



Agenda Item No. (4)

To: Rules, Policy and Industrial Relations Committee/Committee of the Whole Meeting of August 27, 2021

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

Subject: **AUTHORIZE ACTIONS RELATIVE TO THE MEDICAL BENEFITS PREMIUM SHARING CONTRIBUTION RATE FOR NON-REPRESENTED EMPLOYEES, DEPUTY GENERAL MANAGERS, DISTRICT OFFICERS AND MEMBERS OF THE BOARD OF DIRECTORS**

### **Recommendation**

The Rules, Policy and Industrial Relations Committee recommends that the Board of Directors approve an adjustment in the Golden Gate Bridge, Highway and Transportation District's (District) medical benefits program for non-represented employees, Deputy General Managers, District Officers, and members of the Board of Directors, more particularly as described below:

1. Effective January 1, 2022, participants will contribute 6% toward the premiums charged and/or applicable COBRA rates for the PERS Kaiser and PERS Gold medical plans, based on the level of enrollment (i.e., single, employee plus one, or family);
2. Effective January 1, 2022, participants will contribute 8.5% toward the premiums charged and/or applicable COBRA rates for the PERS Platinum medical plan, based on the level of enrollment (i.e., single, employee plus one, or family); and,
3. Effective January 1, 2022 all pre-Medicare eligible retirees will contribute the equivalent of the Medicare Part B premium for all plans as their premium share.

This matter will be presented to the Board of Directors at its August 27, 2021, meeting for appropriate action.

### **Summary**

In April 2012, the Board of Directors approved the implementation of premium share contribution rates for non-represented employees, District Officers, and the Board of Directors (Board). This action was the result of the Board's stated intention to effect changes regarding medical benefit programs by requiring modest participation in the cost of enrollment in the medical and

prescription drug programs, as well as the level of enrollment, selected by each enrollee (vision and dental programs are excluded from the premium sharing proposal). This action was grounded in the principle that all District employees should contribute toward the cost of the premiums of medical benefits provided by the District.

In May 2014, the Board of Directors approved an adjusted tiered premium contribution rate, based on hourly wage rate, as well as waiving the premium share for pre-Medicare retirees who enrolled in a Bronze plan. Under this system, participants pay premiums based on the plan they choose, depending on the tier in which they are enrolled (e.g., single, employee plus one, or family). The amount of the premiums for employees is based on their hourly wage. Presently, that rate is as follows:

- a. Participants with wage rates at or below \$32.00 per hour, 3.5% of enrollment cost;
- b. Participants with wage rates between \$32.00 and \$50.00 per hour, 6% of enrollment cost; and,
- c. Participants with wage rates above \$50.00 per hour, 8.5% of enrollment cost.

In negotiations subsequent to the 2014 Board action, rates negotiated with various bargaining units have been principally different from for the non-represented classifications. For example, the ATU negotiated a flat rate premium contribution rate based on enrollment plan, regardless of hourly wage. Further, in the most recent round of negotiations, the Coalition negotiated the same premium share rate as the ATU, effective October 1, 2021. However, the non-represented classifications have continued to pay a percentage based on monthly premiums.

Premium sharing contributions for the subject groups has not been consistent with the amounts of other employees at the District. In some cases, the non-represented employees are paying more in premium sharing than some of their represented colleagues for the same medical coverage, as outlined in the following illustration for 2021:

Plan/Tier	ATU	Coalition* Eff. 10/1/21	Non-Represented <\$32/hr / \$32 <sup>01</sup> -\$50/hr / >\$50 <sup>01</sup> /hr
<b>Kaiser</b>			
Employee only	\$60	\$60	\$28 <sup>48</sup> /\$48 <sup>82</sup> /\$69 <sup>16</sup>
Employee + 1	\$60	\$60	\$56 <sup>95</sup> /\$97 <sup>64</sup> /\$138 <sup>32</sup>
Family	\$60	\$60	\$74 <sup>04</sup> /\$126 <sup>93</sup> /\$179 <sup>81</sup>
<b>PERS Select</b>			
Employee only	\$60	\$60	\$19 <sup>83</sup> /\$39 <sup>67</sup> /\$51 <sup>57</sup>
Employee + 1	\$60	\$60	\$34/\$68/\$88 <sup>40</sup>
Family	\$60	\$60	\$48 <sup>17</sup> /\$96 <sup>33</sup> /\$125 <sup>23</sup>
<b>PERS Choice</b>			
Employee only	\$150	\$150	\$32 <sup>75</sup> /\$56 <sup>15</sup> /\$79 <sup>55</sup>
Employee + 1	\$150	\$150	\$65 <sup>51</sup> /\$112 <sup>30</sup> /\$159 <sup>09</sup>
Family	\$150	\$150	\$85 <sup>16</sup> /\$145 <sup>99</sup> /\$206 <sup>82</sup>

*\*Effective October 1, 2021, the Coalition will be transitioning to the CalPERS medical system and their premiums will be the same as the ATU.*

Recently, CalPERS announced a change to certain medical plans for 2022, which will have an effect on the District's "Magic 3<sup>1</sup> Plans." CalPERS has announced that they have renamed their PERS Select (plan only available in California) to PERS Gold. PERS Gold retains the same 20% coinsurance benefit design and network as PERS Select. However, PERS Choice which also offers a 20% coinsurance benefit design (like in PERS Gold) is being combined with PERS Care which offers a higher benefit at a 10% coinsurance benefit design. This new combined PERS Choice/Care Plan is renamed as PERS Platinum and retains the same network of PERS Care/PERS Choice.

Adjusting the premium share contribution rate to 6% percent of the monthly premium for participants enrolled in PERS Kaiser or PERS Gold would make premium sharing contributions more in line with those that have been negotiated by the various bargaining units, while retaining the District's original philosophy of having participants pay a percentage of the monthly premium for the plan and tier in which they enroll. Restructuring the percentage makes the contributions makes it more administratively manageable, which more closely aligning premium sharing rates across all employee classifications.

Given that PERS Platinum is a 90/10 plan, there will be less financial liability on the participant, and that the monthly premium is approximately 50% higher than PERS Gold, it is recommended that participants enrolled in this plan pay a premium share contribution equal to 8.5% of the monthly premium amount. Furthermore, the proposed District-funded Health Reimbursement Account funding amount for this plan will cover maximum out-of-pocket limits for the employee.

With the proposed stipends for the 2022 plans, all employees who select to enroll in PERS Kaiser or PERS Gold will receive a cash stipend that exceeds their annual premium sharing. Consistent with 2021, when no stipend was offered for the PERS Choice, there is no stipend for those who enroll in PERS Platinum. Furthermore, the proposed District-funded Health Reimbursement Account funding amounts for all the Magic 3 Plans covers all employees for their deductible (if applicable) and maximum out-of-pocket limits (after incentives offered) for their coverage. See attachment for more information.

#### Pre-Medicare Retirees

Prior to the District transitioning to the CalPERS medical system, the Board approved a policy to waive the early retiree premium share amount for all pre-Medicare retirees who enrolled in a high-deductible ("Bronze") plan. The premium share for these early retirees is the Medicare Part B equivalent. However, to incentivize retirees, if they enrolled in a Bronze plan, the premium was waived. Since the District previously transitioned all non-represented retirees to CalPERS medical where there are no Bronze plans, this policy is no longer needed.

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<sup>1</sup> "Magic 3" is a District-coined used to reference PERS Kaiser, PERS Select and PERS Choice medical plans. Beginning in 2022, the "Magic 3" will be used to reference PERS Kaiser, PERS Gold and PERS Platinum, due to plan changes implemented by CalPERS.

**Fiscal Impact**

The actual amount will vary due to the variability of the number of employees, their health plan choice, and the cost of their chosen health plans. However, if current enrollment trends continue next open enrollment year as are currently, it is estimated that the recommended premium sharing contribution adjustment will result in approximately \$80,000-\$100,000 less in premium sharing contribution to the District and will not significantly affect the current FY 21/22 Budget.

Attachment: Proposed Non-Represented Employee Premium Sharing Effective 1/1/2022

**Proposed Non-Represented Employee Premium Sharing  
Effective 1/1/2022**

<b>Plan/Tier</b>	<b>Annual Non-Represented Employee Premium Sharing Amounts Eff. 1/1/22</b>	<b>Annual Stipends Eff. 1/1/22</b>
<b>Kaiser</b>		
Employee only	\$617.04	\$1,000
Employee + 1	\$1,234.20	\$2,000
Family	\$1,604.40	\$3,000
<b>PERS Gold</b>		
Employee only	\$504.84	\$1,000
Employee + 1	\$1,009.80	\$2,000
Family	\$1,312.68	\$3,000
<b>PERS Platinum</b>		
Employee only	\$1,074.96	\$0
Employee + 1	\$2,156.28	\$0
Family	\$2,561.64	\$0

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