

# **Agenda**

## **Sacramento Suburban Water District Employee Benefits Ad Hoc Committee Meeting**

3701 Marconi Avenue, Suite 100  
Sacramento, CA 95821

Tuesday, August 11, 2020  
4:00 p.m.

**In accordance with the California Department of Public Health’s and the Governor’s Executive Orders N-29-20 and N-33-20, the District’s boardroom is closed and this meeting will take place solely by videoconference and teleconference. The public is invited to listen, observe, and provide comments during the meeting by either method provided for below. The Chairperson will call for public comment on each agenda item at the appropriate time and all votes will be taken by roll call.**

**For members of the public interested in viewing and having the ability to comment at the public meeting via Zoom, an internet enabled computer equipped with a microphone and speaker or a mobile device with a data plan is required. Use of a webcam is optional. You also may call in to the meeting using teleconference without video. Please use the following login information for videoconferencing or teleconferencing:**

**Join the meeting from a computer, tablet or smartphone:**

<https://us02web.zoom.us/j/83092593780?pwd=MENoOERMtkV3cEozT20wcVZJMTRWQT09>

**Meeting ID:** 830 9259 3780  
**Password:** 210586

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**Please mute your line.**

Where appropriate or deemed necessary, the Committee may take action on any item listed on the agenda, including items listed as information items. Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection in the customer service area of the District’s Administrative Office at the address listed above.

The public may address the Committee concerning an agenda item either before or during the Committee’s consideration of that agenda item. Persons who wish to comment on either agenda or non-agenda items should fill out a Comment Card and give it to the General Manager. The President will call for comments at the appropriate time. Comments will be subject to reasonable time limits (3 minutes).

In compliance with the Americans with Disabilities Act, if you have a disability, and you need a disability-related modification or accommodation to participate in this meeting, then please contact Sacramento Suburban Water District Human Resources at 916.679.3972. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

**Call to Order**

**Roll Call**

**Announcements**

**Public Comment**

This is an opportunity for the public to comment on non-agenda items within the subject matter jurisdiction of the Committee. Comments are limited to 3 minutes.

**Items for Discussion and Action**

**1. Fixing the Employer Contribution at an Equal Amount for Employees and Annuitants Under the Public Employees' Medical and Hospital Care Act for 2021 Benefit Plan Year and Medical Plan Analysis**

*Recommendation: Continue health benefits with CalPERS for the 2021 benefit plan year. Consider recommending approval to the Board of Directors at the August 17, 2020 regular Board meeting.*

**2. Medical, Dental, Vision Benefits Analysis**

*Recommendation: District staff and consultant to continue analyzing insurance plans and evaluate rates to provide the most cost effective medical and ancillary benefits.*

**3. Merit Program**

*Recommendation: Annual Merit Program be set at 5% based on individual employee performance.*

**Adjournment**

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**Upcoming Meetings:**

Monday, August 17, 2020, at 6:00 p.m., Regular Board Meeting

Tuesday, August 25, 2020, at 4:00 p.m., Facilities and Operations Committee Meeting

Monday, September 14, 2020, at 5:00 p.m., SSWD/DPMWD 2x2 Ad Hoc Committee

\* \* \* \* \*

I certify that the foregoing agenda for the August 11, 2020, meeting of the Sacramento Suburban Water District Finance and Audit Committee was posted by August 7, 2020 in a publicly-accessible location at the Sacramento Suburban Water District office, 3701 Marconi Avenue, Suite 100, Sacramento, California, and was made available to the public during normal business hours.

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Dan York  
General Manager/Secretary  
Sacramento Suburban Water District



## Agenda Item: 1

**Date:** August 7, 2020

**Subject:** Fixing the Employer Contribution at an Equal Amount for Employees and Annuitants Under the Public Employees' Medical and Hospital Care Act for 2021 Benefit Plan Year and Medical Plan Analysis

**Staff Contact:** Cassie Crittenden, Human Resources Coordinator

### **Recommended Committee Action:**

Continue health benefits with CalPERS for the 2021 benefit plan year. Consider recommending approval to the Board of Directors at the August 17, 2020 regular Board meeting.

