

**Board Report**

File #: 2021-0426, **File Type:** Contract**Agenda Number:** 14.

**FINANCE, BUDGET AND AUDIT COMMITTEE
JULY 14, 2021****SUBJECT: GROUP INSURANCE PLANS****ACTION: APPROVE RENEWAL OF GROUP INSURANCE POLICIES****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to renew existing group insurance policies covering Non-Contract and AFSCME employees, including the life and disability coverage for Teamster employees, for the one-year period beginning January 1, 2022.

BACKGROUND

Our health insurance plans are part of the total compensation package that helps attract and retain qualified employees, as well as provide existing employees a foundation to maintain or improve health. Los Angeles County Metropolitan Transportation Authority (LACMTA), including the Public Transportation Services Corporation (PTSC), seeks to offer benefit plans that promote efficient use of health resources and are cost effective for the company and our employees.

DISCUSSION

The Non-Contract Group Insurance Plan, a flexible benefits program, was implemented in August 1994. Roughly 99% of the employees covered by the benefit plans are PTSC employees. On an annual basis, employees are encouraged to review their enrollment and may choose medical, dental, vision, supplemental life, long-term disability, and accidental death and dismemberment plans that meet their needs. Alternatively, employees may opt to waive medical and/or dental coverage and receive a taxable cash benefit, provided proof of other medical coverage is submitted and the employee does not obtain subsidized coverage from an exchange. Employees may also participate in the flexible spending accounts, a vehicle to pay for certain out-of-pocket healthcare and dependent care expenses on a pre-tax basis.

The overall premium cost is a 0.59% decrease for calendar year 2022. This reflects more than \$2.5 million in negotiated reductions from the initial renewal quotes. The recommended medical, dental, and vision premiums are shown on Attachment A. As previously established by the Chief Executive Officer, Non-Contract and AFSCME employees contribute 10% of the actual premium for each medical and dental plan selected. The monthly employee contributions are shown in Attachment B.

DETERMINATION OF SAFETY IMPACT

Approval of this item will have no impact on the safety of our patrons or employees.

FINANCIAL IMPACT

Funding for the Non-Contract and AFSCME group insurance plans is included in each department's FY22 budget and on the balance sheet for accrued retiree medical liabilities. Based on the current employee participation by plan, the estimated employer costs of \$55.4 million are within the adopted budget.

The COVID-19 pandemic has fundamentally disrupted the very fabric of our daily lives. We are striving to avoid further disruption that would result from provider and service changes and are therefore not recommending medical and dental plan design changes at this time.

EQUITY PLATFORM

Metro's group health insurance plans as discussed in this board report are part of a total compensation package offered by Metro. Employees who work 30 hours or more are eligible to enroll in a medical plan and other benefits. New employees are provided an orientation session and assistance in enrolling in their selected plan(s).

Currently 95.4% of employees in the Non-Contract and AFSCME classifications enroll in health benefits, with the remaining 4.6% choosing to waive coverage by providing proof they are covered under another plan. References are provided in the Benefits Enrollment Guide for CoveredCA.com and Healthcare.gov and we provide additional guidance on an individual basis when needed.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Recommendation supports strategic plan goal #5 "Provide responsive, accountable and trustworthy governance within the LA Metro organization." The responsible administration of Metro's Group Insurance Policies promote efficient use of health resources and are cost effective for the company and our employees.

ALTERNATIVES CONSIDERED

With the favorable renewal on the plans for 2022, it is recommended that the current plan designs be renewed, thereby avoiding provider access/disruption for 2022.

The Board could decide to self-insure and self-administer health benefits. However, this is not

recommended due to the resources required to establish the medical expertise and operational infrastructure required to review and process claims as well as the liability that would be assumed.

NEXT STEPS

- Conduct annual open enrollment for Non-Contract and AFSCME employees during November 2021.
- Implement elections effective January 1, 2022.

