

**Board Report**

File #: 2024-0523, **File Type:** Contract**Agenda Number:** 16.

**FINANCE, BUDGET AND AUDIT COMMITTEE
SEPTEMBER 19, 2024****SUBJECT: GROUP INSURANCE PLANS****ACTION: APPROVE RECOMMENDATION****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer (CEO) to renew existing group insurance policies covering Non-Contract and AFSCME employees, including long-term disability coverage for Teamster employees, and life insurance for all full-time Metro employees, for the one-year period beginning January 1, 2025.

ISSUE

Existing group insurance policies covering Non-Contract and AFSCME employees, including long-term disability coverage for Teamsters and life insurance for all full-time Metro employees, end on December 31, 2024, and must be renewed on an annual basis. Renewal of the existing group insurance plan coverage, for the one-year period must be approved and in effect on January 1, 2025, to provide seamless group insurance coverage for Metro employees.

BACKGROUND

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. Metro's health insurance plans are part of the total compensation package that helps attract and retain qualified employees, as well as provide existing employees with 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

Employees who work 30 hours or more are eligible to enroll in a medical plan and other benefits. 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, and a vehicle to pay for certain out-of-pocket healthcare and dependent care expenses on a pre-tax basis. New employees are provided an orientation session and assistance in enrolling in their selected plan(s).

The overall health and dental premium cost will increase by 6.2% for calendar year 2025. Factors contributing to increased premium cost include a higher number of claims and specialty high-cost prescriptions drugs within the industry. In addition, inflation, supply chain disruptions, and labor shortages are also impacting cost.

The recommended medical, dental, and vision premiums are shown in Attachment A. 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. The life insurance for all full-time Metro employees and long-term disability plans for Teamster employees rates are guaranteed until January 1, 2026.

DETERMINATION OF SAFETY IMPACT

Approval of this recommendation will positively impact the safety of our workforce. The group insurance plans offer employees cost-effective and efficient access to health resources, ultimately contributing to their overall well-being.

FINANCIAL IMPACT

Funding for the Non-Contract and AFSCME group insurance plans, along with life insurance for all full-time Metro employees and long-term disability plans for Teamster employees, is included in each department's FY25 budget and on the balance sheet for accrued retiree medical liabilities. Based on the current employee participation by plan, estimated employer costs of \$76 million are within the adopted budget. Costs are allocated and funded via Metro's Federally approved Indirect Cost Allocation Plan and do involve the use of operating eligible funds.

Impact to Budget

Sources of funds will parallel the projects charged agency wide and will include operating and capital eligible funds encompassing sales tax, fares, federal, state and local funds.

EQUITY PLATFORM

Currently, 96% of employees in the Non-Contract, AFSCME, and Teamster classifications enroll in health benefits, with the remaining 4% choosing to waive coverage by providing proof they are covered under another plan. References are provided in the Benefits Enrollment Guide for [CoveredCA.com](http://coveredca.com/) <<http://coveredca.com/>> and [Healthcare.gov](http://healthcare.gov/) <<http://healthcare.gov/>>, and staff provides additional guidance on an individual basis when needed.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The 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 promotes efficient use of health resources and are cost effective for the company and our employees.

ALTERNATIVES CONSIDERED

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

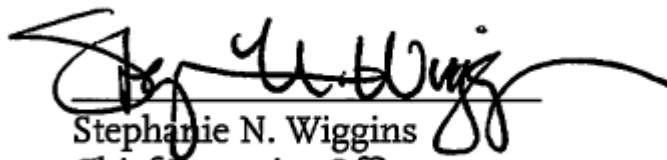
Metro will hold annual open enrollment during November 2024 and implement benefit elections effective January 1, 2025.