### **Background:**

Staff would like to provide a brief history on what the District has done to reduce the cost of medical benefits paid by the District:

- Years 2005 and prior, the District fully paid for the health plans provided by CalPERS. Four medical plans were offered to staff and retirees.
- In 2005 the District made a concerted effort to address the concerns regarding the cost of the employee benefits provided by the District to its employees and retirees. The District hired a consultant to review the District's Employee Benefits programs. The consultant was able to negotiate with the District's insurance carriers to reduce costs and it was estimated that the District saved approximately \$34,000 in Fiscal Year 2006/2007. Furthermore, staff recommended additional cost savings to the Board by way of placing a cap on the amount of money that the District provided for each plan, which might require the employee to pay for a portion of the plan they select. (See Attachment 1)
- In 2006 the Board approved placing a "cap" on the District's contribution for medical plans, effective January 1, 2007. The "cap" is defined as the District's contribution shall not exceed the premium cost for the lowest cost Health Maintenance Organization (HMO) Plan or the lowest cost Preferred Provider (PPO) Plan, whichever is greater. (See Attachment 2)
- Annually the District has reviewed CalPERS plans and rates and compared them with other insurance carriers (e.g. ACWA JPIA, SDRMA) in search of the most affordable insurance carrier without compromising District benefits.

Furthermore, staff would like to provide background on why we are here today and what is being presented to the Employee Benefits Ad Hoc Committee:

# Fixing the Employer Contribution at an Equal Amount for Employees and Annuitants Under the Public Employees' Medical and Hospital Care Act for 2021 Benefit Plan Year and Medical Plan Analysis

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- On November 7, 2019, staff met with Director Wichert and Director Locke who were appointed to the Employee Benefits Ad Hoc Committee. Multiple topics were discussed, including one item below:
  1. Medical Benefits. Director Wichert asked if there were other options for more competitive rates for medical benefits for active employees and retirees.

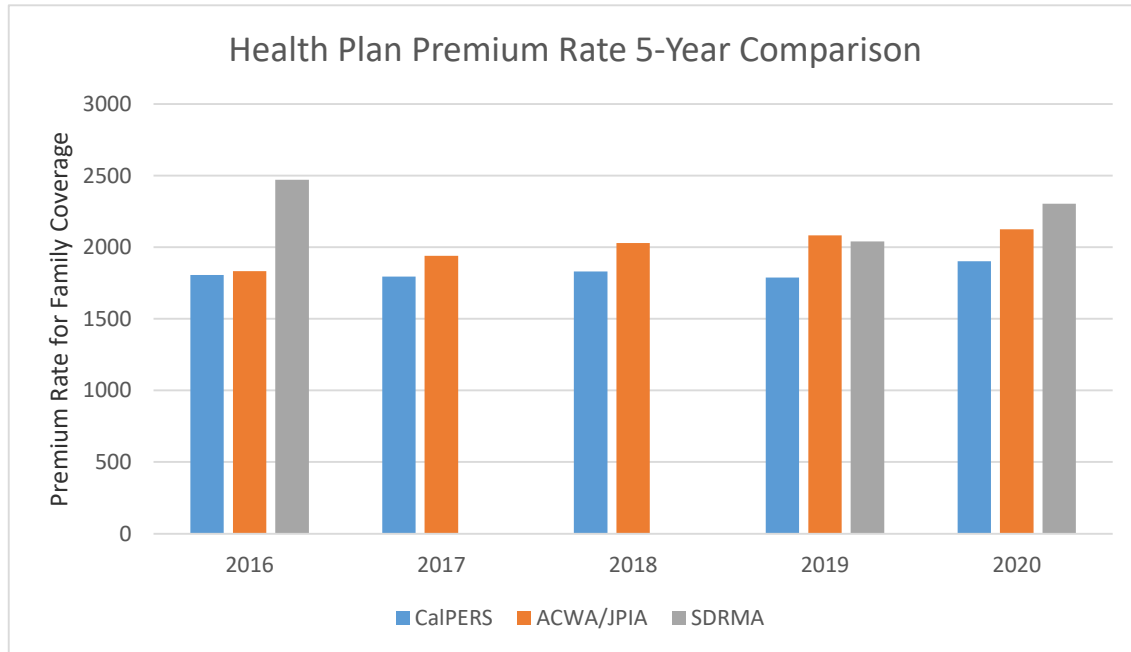
Typically, the HR Coordinator completes the health benefits analysis each year and presents the information to the Board for review and approval. To help address Director Wichert's question from November 7, 2019, staff recommended utilizing a benefits consultant for assistance. On February 11, 2020, staff met with Directors Jones and McPherson, who were appointed in December 2019 to the Employee Benefits Ad Hoc Committee. Staff recommended utilizing Edgewood Partners Insurance Center, Inc. (EPIC) to complete the 2021 health benefits analysis. EPIC specializes in employee benefits insurance and has completed a similar health benefit analysis for the District in 2013 and 2016. Additionally, EPIC completes the District's Dental and Vision analysis each time the contracts are up for renewal.

