

November 2, 2017

Board of Directors
Ventura Regional Sanitation District
Ventura, California

CONSIDER AND APPROVE 2018 BENEFITS OPEN ENROLLMENT; AUTHORIZE STAFF TO ENTER INTO NEW INSURANCE PLAN CONTRACTS

RECOMMENDATION

It is recommended that the Board of Directors:

- A. Approve the following insurance plans to be offered effective January 1, 2018:
 - 1. United Concordia PPO Dental Plan
 - 2. United Concordia DHMO Dental Plan
 - 3. Guardian Voluntary Term Life Plan
- B. Approve offering the Section 125 Cafeteria Plan Health Flexible Spending Account and Dependent Care Flexible Spending Account programs through BASIC up to, and in compliance with, the Internal Revenue Service established limits.
- C. Authorize staff to enter into new contracts with providers listed in Recommendation A, above.

FISCAL IMPACT

The District's contributions toward the Section 125 Cafeteria Plan are established in union MOUs and Board Resolutions. Effective January 1, 2018, the monthly CalPERS Minimum Employer Contribution is increasing from \$128 per employee to \$133 per employee. When the FY 2017-2018 Budget was adopted, an estimated expense of \$131 was included. The additional \$2 for January through June 2018 will likely be offset by employees who are waiving benefits. A budget adjustment for FY 2017-2018 is not necessary.

BACKGROUND/ANALYSIS

Summary

The Ventura Regional Sanitation District's medical, dental, vision, Life/Accidental Death & Dismemberment (AD&D), and Long Term Disability (LTD) insurance and employee assistance program (EAP) are due for renewal on January 1, 2018. On September 29, 2017, staff met with the Insurance Committee, comprised of representatives from SEIU Local 721, IUOE Local 501, and independently represented employees to review

premiums brought forth by our broker, JHC Benefits (JHC). Based on that meeting, the following recommendations were made:

- Remain with CalPERS medical
- Change the Preferred Provider Organization (PPO) dental plan carrier from MetLife to United Concordia
- Change the Dental Health Maintenance Organization (DHMO) dental plan carrier from MetLife to United Concordia
- Remain with VSP vision
- Remain with MetLife Life/AD&D insurance
- Change Voluntary Term Life/AD&D from MetLife to Guardian
- Remain with Lincoln Financial LTD Insurance
- Remain with Anthem-Blue Cross Employee Assistance Program (EAP)
- Change the Section 125 Cafeteria Plan Health Flexible Spending Account and Dependent Care Flexible Spending Account administrator from Conexis to BASIC

The District's medical insurance is provided through CalPERS. These rates are set by the CalPERS Board of Directors and the Open Enrollment dates are set by CalPERS. This year the Open Enrollment dates were September 11, 2017 through October 9, 2017.

The rates for the various medical insurance offered through CalPERS are attached for your information. Additionally, the 2018 mandatory employer contribution to CalPERS increased from \$128 per employee to \$133 per employee.

VRSD's dental, vision, LTD, and Life/AD&D insurance are due for renewal on January 1, 2018. The District's Insurance Broker, Joe Hernandez of JHC, was asked to research and apprise staff of renewal alternatives. Quotes were solicited from a minimum of three carriers for each type of insurance.

The District offers employees a choice in dental coverage. The current provider of the PPO and DHMO plans is MetLife. This year, the renewal rates from MetLife represented an increase of approximately 14%. After reviewing other options available to the District, the plans through United Concordia were shown to have equal coverage, yet reflected a reduced premium in all categories from the 2017 premiums, with the exception of employee + spouse.

The District offers vision insurance through VSP. The rates for 2018 will remain the same as 2017 and still remain competitive with other vision insurance providers.

The District's Life/AD&D insurance carrier is MetLife. There will be no changes for this plan. The voluntary term life coverage will be moved from MetLife to Guardian.

