

**Metro**

Los Angeles County
Metropolitan Transportation Authority

One Gateway Plaza
Los Angeles, CA 90012-2952

213.922.2000 Tel
metro.net

**FINANCE, BUDGET AND AUDIT COMMITTEE
SEPTEMBER 17, 2014**

SUBJECT: GROUP INSURANCE PLANS

ACTION: RENEW GROUP INSURANCE POLICIES

RECOMMENDATION

Authorize the Chief Executive Officer to renew existing group insurance policies covering Non-Contract, AFSCME, and Expo employees for the one-year period beginning January 1, 2015.

ISSUE

A comprehensive package of health resources provides existing employees a foundation to maintain or improve health, and help to attract and retain qualified employees.

LACMTA, including the Public Transportation Services Corporation (PTSC), seeks to offer benefit plans that promote efficient use of health resources and are cost effective for the company and our employees.

The Patient Protection and Affordable Care Act ("PPACA" or "healthcare reform") became law in March 2010 and effective for PTSC as of January 1, 2011. The mandate to offer medical coverage to all full-time employees becomes effective January 1, 2015. We implemented this provision effective July 1, 2014 and have enrolled 80 college graduates participating in the Entry Level Trainee Program. Early implementation shows our commitment to attracting and retaining qualified employees for the agency and being viewed as an employer of choice. We are currently in compliance with required mandates, and will continue to maintain compliance for 2015 and beyond.

BACKGROUND

The Non-Contract Group Insurance Plan, a flexible benefits program, was implemented in August 1994. Roughly 99% of the employees covered by the benefit plans are PTSC employees. Expo employees are also covered by our plans, providing a cost-effective means of offering benefits to this small group. On an annual basis, employees are encouraged to review their enrollment and may choose medical, dental, vision, supplemental life, long-term disability, and accidental death and dismemberment plans

that meet their needs. Alternatively, employees may opt to waive medical and/or dental coverage and receive a taxable cash benefit, provided proof of other coverage is submitted.

The overall premium increase for calendar year 2015 is 1.27% and reflects over \$1.25 million in negotiated reductions from the initial renewal quotes. The recommended medical, dental, and vision premiums are shown on Attachment A. As previously established by the Chief Executive Officer, all full-time regular Non-Contract and AFSCME employees will contribute 10% of the actual premium for each medical and dental plan selected. The monthly employee contributions are shown in Attachment B. Expo employees pay a maximum of \$50 per month for medical and dental coverage as established by the Expo Board.

The following is a comparison of employer subsidy and employee contributions:

	NC/AFSCME*	UTU**	ATU**	TCU**
Employee Contribution	\$ 155	\$ 100	\$ 80	\$ 60
LACMTA Subsidy	\$1,407	\$1,047	\$1,697	\$1,424
Employee Contribution as a % of Subsidy	11%	9.6%	4.7%	4.2%
Average Age of Employee	50.2	44.9	47.9	45.6

*Represents the average employee/agency contributions to Medical/Dental/Vision insurance. **Employer subsidies to union Trust Funds are those in effect for each of the Collective Bargaining Agreements as follows: UTU -7/1/13, ATU - 7/1/14, TCU - 7/1/14.

Healthcare benefits for employees represented by the UTU, ATU, and TCU unions are determined by the respective Health and Welfare Trust funds, and the employer subsidy is established through contract negotiations.

FINANCIAL IMPACT

Funding for the Non-contract and AFSCME group insurance plans is included in each department's FY15 budget and on the balance sheet for accrued retiree medical liabilities. Based on the current employee participation by plan, costs are expected to be within the adopted budget. Premiums for the Expo employees are included in Expo's budget.

Impact to Bus and Rail Operating and Capital Budget

The source for funds for Non-Contract and AFSCME benefits is a combination of bus and rail operating and capital funds and non bus and rail operating and capital funds depending upon the combination of employees working on those programs.

ALTERNATIVES CONSIDERED

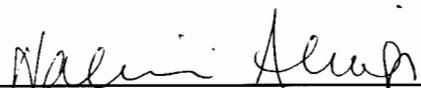
We considered plan design changes such as increasing office and prescription copays, annual deductibles, and out-of-pocket maximums. However, based on price competitiveness and provider access/disruption, reducing plan benefit levels is not recommended.

