File #: 2026-0606, **File Type:** Contract **Agenda Number:** 21.

FINANCE, BUDGET, AND AUDIT COMMITTEE
SEPTEMBER 17, 2026

SUBJECT: GROUP INSURANCE PLANS

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

AUTHORIZE the Chief Executive Officer (CEO) to renew existing group insurance policies covering Non-Contract and American Federation of State, County and Municipal (AFSCME) employees, including long term disability coverage for Teamsters employees, and life insurance for all full-time Los Angeles County Metropolitan Transportation Authority (Metro) employees, for the one-year period beginning January 1, 2027 (Attachment A).

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, 2026, and must be renewed on an annual basis. Renewal of the existing group insurance plan coverage for a one-year period must be approved and in effect on January 1, 2027, to provide continuous seamless group insurance coverage for Metro employees.

BACKGROUND

The Non-Contract Group Insurance Plan, a flexible benefits program, was implemented in August 1994 with AFSCME joining in 1996. 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 their health. The Los Angeles County Metropolitan Transportation Authority, 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 agency and employees. Approximately 98% of eligible employees are covered by Metro's benefit plans.

DISCUSSION

Employees who work 30 hours per week 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 flexible spending accounts, a vehicle to pay for certain out-of-pocket healthcare and dependent care expenses on a pre-tax basis. New employees are provided with an orientation session and assistance in enrolling in their selected plan(s). Additionally, existing employees are also provided with information and outreach to assist them in making informed decisions or changes to their plan selections.

The overall group insurance premium cost will increase by 6.3% for calendar year 2027. Factors contributing to the additional premium costs include an increased number of high-dollar medical claims and the impact of inflation. The Delta Dental PPO/HMO, VSP and Long-Term Disability plans did not have a rate increase and will keep their current rates until January 1, 2028.

The recommended medical, dental, and vision premiums are shown on Attachment A. Non-Contract and AFSCME participants 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 positively impact the safety of our workforce. Metro's group insurance plans offer employees cost-effective and efficient access to health resources, ultimately contributing to their overall health and wellness.

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 Teamsters employees, is included in each department's FY27 budget and on the balance sheet for accrued retiree medical liabilities. Based on current employee participation by plan, estimated group insurance of $45.6M are within the FY27 adopted budget. Remaining costs will be budgeted through the annual budget process, as group insurance expenses are incurred on a calendar-year basis. These costs are allocated to departments based on budgeted FTEs.

Impact to Budget

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

EQUITY PLATFORM

Approximately 98% of Metro employees receive benefits under Metro's health plans. The Pension and Benefits department is committed to ensuring that employees have access to information and resources regarding group insurance plans and alternative healthcare options available. References are provided in the Benefits Enrollment Guide for CoveredCA.com <http://coveredca.com/> and Healthcare.gov <http://healthcare.gov/> and staff provide additional guidance on an individual basis as requested. Additionally, annual open enrollment training sessions are offered both in-person and online to ensure employees have the information they need to make informed decisions for continuous healthcare coverage. Employees may also access informational materials and forms online and are welcome to call the Pension and Benefits Department directly to receive personalized assistance. These efforts help promote equity and inclusion by ensuring that employees have direct access to information, understand, and utilize their healthcare benefits effectively.

VEHICLE MILES TRAVELED OUTCOME

VMT and VMT per capita in Los Angeles County are lower than national averages, the lowest in the SCAG region, and on the lower end of VMT per capita statewide, with these declining VMT trends due in part to Metro's significant investment in rail and bus transit.* Metro's Board-adopted VMT reduction targets align with California's statewide climate goals, including achieving carbon neutrality by 2045. To ensure continued progress, all Board items are assessed for their potential impact on VMT.

While this item does not directly encourage taking transit, sharing a ride, or using active transportation, it is a vital part of Metro operations, as Metro AFSCME and Non-Contract employees play an important role in the delivery of reliable, multi-modal transit service throughout Los Angeles County. Because the Metro Board has adopted an agency-wide VMT Reduction Target, and this item supports the overall function of the agency, this item is consistent with the goals of reducing VMT.

