical Stop-Loss		\$209,000	
Blue Shield of CA PPO (High Deductible)		\$41,000	
CVS Caremark		\$9,000	
Medical Stop-Loss		\$16,000	
Blue Shield of CA HMO (Traditional)		\$971,000	
Blue Shield of CA HMO (High Deductible)		\$159,000	
Kaiser Permanente (Traditional)		\$3,244,000	
Kaiser Permanente (High Deductible)		\$236,000	
District Funded HRA Contribution		\$203,000	
<b>ANNUAL PROJECTIONS</b>			
OptumHealth Behavioral Solutions (EAP)	\$28,000	\$28,000	0%
Vision Service Plan	\$234,000	\$265,000	13%
Delta Dental	\$2,803,000	\$2,803,000	0%
Basic Life/AD&D	\$104,000	\$104,000	0%
ADC for OPEB for Pre 65 Retirees (except FY 21/22 excludes medical costs for Pre 65 Retirees in CalPERS' plans) Expensed in Health Care Service Contracts Above ( <i>this figure is not added in the calculation total below as it is already reflected within the individual plan projections above</i> )	<b>\$6,495,000</b>	<b>\$2,601,000</b>	
Remaining ADC for OPEB for Pre 65 Retirees in CalPERS medical plans (FY 21/22) and Medicare Eligible Retirees in Budget and future years (OPEB) not included in Health Care Service Contracts Above	<b>\$5,186,681</b>	<b>\$9,431,777</b>	

These amounts are based on current employee demographics as opposed to actuarial projections. Actual amounts will depend upon any changes in employee demographics and the upcoming open enrollment where employees select benefits. The attachment illustrates 2021-2022 policy premium rates.

The total annual estimate for these Employee and Retiree Benefits is approximately \$19,072,777. This does not include the cost of the CalPERS employee and retiree benefits. Requisite funds in this amount will be included in the FY 21/22 District Operating Budget to fund the renewal of the District's health and benefit plans.

Attachment: Renewal Rates

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# Fiscal Year 2021/2022 Budget Projection

## Coalition Aggregate Annual Cost

### COALITION ACTIVES and EARLY RETIREES

	7/1/19-6/30/20 Actual		7/1/20-6/30/21 Updated as of 11/2020			7/1/21-6/30/22 (7/1/21-12/31/21 Medical) Projected		
	Est. # of EEs	Annual Cost	Est. # of EEs	Annual Cost	% Change from 19-20 Actual	Est. # of EEs	Annual Cost	% Change from 20-21 Update
Coalition								
PPO Medical	92	\$1,511,000	92	\$2,496,000	65%	80	\$1,091,000	-56%
PPO Stop-Loss	92	\$313,000	92	\$339,000	8%	80	\$209,000	-38%
PPO Prescription Drug	92	\$698,000	92	\$593,000	-15%	80	\$262,000	-56%
<b>Total PPO</b>	<b>92</b>	<b>\$2,522,000</b>	<b>92</b>	<b>\$3,428,000</b>	<b>36%</b>	<b>80</b>	<b>\$1,562,000</b>	<b>-54%</b>
Bronze PPO Medical	11	\$68,000	7	\$129,000	90%	6	\$41,000	-68%
Bronze PPO Stop-Loss	11	\$37,000	7	\$27,000	-27%	6	\$16,000	-41%
Bronze PPO Prescription Drug	11	\$23,000	7	\$29,000	0.26%	6	\$9,000	-69%
<b>Total Bronze PPO</b>	<b>11</b>	<b>\$128,000</b>	<b>7</b>	<b>\$185,000</b>	<b>45%</b>	<b>6</b>	<b>\$66,000</b>	<b>-64%</b>
Blue Shield HMO	51	\$1,800,000	52	\$1,803,000	0%	50	\$971,000	-46%
Blue Shield Bronze HMO	12	\$290,000	14	\$427,000	47%	10	\$159,000	-63%
<b>Total PPO and HMO</b>	<b>166</b>	<b>\$4,740,000</b>	<b>165</b>	<b>\$5,843,000</b>	<b>23%</b>	<b>165</b>	<b>\$2,758,000</b>	<b>-53%</b>
Kaiser	197	\$4,773,000	197	\$4,500,000	-6%	171	\$3,244,000	-28%
Kaiser Bronze	55	\$641,000	54	\$603,000	-6%	39	\$236,000	-61%
<b>Total Medical</b>	<b>418</b>	<b>\$10,154,000</b>	<b>416</b>	<b>\$10,946,000</b>	<b>8%</b>	<b>416</b>	<b>\$6,238,000</b>	<b>-43%</b>
Dental	704	\$894,000	710	\$1,263,000	41%	710	\$1,263,000	0%
Vision	485	\$65,000	488	\$94,000	45%	518	\$100,000	6%
Life/AD&D	457	\$76,000	435	\$38,000	-50%	435	\$38,000	0%
EAP	290	\$13,000	247	\$11,000	-15%	247	\$11,000	0%
<b>Total Healthcare Cost</b>		<b>\$11,202,000</b>		<b>\$12,352,000</b>	<b>10%</b>		<b>\$7,650,000</b>	<b>-38%</b>
Bronze HRA Funding	79	\$542,500	75	\$780,500	44%	77	\$203,000	-74%

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