

Agenda Date: January 17, 2013  
Agenda Placement: Admin.  
Estimated Time: N/A  
Continued Item: No

## Board Agenda Item

TO: Air Pollution Control District Board

FROM: Dave Van Mullem, Air Pollution Control Officer

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SUBJECT: Renewal of Employee Insurance Plans and Programs

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### RECOMMENDATION:

Receive summary of the renewal rates for employee insurance plans and programs for 2013.

### DISCUSSION:

One of the goals of our agency is to provide employees with health benefit programs that meet their needs. These needs include quality care, an adequate choice of providers, and the ability to select from a variety of options and costs. At the August 16, 2012 hearing, this board delegated authority to the Air Pollution Control Officer (APCO) to enter into and renew multiple employee benefit insurance plans that became effective January 1, 2013.

The District staff benefits committee (consisting of one representative each from Service Employees International Union Local 620 (SEIU), Engineers and Technicians Association (ETA), Santa Barbara County Air Pollution Control District Employees Association, Management, and Confidential-Unrepresented) met on multiple occasions to review benefit plan information to help select the best options available to recommend to the APCO. The following summarizes the final benefit package that was authorized by the APCO:

- Renewed Blue Shield medical HMO and PPO plans;
- Terminated the Aetna Dental DMO and PPO plans due to high rates and in its place implemented the MetLife Dental HMO and PPO dental plans;
- Renewed the Vision Service Plan/ABD municipality pool to provide vision insurance;

- Renewed and amended the IRS Section 125 plan with Benesyst;
- Renewed The Standard Long Term Disability benefit plan;
- Renewed The Standard Voluntary Term Life benefit plan;
- Renewed The Standard Management Life & Accidental Death & Dismemberment (AD&D) plan;
- Renewed The Standard Short Term Disability coverage for the APCD's management employees;
- Terminated the AIG Voluntary Personal Accident benefit plan and in its place implemented The Standard AD&D plan for all employees;
- Renewed the Employee Assistance Plan through Horizon Health; and
- Renewed the AFLAC Supplemental Catastrophic Insurance programs.

**MEDICAL** – On December 16, 2010 your Board adopted a resolution authorizing APCD participation in a 3-year Memorandum of Understanding (MOU) with Special District Risk Management Authority (SDRMA) to provide medical benefits. The MOU resulted in comparable health plans with immediate savings to employees over previous medical premiums. As we enter into the final year of this MOU, the benefits committee reviewed the available plans within SDRMA and recommended renewing our HMO and PPO plans at an overall increase of 6.3% cost for both HMO and PPO.

The APCD contribution amounts for 2013 are below. The remaining premium is either paid through employee cafeteria dollars or picked up by the employee pursuant to their respective MOU. As approved by your Board on August 16, 2012; in anticipation of offsetting any increase in medical premium costs, all employees electing medical coverage will receive an additional APCD contribution of \$44.96 per month for January through June 2013.

<u>APCD Contribution</u>	<u>Jan-June</u>	<u>July-Dec</u>
ETA Members	\$319.33	\$274.37
SEIU Members	\$398.39	\$353.43
All Other Groups	\$358.65	\$313.69

The 2012 and 2013 monthly rates for medical benefits are as follows:

<u>Blue Shield – HMO</u>	<u>2012 Rate</u>	<u>2013 Rate</u>
Employee only	\$588.69	\$623.17
Employee + spouse	\$1,178.59	\$1,248.36
Family	\$1,531.79	\$1,622.06

<b><u>Blue Shield – PPO</u></b>	<b><u>2012 Rate</u></b>	<b><u>2013 Rate</u></b>
Employee only	\$373.84	\$415.11
Employee + spouse	\$747.66	\$830.22
Family	\$971.97	\$1,079.69

**DENTAL** – Aetna Dental was poised to implement a 12% rate increase for 2013. Our benefits committee reviewed the rates and benefits under other plans and recommended implementing an agreement with MetLife Dental to become effective January 1st. With the implementation of MetLife Dental for plan year 2013, the premiums were reduced by approximately 21.4% compared to the 2012 Aetna Dental premiums, with no changes to coverage levels. In addition, MetLife Dental promised a two-year rate guarantee for the Dental HMO rates and a 7% rate cap for the 2014 renewal of the PPO plan.

