

STAFF REPORT

DATE: December 12, 2022
TO: Sacramento Regional Transit Board of Directors
FROM: David Topaz, VP, Employee Development and Engagement
SUBJ: APPROVING THE RENEWAL OF ALL SACRT HEALTH AND WELFARE BENEFITS FOR 2023

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

The effect of the Board approving the renewal of all of the Health and Welfare insurance coverages is that employees will continue to receive the health and welfare benefits described below in accordance with SacRT's collective bargaining agreements and employment contracts.

FISCAL IMPACT

Total Fiscal Year (FY) 2023 increase will be \$86,084.46. Savings in other General Ledger Accounts will be used to cover these costs.

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 2023 renewal process. Attachment 1 contains an Executive Summary prepared by SacRT's benefit broker, Keenan and Associates, 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.

Dental

The Delta Dental PPO and Delta HMO plans both renewed with a pass rate. Current rates and benefits for all employees enrolled remain the same for the 2023 plan year. The next plan renewal will be January 1, 2024.

Vision

Current rates for all employees enrolled in the VSP Basic or Enhanced Plan will remain the same for the 2023 plan year. This is the first year of a three-year rate guarantee. The next plan renewal will be January 1, 2026.

Life Insurance/Accidental Death & Dismemberment (AD&D)/Long Term Disability (LTD) Insurance

Effective January 1, 2023, the District increased the coverage amount for specific classes and the overall Basic Dependent Life Benefit in order to remain competitive with the benefit provided by other comparable agencies. SacRT has not increased this benefit since 1987. These benefit changes resulted in a slight decrease to the current Basic Life rate from \$0.265/\$1,000 to \$0.254/\$1000 of coverage. There was no change in the Basic Accidental Death & Dismemberment (AD&D) rate. There was a significant increase in the Basic Dependent Life rate from \$0.48 per unit to \$3.18 per unit. The rates remain unchanged for the Voluntary Life and Long Term Disability (LTD) plans. The decrease in the Basic Life premium and the increase in the Basic Dependent Life premium results in an increase of \$86,084.46 for FY 2023. The next plan renewal will be January 1, 2024.

Flexible Spending Account (FSA) and COBRA Administration

The current rate of \$4.40 per month per participant will increase to \$4.55 per participant for calendar year 2023, which is a rate increase of \$297.00 for FY 2023. The contract with Navia Benefits Solutions is an evergreen contract meaning that it continues in force indefinitely but may be terminated with a 30-day notice of cancellation.

Employee Assistance Program

In July 2021, SacRT entered into a contract with Optum, for with a three-year rate guarantee. Current rates will remain the same for the 2023 plan year. This is the second year of a three-year rate guarantee. The next plan renewal will be July 1, 2024.



10860 Gold Center Drive, Suite 350, Rancho Cordova, CA 95670

916-859-4900 phone | 916-859-7166 fax

Keenan & Associates | CA License #0451271

Sacramento Regional Transit District
2023 Health & Welfare Renewal
Executive Summary

On behalf of Sacramento Regional Transit District, Keenan & Associates is pleased to present the 2023 renewal overview for the ancillary benefit plans.

Renewal and Marketing Objectives

Keenan's primary goal has been and will continue to be negotiating on behalf of Sacramento Regional Transit District in order to provide ancillary benefit programs that bring value to the employees while being affordable and include multi-year rate guarantees in order to provide stability to the rates.

Dental and Vision Care Trends

Keenan & Associates is forecasting the following dental and vision trend increases for the third year in a row:

<u>Dental</u>	<u>Vision</u>
PPO – 5.0%	3.0%
Prepaid – 4.0%	

Delta Dental

The current Delta Dental PPO and DHMO rates are going into the second year of a two-year rate guarantee that started January 1, 2022. All rates and benefits will remain the same until the next renewal effective January 1, 2024.

VSP

The VSP Vision Base, Buy-Up Option 1 and Buy-Up Option 2 plans renewed with a rate pass and a 3-year rate guarantee with benefit enhancements including but not limited to higher frame and contact lens allowances on the Base plan and VSP's LightCare program on Buy-Up Option 1 and Buy-Up Option 2 plans. All current rates will remain the same until the next renewal effective January 1, 2026.

The Hartford

The District increased the coverage amount for specific classes and the overall Basic Dependent Life Benefit. These benefit changes resulted in a slight decrease to the Basic Life rate from \$0.265 per \$1,000 of coverage to \$0.254 per \$1,000 of coverage, no change in the Basic Accidental Death & Dismemberment (AD&D) rate of \$0.031 per \$1,000 of coverage and a significant increase in the Basic Dependent Life rate from \$0.48 per unit to \$3.18 per unit. The benefits for the Voluntary Life and Long-Term Disability (LTD) plans were not changed. The rates for the Basic Life/AD&D, Voluntary Life and LTD plans will remain the same until the next renewal effective January 1, 2024.

Flexible Spending Account

Navia Benefits administration had a slight increase from \$4.40 per participant per month to \$4.55 per participant per month for the 2023 plan year. Although a request was made to Navia for a rate pass, Navia declined the request.

Optum EAP

The current Employee Assistance Program (EAP) rates are going into the second year of a three-year rate guarantee that started July 1, 2021. All rates and benefits will remain the same until the next renewal effective July 1, 2024.

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 2023 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,

Chris Jordan

Chris Jordan
Account Executive
Employee Benefits

RESOLUTION NO. 2022-12-137

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

December 12, 2022

APPROVING THE RENEWAL OF ALL SACRT HEALTH AND WELFARE BENEFITS FOR 2023

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

THAT, the Board hereby approves the 2023 Health and Welfare Renewals for dental coverage with Delta Dental, vision coverage with Vision Services Plan, life insurance and long-term disability insurance with The Hartford Life Insurance Company, flexible spending account management with Navia Benefit Solutions, and employee assistance program services with Optum; 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.

STEVE MILLER, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Tabetha Smith, Assistant Secretary