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## 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 2014.

### 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 15, 2013 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, 2014.

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;
- Renewed 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-TASC;

- Renewed Standard Insurance Company Long Term Disability benefit plan;
- Renewed Standard Insurance Company Voluntary Term Life benefit plan;
- Renewed Standard Insurance Company Management Life & Accidental Death & Dismemberment (AD&D) plan;
- Renewed Standard Insurance Company Short Term Disability coverage for the APCD's management employees;
- Renewed Standard Insurance Company AD&D plan for all employees;
- Renewed the Employee Assistance Plan through Horizon Health; and
- Renewed the AFLAC Supplemental Catastrophic Insurance programs.

**MEDICAL** – In order to receive lower premiums than would otherwise be made available to employees in a small group plan, in 2010 your Board adopted a resolution authorizing APCD participation in the Special District Risk Management Authority's (SDRMA) medical benefits program. Because of this action, employees saw an immediate reduction in premium cost and Blue Shield rates through SDRMA that have remained competitive. After conducting a thorough review of available plans within and outside of SDRMA, our benefits committee recommended renewing the Blue Shield HMO and PPO plans for the 2014 plan year at a 15.7% cost increase for the HMO plan and a 4% cost increase for the PPO plan.

The APCD applies \$371.26 towards the medical premium for the Supervisor's Group (SBCAPCDEA); all other groups have \$421.26 applied towards the medical premium. The remaining premium is either paid through employee cafeteria dollars or paid by the employee pursuant to their respective MOU.

The 2013 and 2014 monthly rates for medical benefits are as follows:

<b><u>Blue Shield – HMO</u></b>	<b><u>2013 Rate</u></b>	<b><u>2014 Rate</u></b>
Employee-only	\$623.17	\$721.14
Employee + spouse	\$1,248.36	\$1,444.32
Family	\$1,622.06	\$1,876.80
<b><u>Blue Shield – PPO</u></b>	<b><u>2013 Rate</u></b>	<b><u>2014 Rate</u></b>
Employee-only	\$415.11	\$431.46
Employee + spouse	\$830.22	\$862.92
Family	\$1,079.69	\$1,122.00

**DENTAL** – Our benefits committee reviewed the rates and benefits under other plans and recommended renewing the MetLife Dental HMO and PPO plans for the 2014 plan year with no increase to the HMO premiums and a 5.6% increase to the PPO plan.

The APCD applies \$38.88 towards the dental premium for all employees. The remaining premium is either paid through employee cafeteria dollars or paid by the employee pursuant to their respective MOU. The monthly rates for dental plans are as follows:

<b><u>MetLife - HMO</u></b>	<b><u>2013 Rate</u></b>	<b><u>2014 Rate</u></b>
Employee-only	\$15.83	\$15.83
Employee + spouse	\$30.08	\$30.08
Employee + child(ren)	\$31.65	\$31.65
Family	\$45.12	\$45.12

<b><u>MetLife – PPO</u></b>	<b><u>2013 Rate</u></b>	<b><u>2014 Rate</u></b>
Employee-only	\$38.88	\$41.07
Employee +1	\$79.12	\$83.57
Employee + child(ren)	\$97.34	\$102.82
Family	\$148.40	\$156.76

**VISION** – There was an overall 10% increase to the Vision Service Plan (VSP) premiums for the 2014 plan year. There was a slight increase in office co-pay, offset by an increase in coverage level and now allows for new glasses or contacts every 12 months as opposed to the previous 24 months. 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 paid by the employee pursuant to their respective MOU.

The 2013 and 2014 monthly rates for vision benefits are as follows:

<b><u>VSP</u></b>	<b><u>2013 Rate</u></b>	<b><u>2014 Rate</u></b>
Employee-only	\$6.15	\$6.79
Employee + spouse	\$9.06	\$10.55
Family	\$15.90	\$16.73

**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 dollars for certain medical and dependent care expenses. There was no rate increase to maintain this plan for the 2014 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, Standard Insurance Company. 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 2014 plan year.

**VOLUNTARY LIFE** – Our Voluntary Life product is offered through Standard Insurance Company as well. There was no rate increase for 2014 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 Standard Insurance Company; the APCO is provided with \$50,000 coverage. There was no rate increase for the 2014 plan year.

**SHORT TERM DISABILITY (STD)** –The STD policy through Standard Insurance Company provides short term wage replacement to cover non-industrial injuries and illnesses for the APCO and managers, as they do not participate in the State Disability Insurance program. There was no rate increase for the 2014 plan year.

**VOLUNTARY ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE** – The APCD offers employees the ability to purchase Voluntary AD&D Insurance through Standard Insurance Company. This plan is being offered to the employees for plan year 2014 and is in the second year of 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 the contracted level of coverage.

**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. Standard Insurance Company provides this service at no cost to the APCD or its employees.

**FISCAL IMPACT:**

APCD benefit contribution rates were determined in the Fiscal Year 2013/2014 budget, as approved by your Board on June 20, 2013. Premium increases to Blue Shield medical, MetLife dental and Vision Service Plan will be absorbed by employees pursuant to their respective MOUs. As such, there is no fiscal impact to the APCD budget from these actions.