Staff has requested to present the 2021 health analysis to the Employee Benefits Ad Hoc Committee because of CalPERS late release of the 2021 health plan rates. For example, in 2019 CalPERS released their 2020 health plan rates on June 18, 2019. This year, due to the pandemic, CalPERS did not release their 2021 health plan rates until July 14, 2020. This placed a time restraint on staff to present to the Board at the July 20<sup>th</sup> regular Board meeting, as a decision to pull out from CalPERS medical insurance would need to be completed and notified to CalPERS by September 14, 2020. Staff decided to present the 2021 health analysis to the Employee Benefits Ad Hoc Committee in order to have more time to review and provide a recommendation by the August 17, 2020 regular Board meeting.

## **Discussion:**

CalPERS approved their 2021 health benefit plan rates, at an overall statewide average premium increase of 4.32%. On July 31, 2020, EPIC provided their health benefit analysis to the District, as shown in Attachment 3. EPIC recommended the District remain in the CalPERS health program next year since a review of the premium costs and coverage levels for comparable plans with ACWA/JPIA and SDRMA showed the District would continue to see cost savings of approximately \$194,000 per year by remaining in the CalPERS program.

Additionally, in February 2020, staff completed a health plan premium rate comparison over a 5-year period. This chart shows that over the last 5 years, CalPERS health plan premium rates have been lower than ACWA/JPIA and SDRMA. This chart was originally provided to the Employee Benefits Ad Hoc Committee at the February 13, 2020 committee meeting, and is now shown on the following page for reference:



**Fiscal Impact**

As directed by the Board since 2007, for the CalPERS medical program, the General Manager determines the maximum or “cap” amount to be paid by the District for employee medical insurance premiums prior to Open Enrollment each year based on the higher of the Basic Premiums – Region 1 lowest cost HMO and PPO plans. Shown in Attachment 4, are CalPERS 2021 Regional Health Premiums for Region 1. The District’s cap plan (highest of the lowest HMO and PPO plan), as shown in Attachment 4 in bold, is Western Health Advantage (WHA) HMO with the following rates for 2021.