ATTACHMENTS

Attachment A - Proposed Monthly Premium Rates
Attachment B - Proposed Monthly Employee Contributions

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Chief Executive Officer

Proposed Monthly Premium Rates

Provider	Coverage Option	CY 2024	CY 2025	%Change	Est # of Employees (1/1/25)
Blue Cross (PPO)	Single	\$1,384.59	\$1,509.21	9.0%	299
	Couple	\$2,787.15	\$3,037.99	9.0%	308
	Family	\$3,738.34	\$4,074.79	9.0%	359
Blue Cross (HMO)	Single	\$1,052.79	\$976.46	-7.2%	93
	Couple	\$2,210.83	\$2,050.55	-7.2%	87
	Family	\$3,158.08	\$2,929.12	-7.2%	151
Kaiser (HMO)	Single	\$767.84	\$837.07	9.0%	584
	Couple	\$1,535.67	\$1,674.14	9.0%	317
	Family	\$2,172.97	\$2,368.91	9.0%	504
Delta Dental (PPO)	Single	\$65.46	\$65.46	0.0%	673
	Couple	\$113.76	\$113.76	0.0%	661
	Family	\$170.94	\$170.94	0.0%	841
DeltaCare (DHMO)	Single	\$20.21	\$20.21	0.0%	71
	Couple	\$36.71	\$36.71	0.0%	45
	Family	\$54.32	\$54.32	0.0%	75
Dental Health Services (DHMO)	Single	\$19.56	\$19.56	0.0%	43
	Couple	\$37.93	\$37.93	0.0%	35
	Family	\$57.18	\$57.18	0.0%	89
Vision Service Plan	Single	\$11.25	\$11.25	0.0%	450
	Couple	\$16.27	\$16.27	0.0%	460
	Family	\$29.15	\$29.15	0.0%	668
Voluntary Waiver of Coverage:*					
	Medical	\$277.00			164
	Dental	\$40.00			96
* Waiver of Medical coverage requires proof of alternative coverage.					

Proposed Monthly Employee Contributions

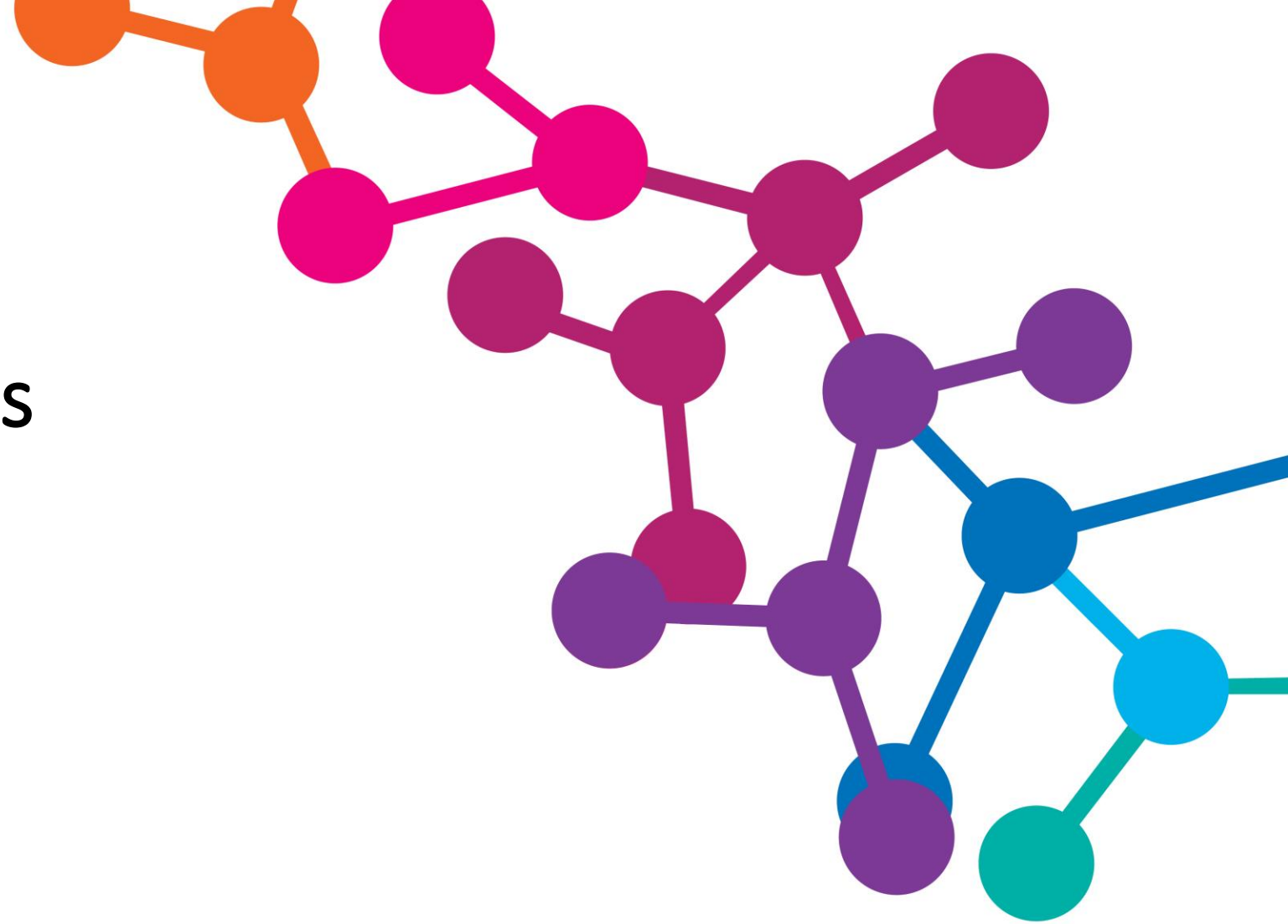
Provider	Coverage Option	NC & AFSCME Employee Contribution (Current)	NC & AFSCME Employee Contribution (Proposed) Effective 1/1/25	Change
Blue Cross (PPO)	Single	\$138.00	\$150.00	\$12.00
	Couple	\$279.00	\$303.00	\$24.00
	Family	\$374.00	\$407.00	\$33.00
Blue Cross (HMO)	Single	\$105.00	\$97.00	-\$8.00
	Couple	\$221.00	\$205.00	-\$16.00
	Family	\$316.00	\$292.00	-\$24.00
Kaiser (HMO)	Single	\$77.00	\$83.00	\$6.00
	Couple	\$154.00	\$167.00	\$13.00
	Family	\$217.00	\$236.00	\$19.00
Delta Dental (PPO)	Single	\$7.00	\$7.00	\$0.00
	Couple	\$11.00	\$11.00	\$0.00
	Family	\$17.00	\$17.00	\$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	\$2.00	\$2.00	\$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

Group Insurance Plans



Finance Budget & Audit Committee
September 19, 2024



Background

- Existing group insurance policies covering Non-Contract and AFSCME employees, including long-term disability coverage for Teamsters and life insurance for all full-time Metro employees, end on December 31, 2024, and must be renewed on an annual basis
- Renewal of the existing group insurance plan coverage, for the one-year period must be approved and in effect on January 1, 2025, to provide seamless group insurance coverage for Metro employees
- Roughly 99% of the employees covered by the benefit plans are PTSC employees
- Metro's health insurance plans are part of the total compensation package that helps attract and retain qualified employees

Group Insurance Plans



- Employees who work 30+ hours are eligible to enroll in a medical plan and other benefits
- The overall health and dental premium cost will increase by 6.2% for calendar year 2025
- Factors contributing to increased premium costs include:
 - ✓ higher number of claims
 - ✓ specialty high-cost prescriptions drugs
 - ✓ inflation
 - ✓ supply chain disruptions
 - ✓ labor shortages
- Non-Contract and AFSCME employees contribute 10% of the actual premium for each medical and dental plan selected
- The life insurance for all full-time employees and long-term disability plans for Teamster employees rates are guaranteed until January 1, 2026

Staff Recommendation

- Authorize the Chief Executive Officer (CEO) to renew existing group insurance policies covering Non-Contract and AFSCME employees, including long-term disability coverage for Teamster employees, and life insurance for all full-time Metro employees, for the one-year period beginning January 1, 2025

Next Steps

- Metro will hold annual open enrollment during November 2024 and implement benefit elections effective January 1, 2025