

STAFF REPORT

DATE: December 11, 2023
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 2024

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

The effect of the Board approving the renewal of all 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

The total Fiscal Year (FY) 2024 increase will be \$15,809.88. The cost of this increase is included in the approved FY 2024 Operating Budget.

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 2024 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 and a 2-year rate guarantee. Current rates and benefits for all employees enrolled remain the same for the 2024 plan year. The next plan renewal will be January 1, 2026.

Vision

Current rates for all employees enrolled in the VSP Basic or Enhanced Plan will remain the same for the 2024 plan year. This is the second 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

The current Hartford Basic Life rates will renew with a 13.7% increase, which will result in an increase to the Basic Life rate from \$0.254/\$1000 to \$0.289/\$1000 of coverage. The current Long-Term Disability (LTD) rate will renew with a rate reduction, resulting in a decrease of rate from \$0.265/\$1000 to \$0.239/\$1000 of coverage. The rates remain unchanged for Basic Dependent Life, Supplemental Employee Life, Standalone AD&D, and Supplemental Dependent Life. The increase in the Basic Life premium and the decrease in the Long-Term Disability premium results in an increase of \$15,809.88 for FY 2024. The next plan renewal will be January 1, 2027.

Flexible Spending Account (FSA) and COBRA Administration

Current rates for all employees will remain the same for the 2024 plan year. 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, with a three-year rate guarantee. This is the third year of a three-year rate guarantee. Current rates will remain the same through June 30, 2023, which is when the current contract with Optum expires. t



Sacramento Regional Transit District
2024 Health & Welfare Renewal
Executive Summary

On behalf of Sacramento Regional Transit District, Keenan & Associates is pleased to present the 2024 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:

<u>Dental</u>	<u>Vision</u>
PPO – 6%	3%
Prepaid – 3%	

Delta Dental

A dental marketing was conducted to review PPO and DHMO alternatives, focusing on provider availability and increased annual maximum benefits. It was determined that the current plans continue to offer the most robust network of providers and that annual maximum utilization did not substantiate a change in benefits. The District decided to renew both plans as-is.

The Delta Dental PPO and DHMO rates are renewing with a rate pass and a 2-year rate guarantee. All rates and benefits will remain the same until the next renewal occurring January 1, 2026.

VSP

The VSP Vision Base, Buy-Up Option 1 and Buy-Up Option 2 plans will renew with a rate pass as they are in the middle of a rate guarantee. All current rates will remain the same until the next renewal occurring January 1, 2026.

The Hartford

The current Hartford Basic Life rates will renew with a 13.7% increase, which Keenan was able to successfully negotiate down from the initially proposed increase of 20%. This will result in an increase to the Basic Life rate from \$0.254 per \$1,000 of coverage to \$0.289 per \$1,000 of coverage, with the new rate guaranteed for 3-years. The current Long-Term Disability (LTD) rate will renew with a rate reduction, resulting in a decrease of rate from \$0.265 per \$100 of coverage to \$0.239 per \$100 of coverage, also guaranteed for 3-years. The rates for Basic Dependent Life, Supplemental Employee Life, Standalone AD&D, and Supplemental Dependent Life will renew with a rate pass and rates guaranteed for 3-years until January 1, 2027.

Flexible Spending Account

Navia Benefits administration will renew with a rate pass and the administration fee will remain at \$4.55 per participant per month for the 2024 plan year.

Optum EAP

The current Employee Assistance Program (EAP) rates are going into the final 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 2024 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,

Robin Neer

Robin Neer
Senior Account Executive
Employee Benefits

RESOLUTION NO. 2023-12-117

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

December 11, 2023

APPROVING THE RENEWAL OF ALL SACRT HEALTH AND WELFARE BENEFITS FOR 2024

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 2024 Health and Welfare Renewals for dental coverage with Delta Dental, vision coverage with Vision Service 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.

PATRICK KENNEDY, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Tabetha Smith, Assistant Secretary