**Table 1 – 2021 Western Health Advantage Premium**

Health Benefit Plan	Single	2-Party	Family
Western Health Advantage	\$757.02	\$1,514.04	\$1,968.25

Additionally, on July 14, 2020, CalPERS approved the 2021 <sup>i</sup>100/90 State Annuitant Contributions rates. These rates apply to all annuitants hired after January 1, 2003, and stipulates the minimum amount the District is required to contribute towards health premiums. These rates are calculated by CalPERS each year through the 100/90 formula. The 100/90 State Annuitant Contributions for 2021 are as follows:

**Table 2 - 2021 100/90 State Annuitant Contributions**

Single	2-Party	Family
\$798	\$1,519	\$1,937

Fixing the Employer Contribution at an Equal Amount for Employees and Annuitants Under the Public Employees’ Medical and Hospital Care Act for 2021 Benefit Plan Year and Medical Plan Analysis

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The District will utilize CalPERS 100/90 premium calculation for both active and retired employees if it is higher than the District “cap” amount. In comparing the premiums in Table 1 and Table 2, the 100/90 rate will be utilized for Single and 2-Party, and the Western Health Advantage Rate will be utilized for the Family rate. The final SSWD “Cap” amount to be paid by the District for 2021 are as follows:

**Table 3 - 2021 SSWD “Cap” Premium**

<b>Single</b>	<b>2-Party</b>	<b>Family</b>
\$798	\$1,519	\$1,968.25

Increase in the 2020 Operations and Maintenance budget expenses is approximately 9% for single party plans, 3.8% for 2-Party Plans, and 3.4% for Family plans. This is due to the increase in the maximum premium paid by the District in 2020 compared to 2021 as shown in Table 4.

**Table 4 – SSWD “Cap” Premium Comparison**

<b>Year</b>	<b>Single</b>	<b>2-Party</b>	<b>Family</b>
2020 “Cap”	\$731.96	\$1,463.92	\$1,903.10
2021 “Cap”	\$798	\$1,519	\$1,968.25
Percentage Increase	9%	3.8%	3.4%

Staff cannot quantify the exact amount presently as it will not be known until after Open Enrollment when employees select amongst health plans offered by CalPERS.

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<sup>i</sup> The employer contribution with respect to each annuitant shall be adjusted by the employer each year. Those adjustments shall be based upon the principle that the employer contribution for each annuitant may not be less than the amount equal to 100 percent of the weighted average of the health benefit plan premiums for an employee or annuitant enrolled for self-alone, during the benefit year to which the formula is applied, for the four health benefit plans that had the largest state enrollment, excluding family members, during the previous benefit year. For each annuitant with enrolled family members, the employer shall contribute an additional 90 percent of the weighted average of the additional premiums required for enrollment of those family members, during the benefit year to which the formula is applied, in the four health benefit plans that had the largest state enrollment, excluding family members, during the previous benefit year. Only the enrollment of, and premiums paid by, state employees and annuitants enrolled in basic health benefit plans shall be counted for purposes of calculating the employer contribution under this section.



## **AGENDA ITEM: 11**

**Date:** August 5, 2005

**Subject:** Employee Benefits Study

**Staff Contact:** Ed Formosa, Assistant General Manager

### **Discussion:**

As presented in a staff report for the July Board meeting, during the budget review period of the last two fiscal years, Board members have expressed concern regarding the increase in costs of the employee benefits provided by the District to its employees and retirees. Members of the public have also expressed concerns over the expense to the District to cover its employee benefits. At the last budget hearing, District staff committed to reviewing the cost of the Employee Benefit Program before the next enrollment periods and prior to the next budget preparation.

The District entered into a contract on June 7, 2005 with ABD Insurance & Financial Services, Inc. to evaluate the District's Employee Benefits programs. The scope of work of the study was to provide a comprehensive analysis of the health care arena as it relates to the objectives of the District. The consultant was directed to explore benefits programs options for medical, dental, vision, life insurance and long term disability coverages. Upon completion of the study, the consultant was to provide recommendations on the various options that might be available.

Staff met with ABD's representative, Terri Ezaki on Thursday, July 7, 2005 and on Monday, July 25, 2005 to review the results of the investigation. During these briefings, Ms. Ezaki provided staff background on the insurance industry trends and factors that impact the District's ability to get the best price for the benefit programs it provides its employees and retirees. Some of these factors include the number of employees, the number of retirees, the age of the members to be covered and, in some cases, the claims history of the group. The following represents the highlights of the investigation:

Medical – The consultant compared the plans offered by CalPERS, the District's current provider, ACWA, Kaiser direct, and Health Net direct. Upon initial review, it



was decided to arrange a presentation from a representative of ACWA which occurred on July 25, 2005. The ACWA program provided renewed access to the Sutter Medical Group and provided more flexibility with retiree contributions. Unfortunately, the plan costs for the ACWA program will not be finalized prior to the date that the District must notify its current provider and while it was anticipated that some savings might be realized, the amount was small and does not justify the change to a new medical provider. The consultant has recommended that the District stay in the CalPERS medical program for 2006. The projected 2006 cost increase of these plans is approximately 9.5%.

Dental – The consultant compared plans offered by Ameritas, the District's current provider, Assurant, Delta Dental, and Met Life. Through discussions with the District's current provider, the consultant was able to negotiate some enhancements to the current plan that increased the calendar year maximum and decreased the annual cost to the District by 3.8% while holding this cost of the premium through 2006. The consultant is recommending that the District remain with Ameritas.

Vision – The consultant compared plans offered by VSP (ACWA), the District's current provider, VSP direct, and Superior Vision Services. Direct quotes from VSP were much more expensive than the same plan through ACWA. Cost differences between the VSP plan and Superior Vision Services were minimal and no increase is projected for 2006. The consultant is recommending that the District remain with VSP through ACWA.

Life/Accidental Death & Dismemberment and Long Term Disability – The consultant compared programs offered by Assurant, the District's current provider, Jefferson Pilot, Met Life, Reliance Standard, Standard, and Sun Life. During this review, it was discovered that the District's current plan with Assurant had not been demographically or competitively rated for several years. Upon further negotiations with Assurant, the District premium cost was reduced by approximately 70% and the price would be valid through 2006. This represents a cost savings of about \$89,000 per year.

Employee Assistance Programs – The consultant compared programs offered by WellPoint Behavioral Health (ACWA), the District's current provider, Jefferson Pilot, Managed Health Network, and Pacificare. The consultant's review indicated that the ACWA plan remains the most viable option and further recommends no change to the program.

As a result of this review of the District's Employee Benefit Program, it became evident that service provided by the District's previous insurance broker may not have been adequate. The broker's business relationship with the District has been terminated. Steps have been initiated to utilize the services provided by ABD

Insurance and Financial Services for future monitoring of the District's Employee Benefit Program.

Other cost reduction strategies are available to save money for the District. These include minimizing District exposure to insurance rate increases by placing a cap on the amount of money that the District will provide for each plan which might require the employee to pay for a portion of the plan they select. This topic was not included in the consultant's scope of work. Other issues need to be considered if this is the direction of the Board. The District has several agreements and contracts with retired employees, commitments to LAFCO, and a least one agreement that resulted from a settlement with a former insuree. If changes are made to the current employee benefit program, care must be taken to not impact these agreements in a manner that places the District at risk. In addition, care must be taken to honor previous commitments made to employees present at the time of the merger by either predecessor District. District staff can provide recommendations in this area if so desired by the Board.

**Fiscal Impact:**

Due to the negotiations of the consultant with the district's insurance carriers, it is estimated that the District will reduce the overall cost of the Employee Benefit program by \$34,000 in Fiscal Year 06/07.

**Recommended Committee Action:**

No action is required to achieve the savings projected. However, further direction to staff is requested if the Board would like to consider other cost reduction strategies.



## Agenda Item: 5

**Date:** August 15, 2006

**Subject:** Resolution 06-20 Fixing the Employer's Contribution Under the Public Employees' Medical and Hospital Care Act

**Staff Contact:** Lynne Yost, Human Resource Specialist

### **Discussion:**

Attached is the resolution that will be sent to CalPERS to confirm the Board action taken at the July 2006 Board meeting to set a "cap" on the District's contribution for medical benefit plans. As adopted by the Board and stated in the resolution, commencing January 1, 2007, the District's contribution shall not exceed the premium cost for the lowest cost HMO Plan or the lowest cost PPO Plan, whichever is greater.

This resolution was reviewed and approved by legal counsel.

### **Fiscal Impact:**

Some initial cost savings will be realized on employees who are currently enrolled in plans that exceed the new "cap" amount; future savings, including the reduction in the District's OPEB liability, will be substantial.

### **Strategic Plan Alignment:**

Customer Service – 3.A. Attract and retain a well-qualified staff with competitive compensation, effective training, and professional development to ensure safe, efficient and effective job performance.

Customer Service – 3.C. – Operate in an open and public manner.

This resolution aligns with these principles in that, even with the new "cap" on medical benefit contributions, the District will still offer three fully-paid CalPERS medical benefit plans and this level of benefits should continue to attract well-qualified applicants for available positions.

### **Recommended Board Action:**

Approve the Resolution 06-20 Fixing the Employer's Contribution Under the Public Employees' Medical and Hospital Care Act.

**RESOLUTION NO. 06-20**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
SACRAMENTO SUBURBAN WATER DISTRICT  
FIXING THE EMPLOYER'S CONTRIBUTION UNDER THE  
PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT**

- WHEREAS, (1) Government Code Section 22892(a) provides that a local agency contracting under the Public Employees' Medical and Hospital Care Act shall fix the amount of the employer's contribution at an amount not less than the amount required under Section 22892(b) of the Act; and
- WHEREAS, (2) Sacramento Suburban Water District is a local agency contracting under the Act; and
- WHEREAS, (3) Sacramento Suburban Water District certifies that employees are not represented by a bargaining unit and there is no applicable memorandum of understanding.

NOW, THEREFORE BE IT

- RESOLVED: (a) That the employer's contribution for current annuitants and employees who retire prior to January 1, 2007, shall continue to be the amount necessary to pay the full cost for the annuitant and his/her dependents to be enrolled in a medical benefit plan; and be it further
- RESOLVED: (b) That commencing January 1, 2007, the employer's contribution for regular employees, employees who retire on or after January 1, 2007, and dependents to be enrolled in a medical benefit plan shall not exceed the premium cost for the lowest cost HMO Plan or the lowest cost PPO Plan, whichever is greater; and be it further
- RESOLVED: (c) That upon receipt of the CalPERS premium rates for the upcoming calendar year and prior to the CalPERS Open Enrollment period each year, staff shall determine the employer's maximum contribution amount based on the new premium costs and shall notify all regular employees.

ADOPTED at a regular meeting of the Board of Directors of the Sacramento Suburban Water District at Sacramento, California, this 21<sup>st</sup> day of August, 2006.

Signed: \_\_\_\_\_

Byron Buck  
President, Board of Directors

Attest: \_\_\_\_\_

Robert S. Roscoe  
Secretary, Board of Directors

(SEAL)



# Sacramento Suburban Water District

Medical Review  
Effective January 1, 2021

Presented by:  
Terri Ezaki  
Katie Huddleston  
August 11, 2020



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Overview

Pages 4-6

Medical Information

Pages 7 - 13

# Marketing Results



Carriers Contacted	Bid Response
Medical	
CalPERS	Presented
ACWA-JPIA	Quoted - Presented
SDRMA	Quoted - Presented
Southern California VEBA	Declined to Quote

# Background



- **Objective**
  - Lower cost to the District for Actives and Retirees
  - Retain choice of medical options for active and retirees
  - Keeping benefit design as similar as possible to CalPERS
  
- **Challenges**
  - District size in the direct market considered small group (under 100) increasing administrative burden to manage the benefits and benefit designs are not as rich
    - Subject to four (4) metal plans typically with higher cost sharing to members at time of service to keep premiums as low as possible
  - Small group is age banded (versus composite rate)
    - › Rates are calculated by member level rating, based upon the age of each covered member as of the plan’s anniversary (different rate per enrollee based upon age)
      - › Beginning at age 14, one year increments
      - › Premiums increase with age
    - › Composite is the same rate based on tier (i.e. EE, EE +1, FAM)
  - CA Small group insurance regulations do not define a retiree as eligible
    - › Early retiree (under age 65) coverage would require using Covered CA (i.e. Exchange) or individual market, Group Supplement Plan (i.e. Harford) or UHC PPO Advantage for retirees over 65
    - › Would require reimbursement depending upon District’s retiree obligations
  - Kaiser enrollment limits options
  - No direct quotes from carriers in CalPERS until a resolution is provided to CalPERS
  
- **Possible Alternatives**
  - Compare plans, costs and retiree financial requirements in the other pools/JPA’s most similar to those offered through CalPERS
  - Solicited quotes from ACWA JPIA, SDRMA and Southern CA VEBA
  
- **District statistics**
  - All information is based upon the census provided by Sacramento Suburban Water District (“District”) dated 6/1/2020
  - Demographics:
    - › 107 total eligible employees and retirees
    - › 69 Active employees (51 enrolled with 45 or 82% enrolled in Kaiser)
      - › Average age employee enrolled is nearly 48
      - › 12 employee only
      - › 7 employee + one dependent
      - › 32 employee + two or more dependents
      - › 18 waivers (opt-out) – average age 59
      - › 0 COBRA



# Background



- › Statistics Continued
  - › 38 Retirees (31 enrolled) with majority being over 65 (19) and 12 under 65
    - › 12 retiree only
    - › 15 retiree + one dependent
    - › 4 retiree + two or more dependents
    - › 7 waivers (no current contribution, but remain eligible to rejoin CalPERS medical as long as annuitant)
  - › Waivers make up 23.36% of total population
  - › Retirees make up approximately 36% of total population and 43% of enrollment
  
- **Contributions**
  - › District's active contribution is based on the "highest" of the lowest cost plans available in Region 1 of CalPERS
    - › Same contribution for annuitants hired prior to January 1, 2003
      - › Utilized for all retirees currently enrolled in cost analysis
    - › 2021 Example:
      - › Western Health Advantage (WHA) is the lowest cost HMO plan and PERS Select is the lowest cost PPO
      - › Of those two (2) plans, WHA is more expensive than PERS Select
      - › Contribution will be based on WHA
        - › EE: \$757.02, EE+1: \$1,514.04, FAM: \$1,968.25
      - › Active Waivers (opt-outs) receive half of the lowest cost plan across all tiers in cash back (2021 PERS Select is the lowest cost plan)
        - › EE: \$283.34, EE + 1: \$566.67, FAM: \$736.67

# Medical Marketing Results



- **CalPERS Medical (District Current Medical Options)**
  - Multiple HMO and PPO's available through the program available for Active and Retirees
    - › Similar benefit design for all HMO's with varying networks
  - Does not have restrictions or requirements on plan/carrier enrollments
  - Active and early retiree rates are the same
  - Carriers offered through CalPERS, will not provide direct quotes until resolution is received from the agency
  - Must provide a decision to CalPERS by September 14, 2020 if leaving program for a January 1, 2021 effective date
    - › Has a five (5) year "lock out" if you leave the CalPERS program
  - Medical plan ratios (distribution of rates): 1:2:2.6 (single, two-party and family)
    - › Explanation: The two-party rate is 2 times greater than the single and the family is 2.6 times greater than the single.
  - › Requires contribution for retirees
  