The APCD contribution amounts for 2013 are below. The remaining premium is either paid through employee cafeteria dollars or picked up by the employee pursuant to their respective MOU. As approved by your Board on August 16, 2012; in anticipation of offsetting any increase to dental premium costs, all employees electing dental coverage will receive an additional APCD contribution of \$3.99 per month for January through June 2013.

<b><u>APCD Contribution</u></b>	<b><u>Jan-June</u></b>	<b><u>July-Dec</u></b>
ETA Members	\$25.21	\$21.22
All Other Groups	\$31.49	\$27.50

The 2012 and 2013 monthly rates for dental benefits are as follows:

	<b><u>2012 Rate</u></b>	<b><u>2013 HMO</u></b>	<b><u>2013 PPO</u></b>
Employee only	\$47.80	\$15.83	\$38.88
Employee + spouse	\$95.78	\$30.08	\$79.12
Employee + child(ren)	\$111.33	\$31.65	\$97.34
Family	\$159.32	\$45.12	\$148.40

**VISION** - There was an overall 15% decrease to the Vision Service Plan (VSP) premiums for the 2013 plan year with no changes to coverage levels. The new rate was reviewed and approved by the benefits committee. The APCD pays the full amount of employee only vision premiums. Any remaining premium is either paid through employee cafeteria dollars or picked up by the employee pursuant to their respective MOU.

The 2012 and 2013 monthly rates for vision benefits are as follows:

<b><u>VSP</u></b>	<b><u>2012 Rate</u></b>	<b><u>2013 Rate</u></b>
Employee only	\$7.23	\$6.15
Employee + spouse	\$10.66	\$9.06
Family	\$18.71	\$15.90

**FLEXIBLE BENEFITS PLAN** - The APCD maintains an IRS Section 125 plan that allows certain benefit premiums to be deducted from an employee's pay on a pre-tax basis. This plan also allows employees to set aside pre-tax monies for certain medical and dependent care expenses. There was no rate increase to maintain this plan for the 2013 plan year.

**LONG TERM DISABILITY** - The APCD provides extended wage replacement coverage for all its employees in a group long-term disability program, which was renewed with our current provider, The Standard. This is a disability plan that provides employees a benefit of 60% of earnings after a 60-day waiting period if he/she is disabled from their own occupation for up to two years, or any occupation up to age 65. There was no rate increase for the 2013 plan year.

**VOLUNTARY LIFE** - Our Voluntary Life product is offered through The Standard as well. There was no rate increase for 2013 and was subsequently renewed. This benefit is 100% employee funded.

**MANAGEMENT LIFE & ACCIDENTAL DEATH AND DISMEMBERMENT (AD&D)** - We provide additional group term life & AD&D insurance of \$20,000 for each management, supervisory, and confidential employee through The Standard; the APCO is provided with \$50,000 coverage. There was no rate increase for the 2013 plan year.

**SHORT TERM DISABILITY (STD)** - The STD policy provides short term wage replacement to cover non-industrial injuries and illness for the APCO and managers, as they do not participate in the State Disability Insurance program. There was no rate increase for the 2013 plan year.

**VOLUNTARY ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE** - The APCD offers employees the ability to purchase Voluntary AD&D Insurance through The Standard. This plan replaces the Personal Accident Insurance plan through AIG. This replacement benefit is being offered to the employees for plan year 2013 with a savings of 5.2% and a two-year rate guarantee. This benefit is 100% employee funded.

**CATASTROPHIC CARE PROGRAMS** - These are products offered through AFLAC that enable employees to voluntarily purchase portable catastrophic care programs in the event of a serious illness. Costs are fully funded by the employee and are based on age upon entry into the program and level of coverage desired.

**EMPLOYEE ASSISTANCE PLAN** - This is a benefit that offers a wide range of services to both APCD management and employees. Services range from face to face counseling with licensed professionals to telephonic consultations regarding personal finance issues. The Standard provides this service at no cost to the APCD or its employees.

#### **FISCAL IMPACT:**

The cost of additional APCD contribution, as approved by your Board on August 16, 2012, for the months of January through June 2013 benefit programs will be approximately \$7,500 for medical premiums and \$1,050 for dental premiums. There is no fiscal impact for all other benefits.