

# ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



## STAFF REPORT

**MEETING DATE:** 12/14/2022

**Staff Report No. 22-638**

**TO:** AC Transit Board of Directors  
**FROM:** Michael A. Hursh, General Manager/Chief Executive Officer  
**SUBJECT:** Annual Health Care Renewal Rates

### ACTION ITEM

**AGENDA PLANNING REQUEST:**

**RECOMMENDED ACTION(S):**

Consider authorizing the General Manager to enter into contracts and approve annual renewal rates for Kaiser Permanente, Health Net, Vision Service Plan, MetLife Dental and Standard Life Insurance.

Staff Contact:  
Sebron Flenaugh III, Executive Director of Human Resources

**STRATEGIC IMPORTANCE:**

Goal - High-Performing Workforce  
Initiative - Employee Recruitment, Training and Retention

Providing comprehensive benefits allows the District to attract and retain a high performing and healthy workforce.

**BUDGETARY/FISCAL IMPACT:**

The execution of the health care renewals is anticipated to cost \$60,383,341. Health care expense is included in the adopted FY 2022-23 operating budget based on existing rates, these new rates will be used to update the budget if necessary via the mid-year adjustment for the remainder of the fiscal year. The new rates will also be used for development of the following FY 2023-24 budget.

**BACKGROUND/RATIONALE:**

**Kaiser Permanente**

Kaiser Permanente is offering the District a 4.40% increase in active Union and Management employee rates effective January 1, 2023 - December 31, 2023. Kaiser Permanente premiums are provided in Attachment 1.

**Health Net**

Health Net is offering the District a 7.90% increase in active Union and Management employee rates effective January 1, 2023 - December 31, 2023. Health Net premiums are provided in Attachment 2.

**MetLife Dental**

The District is currently self-funded for the MetLife Preferred Provider Organization (PPO) Plan. There are two renewal components for a self-funded dental plan: administrative costs, which are fixed and premium funding rates which are set each year depending on average utilization of dental services. The administrative monthly fee will remain the same at \$5.66 per employee. Alliant, the District's Employee Benefits Brokerage Firm, recommends that the District maintain current funding rates. MetLife dental premiums are provided in Attachment 3.

**Vision Service Plan**

The District contracts with Vision Service Plan (VSP) to provide vision benefits. The District's VSP rates will remain the same. VSP premiums are provided in Attachment 4.

**Standard Life and Disability Insurance**

The District contracts with Standard Insurance for life, accidental death and dismemberment and disability insurance. The District's Standard Life Insurance rates will remain the same. Standard Life and Disability Insurance premiums are provided in Attachment 5.

**ADVANTAGES/DISADVANTAGES:**

The renewal of the District's health care contracts ensures continuity of benefits for District employees and retirees.

**ALTERNATIVES ANALYSIS:**

District staff and the Unions will work together to form a Health Care Committee to review current health plans to explore options to control health care costs.

**PRIOR RELEVANT BOARD ACTION/POLICIES:**

The Board of Directors approved contract renewal for Kaiser Permanente, Health Net, Vision Services Plan, MetLife Dental and Standard Life Insurance Plans per SR 22-311 on May 25, 2022.

**ATTACHMENTS:**

1. Kaiser Permanente Premiums
2. Health Net Premiums
3. Metlife Dental Premiums
4. Vision Service Plan Premiums
5. Standard Life and Disability Insurance Premiums

**Prepared by:**

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**Approved/Reviewed by:**

Sebron Flenaugh III, Executive Director of Human Resources

Chris Andrichak, Chief Financial Officer

Jill A. Sprague, General Counsel/Chief Legal Officer