

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
3	12/10/18	Open	Action	11/28/18

Subject: Approve 2019 Health and Welfare Renewals, Rescinding Resolution No. 17-12-0170, and Approving Amendment No. 14 to the Agreement with Delta Dental

ISSUE

Whether or not to approve the 2019 Health and Welfare Renewals, rescind Resolution No. 17-12-0170, and approve Amendment No. 14 to the Agreement with the Delta Dental.

RECOMMENDED ACTION

Adopt Resolution No. 18-12-____, Approving the 2019 Health and Welfare Renewals, Rescinding Resolution No. 17-12-0170, and Approving Amendment No. 14 to the Agreement with Delta Dental.

FISCAL IMPACT

Budgeted:

Budget Source: Operating

Funding Source: Operating

Total FY Increase 2019: \$132.86*

Cost Cntr/GL Acct(s) or Capital Project #: Various CC, GL:520004

* This is the increase to the Fiscal Year (FY) 2019 budget for the GL referenced above. Savings from other salary and benefit costs will be used to cover the unbudgeted increase.

DISCUSSION

Each year, SacRT must determine whether to continue its current insurance benefit policies with its current benefit providers. The following is a summary of the results of the 2019 renewal process. Attachment 1 contains an Executive Summary prepared by SacRT's benefit broker, Keenan and Associates ("Keenan"), providing details on all the renewal information. The rates are renewed on a calendar year basis as opposed to how funds are budgeted on a fiscal year basis.

In addition, an error has been identified in the 2018 renewals that should be corrected. Resolution 17-12-0170 delegated authority to the General Manager/CEO to approve Amendment No. 12 to the Contract with Delta Dental. The amendment was actually the 14th Amendment to the Delta Dental Contract. Staff recommends rescinding Resolution No. 17-12-0170 and approving Amendment No. 14 to the Agreement with Delta Dental with an effective date of January 1, 2018.

Approved:

Presented:

Final 11/29/18

General Manager/CEO

Pension and Retiree Services Administrator

J:\Board Meeting Documents\2018\16 December 10, 2018\2019 Health and Welfare Renewal IP and 2018 correction.doc

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
3	12/11/17	Open	Action	11/28/17

Subject: Approve 2019 Health and Welfare Renewals, Rescinding Resolution No. 17-12-0170, and Approving Amendment No. 14 to the Agreement with Delta Dental

Dental:

Current rates and benefits for all employees enrolled in the Delta Dental PPO and DHMO plans will remain the same for the 2019 plan year. The rates are in the second year of a two-year rate guarantee. The next renewal will be effective January 1, 2020.

Vision:

The 2019 renewal was a rate pass with two-year rate guarantee. Current rates and benefits for all employees enrolled in the Vision Service Plan (VSP) Basic or Enhanced plans will remain the same for the 2019 and 2020 plan years. The next plan renewal will be January 1, 2021. Associated costs have been included in the FY19 budget.

Flexible Spending Account (FSA) and COBRA Administration:

Effective January 1, 2014, SacRT entered into a Contract with FlexPlan, now Navia Benefits, to administer its FSA accounts. The relationship has progressed well and SacRT staff intends to continue to engage Navia Benefit Solutions as its vendor of choice. The rate of \$4.25 per participant will continue for the 2019 plan year and these costs have been included in the FY19 budget. The contract with Navia Benefits is an evergreen contract meaning that it continues in force indefinitely, but may be terminated with a 30 day notice of cancellation.

Life Insurance/Accidental Death & Dismemberment (AD&D) Insurance:

Effective January 1, 2016, SacRT entered into an Agreement with The Hartford to provide Life Insurance/Accidental Death & Dismemberment (AD&D) Insurance and Long Term Disability (LTD) Insurance. The relationship has progressed well this year, and employees and SacRT are happy with the service provided by The Hartford Life Insurance Company. The 2019 renewal for the Basic Life resulted in a reduction of approximately 11.7% in total premium. The current rate of \$0.30/\$1,000 was reduced to \$0.26/\$1,000. The Dependent Life and Supplemental Life & AD&D rates renewed with no increase in rates. The Long Term Disability plan received an increase of approximately 43% due to the change in demographics of the employees covered under the plan. The rate of \$0.185 per \$100 of covered payroll increased to \$0.265 per \$100 covered payroll. The decrease in the Basic Life total premium offset the increase in the Long Term Disability total premium resulting in a net savings of approximately \$58 per month in premium. All rates are guaranteed for two years. The next plan renewal will be January 1, 2021.