*Based on population estimates from the United States Census and VMT estimates from Caltrans' Highway Performance Monitoring System (HPMS) data between 2001-2019.

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 agency and its 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 for Non-Contract and AFSCME employees during November 2026 and implement benefit elections effective January 1, 2027.

ATTACHMENTS

Attachment A - Proposed Monthly Premium Rates

Attachment B - Proposed Monthly Employee Contributions

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ATTACHMENT A

Proposed Monthly Premium Rates

Provider	Coverage Option	CY 2026	CY 2027	%Change	Est # of Employees (1/1/27)
Anthem (PPO)	Single	$1,639.48	$1,834.57	11.9%	312
	Couple	$3,300.20	$3,692.93	11.9%	252
	Family	$4,426.49	$4,953.24	11.9%	367
Anthem (HMO)	Single	$1,005.76	$1,125.45	11.9%	107
	Couple	$2,112.07	$2,363.41	11.9%	95
	Family	$3,017.00	$3,376.02	11.9%	145
Kaiser (HMO)	Single	$969.71	$971.72	0.2%	736
	Couple	$1,939.42	$1,943.44	0.2%	257
	Family	$2,744.28	$2,749.97	0.2%	648
Delta Dental (PPO)	Single	$65.46	$65.62	0.2%	849
	Couple	$113.76	$114.04	0.2%	744
	Family	$170.94	$171.37	0.2%	936
DeltaCare (DHMO)	Single	$20.21	$20.21	0.0%	81
	Couple	$36.71	$36.71	0.0%	44
	Family	$54.32	$54.32	0.0%	69
Dental Health Services (DHMO)	Single	$20.15	$20.65	2.4%	49
	Couple	$39.05	$40.02	2.4%	24
	Family	$58.90	$60.37	2.4%	76
Vision Service Plan	Single	$11.25	$11.44	1.7%	388
	Couple	$16.27	$16.54	1.7%	428
	Family	$29.15	$29.64	1.7%	525
Voluntary Waiver of Coverage:*					
Medical		$304.00			250
Dental		$44.00			125

* 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 1/1/27	Change
Blue Cross (PPO)	Single	$164.00	$183.00	$19.00
	Couple	$330.00	$369.00	$39.00
	Family	$443.00	$495.00	$52.00
Blue Cross (HMO)	Single	$101.00	$113.00	$12.00
	Couple	$211.00	$236.00	$25.00
	Family	$302.00	$338.00	$36.00
Kaiser (HMO)	Single	$97.00	$97.00	$0.00
	Couple	$194.00	$194.00	$0.00
	Family	$274.00	$275.00	$1.00
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	$4.00	$4.00	$0.00
	Family	$6.00	$6.00	$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

Metro

Finance Budget & Audit Committee
September 17, 2026

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, 2026, and must be renewed on an annual basis

- Renewal of the existing group insurance plan coverage, for a one-year period must be approved and in effect on January 1, 2027, to provide seamless group insurance coverage for Metro employees

- Approximately 98% of employees are covered by Metro's benefit plans

- Metro's health insurance plans are part of the total compensation package that helps attract and retain qualified employees

Discussion

- 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 6.3% for calendar year 2027

- Factors contributing to additional premium costs include:
  - ✓ Increased number of high-dollar medical claims
  - ✓ Impact of inflation

- 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 Teamsters employee rates are guaranteed until January 1, 2028

Staff Recommendation

AUTHORIZE the Chief Executive Officer (CEO) to renew existing group insurance policies covering Non-Contract and American Federation of State, County and Municipal (AFSCME) employees, including long term disability coverage for Teamsters employees, and life insurance for all full-time Los Angeles County Metropolitan Transportation Authority (Metro) employees, for the one-year period beginning January 1, 2027.