ATTACHMENTS

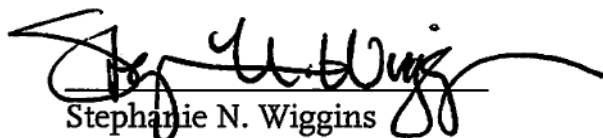
Attachment A - Monthly Premium Rates

Attachment B - Monthly Employee Contributions

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Stephanie N. Wiggins
Chief Executive Officer

Proposed Monthly Premium Rates

Provider	Coverage Option	CY 2021	CY 2022	%Change	Est # of Employees (1/1/22)
Blue Cross (PPO)	Single	\$1,404.51	\$1,287.95	-8.30%	256
	Couple	\$2,827.25	\$2,592.61	-8.30%	262
	Family	\$3,792.14	\$3,477.42	-8.30%	307
Blue Cross (HMO)	Single	\$775.57	\$825.58	6.45%	91
	Couple	\$1,628.68	\$1,733.69	6.45%	80
	Family	\$2,326.53	\$2,476.52	6.45%	163
Kaiser (HMO)	Single	\$621.38	\$680.53	9.52%	438
	Couple	\$1,242.75	\$1,361.06	9.52%	284
	Family	\$1,758.49	\$1,925.90	9.52%	493
Delta Dental (PPO)	Single	\$54.60	\$54.60	2.97%	511
	Couple	\$94.89	\$94.89	2.97%	564
	Family	\$142.58	\$142.58	2.97%	766
DeltaCare (DHMO)	Single	\$20.21	\$20.21	0.00%	87
	Couple	\$36.71	\$36.71	0.00%	64
	Family	\$54.32	\$54.32	0.00%	113
Dental Health Services (DHMO)	Single	\$16.82	\$16.82	0.00%	72
	Couple	\$32.60	\$32.60	0.00%	42
	Family	\$49.15	\$49.15	0.00%	101
Vision Service Plan	Single	\$9.99	\$9.99	0.00%	277
	Couple	\$14.45	\$14.45	0.00%	282
	Family	\$25.90	\$25.90	0.00%	465
Voluntary Waiver of Coverage:*					
Medical		\$252.00			114
Dental		\$36.00			93
* Waiver of Medical coverage requires proof of alternative coverage.					

Proposed Monthly Employee Contributions

Provider	Coverage Option	NC & AFSCME Employee Contribution (Current)	NC & AFSCME Employee Contribution (Proposed) Effective 1/1/22	Change
Blue Cross (PPO)	Single	\$140.00	\$129.00	-\$11.00
	Couple	\$283.00	\$259.00	-\$24.00
	Family	\$379.00	\$348.00	-\$31.00
Blue Cross (HMO)	Single	\$78.00	\$83.00	\$ 5.00
	Couple	\$163.00	\$173.00	\$10.00
	Family	\$233.00	\$248.00	\$15.00
Kaiser (HMO)	Single	\$62.00	\$68.00	-\$ 6.00
	Couple	\$124.00	\$136.00	-\$12.00
	Family	\$176.00	\$193.00	-\$17.00
Delta Dental (PPO)	Single	\$5.00	\$5.00	\$0.00
	Couple	\$9.00	\$9.00	\$0.00
	Family	\$14.00	\$14.00	\$0.00
DeltaCare (DHMO)	Single	\$2.00	\$2.00	\$0.00
	Couple	\$4.00	\$4.00	\$0.00
	Family	\$5.00	\$5.00	\$0.00
Dental Health Services (DHMO)	Single	\$2.00	\$2.00	\$0.00
	Couple	\$3.00	\$3.00	\$0.00
	Family	\$5.00	\$5.00	\$0.00
Vision Service Plan	Single	\$1.00	\$1.00	\$0.00
	Couple	\$1.00	\$1.00	\$0.00
	Family	\$3.00	\$3.00	\$0.00

Non-Contract and AFSCME Employees contribute 10% (rounded to whole dollar) towards their individually selected plan's medical and dental premiums