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Board Agenda Item

TO: Air Pollution Control District Board

FROM: Terry Dressler, Air Pollution Control Officer

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SUBJECT: Renewal of Employee Insurance Plans and Programs

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 October 2009 hearing, this board delegated authority to the Air Pollution Control Officer to enter into and renew multiple employee benefit insurance plans that became effective January 1, 2010. The following summarizes the final benefit package that was authorized by the Air Pollution Control Officer.

- Renewed the Aetna Health Maintenance Organization (HMO) medical insurance agreement
- Renewed the Aetna Freedom of Choice dental plan
- Renewed the Vision Service Plan/ABD municipality pool to provide vision insurance
- Renewed the IRS Section 125 (cafeteria) plan with Benesyst
- Renewed the Standard Long Term Disability benefit plan
- Renewed the Standard Voluntary Term Life benefit plan
- Renewed the Standard Management Life & Accidental Death & Dismemberment (ADD) plan
- Renewed the Standard Short Term Disability coverage for our 5 management employees
- Terminated the Managed Health Network Employee Assistance plan

- Entered into an agreement with Standard Insurance to provide an Employee Assistance Plan through Horizon Health
- Renewed the AIG Voluntary Personal Accident benefit plan
- Renewed the AFLAC Supplemental Catastrophic Insurance programs

Major Medical

Our benefits committee reviewed the renewal rates offered by our current health insurance provider, Aetna, and is recommending renewing our Health Maintenance Organization (HMO) agreement with them to provide the APCD's major medical benefits. The HMO plan premiums increased by 24% for the 2010 calendar year. The APCD applies \$273.43 to the employee only premium for ETA members; \$352.49 to the employee only premium for SEIU members; and \$312.75 for the employee only premium for all other groups. The remaining premium is either paid through employee cafeteria dollars or picked up by employees pursuant to their respective Memorandum of Understandings (MOU's).

The 2009 and 2010 monthly renewal rates are as follows:

<u>Aetna – HMO</u>	<u>2009 Rate</u>	<u>2010 Rate</u>
Employee Only	\$451.00	\$559.24
Employee + one	\$989.45	\$1226.92
Family	\$1311.92	\$1626.78

Dental

The Aetna Dental plan premiums increased by 15.5% for the 2010 plan year. Our benefits committee reviewed the rates and benefits under the plan and has recommended renewing our agreement with Aetna.

Under the Aetna Preferred Provider Organization (PPO), employees are covered for diagnostic and preventative services at 100% of the PPO fee; basic and restorative services are covered at 80% of the PPO fee; major restorative services are covered at 50% of the PPO fee and; child orthodontia is covered at 50% of the PPO fee up to \$1,500 per calendar year. Under the non-PPO plan (out of network), employees are covered for diagnostic and preventative services at 100% of the Reasonable and Customary (R&C); basic and restorative services are covered at 60% of the R&C; major restorative services are covered at 40% of the R&C and; child orthodontia is covered at 50% of the R&C up to \$1,500 per calendar year.

In addition to traditional PPO structured benefits, employees will have the option to obtain services through a Dental Maintenance Organization (DMO). Employees obtaining services under the DMO option will only be responsible for a \$5 co-pay for most procedures.

The APCD applies \$21.21 to the employee only premium for ETA members; all other groups have \$27.50 applied towards the employee only premium for dental. The remaining premium is

either paid through employee cafeteria dollars or picked up by employees pursuant to their respective Memorandum of Understandings (MOU's). The monthly rates for dental are as follows:

	<u>2009 Rate</u>	<u>2010 Rate</u>
Employee Only	\$33.14	\$38.28
Employee + spouse	\$66.41	\$76.70
Employee + child(ren)	\$77.19	\$89.15
Family	\$110.46	\$127.58

Vision

The Vision Insurance plan premiums increased by 1% for the 2010 plan year. Staff is recommending renewing our policy with Vision Service Plan/ABD municipality pool (VSP).

<u>VSP</u>	<u>2009 Rate</u>	<u>2010 Rate</u>
Employee Only	\$7.02	\$7.09
Two Party	\$10.35	\$10.45
Family	\$18.17	\$18.34

Flexible Benefits Plan - The APCD maintains an IRS Section 125 plan which 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 monies on a pretax basis for eligible medical and dependent care expenses. There is no increase in the cost to maintain this plan for 2010.

Long Term Disability (LTD) - The APCD provides this coverage for all its employees in a group long-term disability program. 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. The current plan is provided through Standard Insurance and there is no rate increase for the 2010 calendar year.

Voluntary Life - Our Voluntary Life product is also offered through Standard Insurance. There is no rate increase for the 2010 calendar year. This benefit is 100% employee funded.

Management Life & Accidental Death & Dismemberment (ADD) - We provide group term life & AD&D insurance of \$20,000 for each management, supervisory, and confidential employee through Standard Insurance; the APCO is provided with \$50,000 coverage. There is no rate increase for the 2010 calendar year.

Short Term Disability (STD) - The STD policy provides short term wage replacement to cover non-industrial injuries and illness. The APCO and 4 managers do not participate in the State Disability Insurance program, therefore, staff recommends continuing this plan for these five employees. There is no rate increase for the 2010 plan year.

Personal Accident Insurance - We offer our employees the ability to purchase Personal Accident Insurance through AIG. As the Personal Accident plan is a difficult program design to replace, staff is recommending this program be renewed with AIG. 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 level of coverage desired.

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. We have entered into an agreement with Standard Insurance to provide this service through Horizon Health. Because the APCD carries multiple product lines through the Standard this benefit will be provided at no cost.

Fiscal Impact

There are no increases to APCD contributions for our benefit programs for 2010. Switching our Employee Assistance Plan to the Standard will result in an annual savings of \$3,623. Employees will absorb 100% of the increases associated with the Medical, Dental, and Vision plans in accordance with their respective MOUs. Thus, the total fiscal impact to the APCD from this action totaled an annual savings of \$3,623.