Self-funding and/or self-administering health benefits is not recommended due to the resources required to establish the medical expertise and operational infrastructure required to review and process claims as well as the liability that would be assumed.

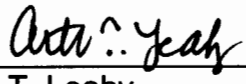
ATTACHMENTS

- A. Monthly Premium Rates
- B. Monthly Employee Contributions

Prepared by: Jan Olsen, Pension & Benefits Manager, 213-922-7151
Donna Mills, Treasurer, 213-922-4047



Nalini Ahuja
Executive Director, Finance and Budget



Arthur T. Leahy
Chief Executive Officer

ATTACHMENT A

Proposed Monthly Premium Rates

Provider	Coverage Option	CY 2014	CY 2015	%Change	Est # of Employees (1/1/15)
Blue Cross (PPO)	Single	\$994.57	\$994.57	0.00%	218
	Couple	\$2,002.05	\$2,002.05	0.00%	212
	Family	\$2,685.32	\$2,685.32	0.00%	253
Blue Cross (HMO)	Single	\$646.36	\$694.83	7.50%	70
	Couple	\$1,357.34	\$1,459.14	7.50%	73
	Family	\$1,938.94	\$2,084.35	7.50%	159
Kaiser (HMO)	Single	\$559.29	\$566.24	1.24%	194
	Couple	\$1,118.57	\$1,132.49	1.24%	199
	Family	\$1,582.78	\$1,602.47	1.24%	347
Delta Dental (PPO)	Single	\$57.20	\$57.20	0.00%	350
	Couple	\$99.41	\$99.41	0.00%	401
	Family	\$149.37	\$149.37	0.00%	578
DeltaCare (DHMO)	Single	\$20.21	\$20.21	0.00%	66
	Couple	\$36.71	\$36.71	0.00%	57
	Family	\$54.32	\$54.32	0.00%	114
Dental Health Services (DHMO)	Single	\$16.82	\$16.82	0.00%	55
	Couple	\$32.60	\$32.60	0.00%	53
	Family	\$49.15	\$49.15	0.00%	93
Vision Service Plan	Single	\$10.15	\$10.15	0.00%	262
	Couple	\$14.68	\$14.68	0.00%	290
	Family	\$26.30	\$26.30	0.00%	438
Voluntary Waiver of Coverage:*					
	Medical	\$206.00	\$209.00	1.50%	124
	Dental	\$29.00	\$30.00	1.50%	82

* Waiver of Medical coverage requires proof of alternative coverage.

ATTACHMENT B

Proposed Monthly Employee Contributions

Provider	Coverage Option	NC & AFSCME Employee Contribution (Current)	NC & AFSCME Employee Contribution (Proposed) Effective 1/1/15	Change
Blue Cross (PPO)	Single	\$99.00	\$99.00	\$0.00
	Couple	\$200.00	\$200.00	\$0.00
	Family	\$269.00	\$269.00	\$0.00
Blue Cross (HMO)	Single	\$65.00	\$69.00	\$4.00
	Couple	\$136.00	\$146.00	\$10.00
	Family	\$194.00	\$208.00	\$14.00
Kaiser (HMO)	Single	\$55.00	\$57.00	\$2.00
	Couple	\$111.00	\$113.00	\$2.00
	Family	\$158.00	\$160.00	\$2.00
Delta Dental (PPO)	Single	\$6.00	\$6.00	\$0.00
	Couple	\$10.00	\$10.00	\$0.00
	Family	\$15.00	\$15.00	\$0.00
DeltaCare (DHMO)	Single	\$2.00	\$2.00	\$0.00
	Couple	\$4.00	\$4.00	\$0.00
	Family	\$5.00	\$5.00	\$0.00
Dental Health Services (DHMO)	Single	\$2.00	\$2.00	\$0.00
	Couple	\$3.00	\$3.00	\$0.00
	Family	\$5.00	\$5.00	\$0.00
Vision Service Plan	Single	\$1.00	\$1.00	\$0.00
	Couple	\$1.00	\$1.00	\$0.00
	Family	\$3.00	\$3.00	\$0.00

Non-Contract and AFSCME Employees contribute 10% (rounded to the nearest whole dollar) towards their individually selected plan's medical and dental premiums