Staff requests that the SacRT Board approve the 2019 renewals, rescind Resolution No. 17-12-0170, and approve Amendment No. 14 to the Agreement with Delta Dental, with an effective date of January 1, 2018.



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Sacramento Regional Transit District
 2019 Health & Welfare Renewal
 Executive Summary

On behalf of Sacramento Regional Transit District, Keenan & Associates is pleased to present the 2019 renewal overview for the ancillary benefit plans.

Renewal and Marketing Objectives

Keenan's primary goal continues to negotiate and provide Sacramento Regional Transit District with ancillary benefit programs that are affordable and have multi-year rate guarantees which will provide predictability in rates and benefit designs.

Dental and Vision Care Trends

Keenan & Associates is forecasting the following Trend increases for Dental and Vision benefits:

<u>Dental</u>	<u>Vision</u>
PPO – 5.0%	3.0%
Prepaid – 5.0%	

Affordable Care Act (ACA)

ACA continues to have direct impacts to the offering of employee benefits. Keenan & Associates will continue to provide webinars, Briefings and any applicable updates to assist RT with on-going compliance of ACA.

Delta Dental

Current rates and benefits for all employees enrolled in the Delta Dental PPO and DHMO plans will remain the same for the 2019 plan year. The rates are in the second year of a two-year rate guarantee. The next renewal will be effective January 1, 2020.

VSP

The 2019 renewal was a rate pass with another two-year rate guarantee. Current rates and benefits for all employees enrolled in the VSP Basic or Enhanced plans will remain the same for the 2019 plan year. The next plan renewal will be January 1, 2021.

The Hartford

The 2019 renewal for the Basic Life resulted in a reduction of approximately 11.7% in total premium. The current rate of \$0.30/\$1,000 was reduced to \$0.26/\$1,000. The Dependent Life and Supplemental Life & AD&D rates renewed with no increase in rates. The Long Term Disability plan received an increase of approximately 43% due to the change in demographics of the employees covered under the plan. The rate of \$0.185 per \$100 of covered payroll increased to \$0.265 per \$100 covered payroll. The decrease in the Basic Life total premium offset the increase in the Long Term Disability total premium resulting in a net savings of approximately \$58 per month in premium. All rates are guaranteed for two years. The next plan renewal will be January 1, 2021.

Flexible Spending Account

The current rate of \$4.25 per participant will remain the same for the 2019 plan year.

Summary

We appreciate the long-term partnership we've had with Sacramento Regional Transit District and look forward to working with the District during the next plan year. We will continue to work with the current lines of coverage while keeping the District informed of new regulations and changes that affect the employee benefits offered to District employees.

Sincerely,



Stacey Comerchero
Sr. Account Manager

RESOLUTION NO. 18-12-_____

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

December 10, 2018

**APPROVING THE 2019 HEALTH AND WELFARE RENEWALS, RESCINDING
RESOLUTION NO. 17-12-0170, AND APPROVING AMENDMENT NO. 14 TO THE
AGREEMENT WITH DELTA DENTAL**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE
SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Board hereby approves the 2019 Health and Welfare Renewals for dental coverage with Delta Dental, vision coverage with Vision Service Plan, flexible spending account management with Navia Benefits, life insurance and long term disability insurance with The Harford Life Insurance Company;

THAT, the Board hereby rescinds Board Resolution No. 17-12-0170;

THAT, the Board hereby approves Amendment No. 14 to the Agreement with Delta Dental for dental coverage, effective January 1, 2018; and

THAT, the Board hereby authorizes the General Manager/CEO to fill out, execute and submit any and all forms, applications, documents and agreements necessary to effectuate the renewal of all insurance coverages herein approved and to execute Amendment No. 14 to the Agreement with Delta Dental.

PATRICK KENNEDY, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary