

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 10/23/2024

Staff Report No. 24-523

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:
Michael A. Hursh, General Manager/Chief Executive Officer

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 \$72,245,114 which is included in the adopted FY 2024-25 operating budget.

BACKGROUND/RATIONALE:

The annual health care renewal provides premium changes for medical, dental, vision and life insurance plans. Premium increases or decreases are based on employees' utilization and cost of claims for these plans. In some cases, the District will receive a rate pass, which means no change to the current premium and a rate guarantee which maintains the current premiums for a period of time.

Kaiser Permanente

Kaiser Permanente is offering the District a 7.29% increase in active Union and Management employee rates effective January 1, 2025 - December 31, 2025. Kaiser Permanente premiums are provided in Attachment 1.

Health Net

Health Net initially offered a 9.87% increase in active Union and Management employee rates, however,

Alliant, the District's Employee Benefits Brokerage Firm, negotiated the increase to 6.0% effective January 1, 2025- December 31, 2025. 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 per month. Alliant recommends that the District increase premium funding rates by 3% due to the increase of paid claims. 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 and the rate is guaranteed for 36-months. 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 and the rate is guaranteed for 24 months. 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:

There is no alternative analysis; however, 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 23-390 on November 8, 2023.

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

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Michael A. Hursh, General Manager/Chief Executive Officer