In addition to the State Disability Insurance currently offered, the District also offers optional LTD insurance. Currently, the LTD is provided through Lincoln Financial, and JHC was unable to obtain a feasible bid from any other carrier due to our low enrollment in this program. Staff recommends that the District continue to offer optional long-term disability insurance through Lincoln Financial.

The District's EAP program is administered by Anthem-Blue Cross and provides access to counseling referral services, crisis intervention assistance, legal and financial consultations, child/elder care resources, free identity monitoring, and six hours of onsite training services per year.


VRSD provides a Section 125 Cafeteria Plan with a Health Flexible Spending Account and a Dependent Care Flexible Spending Account, which are administered by Conexus. We had received complaints in regards to difficulty in having claims processed timely or denied from our current carrier. Therefore, in an effort to better provide this tax-advantaged benefit that employees can take advantage of, we are recommending moving to BASIC.

The Insurance Committee reviewed the insurance alternatives and agreed on the recommendations submitted to the Board for final approval.

All of the benefits detailed herein are established in MOUs and Board Resolutions, and the annual review process with the Insurance Committee merely ensures that the District is receiving the best available cost for the stated benefits.

This letter has been reviewed by Legal Counsel as to form.

If you should have any questions or need additional information, please contact me by phone at (805) 658-4645 or via email at MelissaGrisales@vrsd.com.

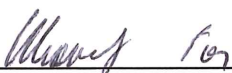


MELISSA GRISALES, HUMAN RESOURCES MANAGER

APPROVED FOR BUDGET IMPACT: _____


Carlos Corrales, Director of Finance

APPROVED FOR AGENDA: _____


Chris Theisen, General Manager

Attachments: 2018 CalPERS Medical Premiums

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2018 CalPERS Medical Premiums

| MEDICAL PREMIUMS (Monthly) | | | |
|-------------------------------------|---------------|--------------|----------------------|
| | Employee Only | Employee + 1 | Employee + 2 or More |
| PPOs | | | |
| PERS Choice | \$487.39 | \$1,107.78 | \$1,480.01 |
| PERS Select | \$440.21 | \$1,013.42 | \$1,357.35 |
| PERS Care | \$540.73 | \$1,214.46 | \$1,618.70 |
| HMOs | | | |
| Anthem HMO Select | \$527.17 | \$1,187.34 | \$1,583.44 |
| Anthem HMO Traditional | \$651.72 | \$1,436.44 | \$1,907.27 |
| BSC Access+ | \$480.29 | \$1,093.58 | \$1,461.55 |
| Health Net Salud y Mas ^d | \$271.32 | \$675.64 | \$918.23 |
| Health Net SmartCare ^d | \$444.15 | \$1,021.30 | \$1,367.59 |
| Kaiser Permanente | \$509.70 | \$1,152.40 | \$1,538.02 |
| United Health Care | \$469.78 | \$1,072.56 | \$1,434.23 |

2018 United Concordia Dental Premiums

| DENTAL PREMIUMS (Monthly) | | | | |
|---------------------------|---------------|-------------------|-----------------------|-------------------|
| | Employee Only | Employee + Spouse | Employee + Child(ren) | Employee + Family |
| United Concordia PPO | \$48.40 | \$115.60 | \$118.90 | \$189.40 |
| United Concordia DHMO | \$12.50 | \$25.00 | \$25.40 | \$37.80 |

2018 VSP Vision Premiums

| VISION PREMIUMS (Monthly) | | | | |
|---------------------------|---------------|-------------------|-----------------------|-------------------|
| | Employee Only | Employee + Spouse | Employee + Child(ren) | Employee + Family |
| VSP Vision | \$8.30 | \$14.21 | \$14.51 | \$23.39 |

2018 Long Term Disability (LTD) Premiums

| Lincoln | Per \$100 of monthly covered payroll |
|--|---|
| LTD begins at 6 months and replaces 60% of earnings to a maximum of \$6,000 per month. LTD premiums are Employee paid. | <div>< 40 \$0.264</div> <div>40-59 \$1.056</div> <div>60-99 \$1.199</div> |

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