

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 6/10/2020

Staff Report No. 20-209

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

ACTION ITEM

RECOMMENDED ACTION(S):

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

STRATEGIC IMPORTANCE:

Goal - High-Performing Workforce

Initiative - Employee Recruitment, Training and Retention

Providing a comprehensive benefits program allows Human Resources to attract and retain a high performing workforce.

BUDGETARY/FISCAL IMPACT:

The execution of the health care renewals is anticipated to cost \$59,363,058.00 which is included in the proposed FY 2020-2021 operating budget and is a \$2,538,072.00 million increase over the previous year's cost.

BACKGROUND/RATIONALE:

Kaiser Permanente

Kaiser Permanente is offering the District a 4.15% increase in active Union and Management employee rates for FY 2020-2021. Kaiser Permanente premiums are provided in Attachment 1.

Health Net

Health Net is offering the District a 1.67% increase in active Union and Management employee rates. 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 and is guaranteed until July 1, 2021. Based on Alliant's

Underwriting Department analysis, Alliant 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 and is guaranteed until July 1, 2021. 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. All Standard Insurance rates will remain the same. These rates are guaranteed until July 1, 2021. 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:

No alternative actions are proposed.

PRIOR RELEVANT BOARD ACTION/POLICIES:

The Board of Directors approved contract renewal for Kaiser Permanente, Health Net, Vision Service Plan and MetLife Dental Plan on May 22, 2019 per SR 19-174.

ATTACHMENTS:

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

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