

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 12/13/2023

Staff Report No. 23-542

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 \$67,393,487 for calendar year 2024 based on current staffing levels. Healthcare costs are a standard and significant part of the operating budget. The vendors' increases are higher than budget staff estimated for the remainder of the current fiscal year and will be incorporated into the mid-year budget adjustment, which will come to the Board in early February 2024. The rates will also be incorporated into the FY 2024-25 budget process.

BACKGROUND/RATIONALE:

Kaiser Permanente

Kaiser Permanente is offering the District a 13.14% increase in active Union and Management employee rates effective January 1, 2024 - December 31, 2024. Kaiser Permanente premiums are provided in Attachment 1.

Health Net

Health Net initially offered an 11.48% increase in active Union and Management employee rates, however, Alliant Insurance Company negotiated the increase to 8.48% effective January 1, 2024- December 31, 2024. 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 Plan and Standard Life Insurance per SR 22-638 on December 14, 2022.

ATTACHMENTS:

1. Kaiser Permanente Premiums
2. Health Net Premiums
3. MetLife Dental Premiums
4. Vision Services Premiums
5. Standard Basic Life and Disability Insurance Premiums

Prepared by:

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Approved/Reviewed by:

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Chris Andrichak, Chief Financial Officer
Jill A. Sprague, General Counsel/Chief Legal Officer