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## Board Agenda Item

TO: Air Pollution Control District Board

FROM: Aeron Arlin Genet, Air Pollution Control Officer

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SUBJECT: Employee Insurance Plans and Programs

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### RECOMMENDATION:

Receive summary and rates of the employee insurance plans and programs for 2018.

### 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 17, 2017 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, 2018.

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 (EA), 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 benefits package that was authorized by the APCO:

- Renewed Blue Shield medical HMO and PPO plans;
- Enrolled in Delta Dental Medium Plan PPO;
- Renewed Vision Service Plan/ABD municipality pool to provide vision insurance;

- Renewed and amended IRS Section 125 plan with Benesyst-TASC;
- Renewed Optum Bank to offer Health Saving Accounts;
- 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 District’s management employees;
- Renewed Standard Insurance Company AD&D plan for all employees;
- Renewed Employee Assistance Plan through Standard; and
- Renewed 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 District 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 2018 plan year at a 3.0% cost increase for the HMO plan and a 5.1% cost increase for the PPO plan.

The District applies \$490.84 towards medical premium for Managers-Confidential/Unrepresented group; \$440.84 toward the medical premium for the Supervisor’s Group (EA); all other groups have \$535.50 applied toward the medical premium. The remaining premium is either paid through employee cafeteria dollars or paid by the employees pursuant to their respective MOUs.

A comparison of the 2017 and 2018 monthly rates for medical benefits are as follows:

<b><u>Blue Shield – HMO</u></b>	<b><u>2017 Rate</u></b>	<b><u>2018 Rate</u></b>
Employee-only	\$724.00	\$746.64
Employee + spouse	\$1,448.00	\$1,488.18
Family	\$1,884.00	\$1,933.92
<b><u>Blue Shield – PPO</u></b>	<b><u>2017 Rate</u></b>	<b><u>2018 Rate</u></b>
Employee-only	\$508.00	\$535.50
Employee + spouse	\$1,017.00	\$1,065.90
Family	\$1,322.00	\$1,384.14

**DENTAL** – Our benefits committee reviewed the rates and benefits under multiple plans and recommended adopting Delta Dental Medium Plan PPO plan for the 2018 plan year with a 9% decrease to the PPO plan compared with the United Concordia rates.

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

<b><u>Delta Dental Medium PPO</u></b>	<b><u>United Concordia 2017 Rate</u></b>	<b><u>2018 Rate</u></b>
Employee-only	\$41.80	\$40.60
Employee + spouse	\$80.37	\$73.34
Employee + child(ren)	\$84.84	\$73.34
Family	\$133.95	\$118.52

**VISION** – There was a 2.7% increase to the Vision Service Plan (VSP) premiums for the 2018 plan year. The District pays the full amount of employee-only vision premiums. Any remaining premium for family coverage is either paid through employee cafeteria dollars or paid by the employees pursuant to their respective MOUs.

The 2017 and 2018 monthly rates for vision benefits are as follows:

<b><u>VSP</u></b>	<b><u>2017 Rate</u></b>	<b><u>2018 Rate</u></b>
Employee-only	\$7.13	\$7.32
Employee + spouse	\$11.08	\$11.38
Family	\$17.57	\$18.05

**FLEXIBLE BENEFITS PLAN** – The District 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 2018 plan year.

**HEALTH SAVING ACCOUNTS (HSA)** – This is a product available to District staff that are currently enrolled in the Blue Shield PPO plan. HSAs are a tax-advantaged account established to pay for qualified medical expenses for those who are covered under an HSA qualifying high-deductible health plan (HDHP) and meet other IRS eligibility requirements. This plan allows employees to set aside pre-tax dollars for medical expenses. This benefit is 100% employee funded.

**LONG TERM DISABILITY** – The District 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 2018 plan year.

**VOLUNTARY LIFE** – The District Voluntary Life product is offered through Standard Insurance Company as well. There was no rate increase for 2018 and was subsequently renewed. This benefit is 100% employee funded.

**MANAGEMENT LIFE & ACCIDENTAL DEATH AND DISMEMBERMENT (AD&D)** – The District provides additional group term life and 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 2018 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 2018 plan year.

**VOLUNTARY ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE** – The District offers employees the ability to purchase Voluntary AD&D Insurance through Standard Insurance Company. There was no rate increase for 2018 and was subsequently renewed. 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 District 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 District or its employees.

#### **FINANCIAL IMPACT:**

The District benefit contribution rates were determined in the Fiscal Year 2017-18 budget, as approved by your Board on June 15, 2017. With the approval by your Board on October 19, 2017, District contribution to medical care was increased effective January 1, 2018 for ETA and SEIU employees. The contribution amounts will be effective pursuant to their respective MOUs. There is no fiscal impact from the other benefits.