- **Marketing Results**
  - **ACWA JPIA (Joint Power Insurance Authority):** Multiple Water District's purchasing insurance jointly
    - › Multiple plan offering
      - › Can offer all plans except for the Traditional Kaiser & Value Kaiser plans together (must select one)
    - › Kaiser Break-In Rules apply
      - › Kaiser would provide rates to SSWD based on plan design available by ACWA JPIA
      - › SSWD would have JPIA rates effective 2022
    - › Plans most comparable to CalPERS are Kaiser Traditional, Anthem CalCare HMO and Anthem Classic PPO
    - › Illustrated all plans except for the Kaiser Value Plan for cost comparison, as all plans available for offering
      - › Medical rate ratios (distribution of rates) vary by plan: 1:1.98:2.79 (Kaiser) & 1:2:2.65 (Anthem HMO and PPO)
    - › Early retiree blended with actives (same rate)

# Medical Marketing Results



- **SDRMA (JPA):** Affiliated with PRISM
    - › District would be permitted to have two (2) plans plus Kaiser
      - › Illustrated a \$15 Kaiser HMO, \$15 Blue Shield HMO and a Blue Shield PPO that are most similar to the current CalPERS plan options
    - › Contribution analysis based upon the three (3) plans selected
      - › Chose plans most similar in benefit design per objectives (not cost)
    - › Per SDRMA, Kaiser Break In rules not applicable
    - › Much higher than the CalPERS rates, but use the same ratios (1:2:2.6)
    - › Early retiree blended with actives (same rate)
  
  - › **Southern California VEBA**
    - › Declined to quote. Retiree population exceed permissible amount compared to actives.
- **Comparisons**
    - Benefits (page 8)
      - › Benefit Comparison and rates of plan options with current active employee enrollment
        - › Did not spread all plans with retiree enrollment
    - Cost analysis (see pages 9 - 12)
      - › Cost comparison based on total enrollment
        - › Active and retirees
        - › Active waivers
      - › The annual increase to SSWD based on the CalPERS 2021 rates is ~\$60,000
      - › It would cost the SSWD more to move to ACWA JPIA or SDRMA (see pages 11 & 12 for contribution analysis)
        - › ACWA JPIA: ~\$194,000 annually to leave CalPERS or ~\$94,000 more than the increase to SSWD in 2021 with CalPERS
        - › SDRMA: ~\$558,000 annually to leave CalPERS or ~\$498,000 (annually) more than the increase to SSWD in 2021 with CalPERS
- **Recommendation**
    - Based on the financial impact to the District, and potentially enrollees, recommendation is to remain with CalPERS for the 2021 plan year
      - › Benefit design options that are more cost effective are less robust in the other pools
      - › Higher cost to the District
      - › Timing to exit CalPERS
      - › 5-year lock-out
    - District may want to review retiree contribution options while in CalPERS
    - District may want to review objectives and contributions formula to exit CalPERS
      - › Expand review of retiree alternatives including a reimbursement administrator
      - › Would allow District to review small group market but would need to proceed with caution due to average age of active employees and potential higher cost of coverage with lower benefits

# Plans/Rates Based On Current Enrollment (HMO)



KAISER HMO MOST SIMILAR TO CALPERS PLAN DESIGN			
	CalPERS Kaiser <sup>1</sup>	ACWA JPIA Kaiser	SDRMA Kaiser
DEDUCTIBLE	None	None	None
OOP MAX (Individual/Family)	\$1,500/\$3,000	\$1,500/\$3,000	\$1,500/\$3,000
OFFICE COPAY	\$15	<b>\$10</b>	\$15
HOSPITAL INPATIENT	No Charge	No Charge	No Charge
HOSPITAL OUTPATIENT	\$15	<b>\$10</b>	ASC & Treatment: \$15/surgery <b>Hospital: No Charge</b>
EMERGENCY	\$50	\$50	\$50
RX OOPM	N/A	N/A	N/A
PRESCRIPTION (30-day)	\$5 / \$20	\$5 / \$15	\$5/ \$20
EMPLOYEE ONLY	\$813.64	\$830.70	\$927.00
EMPLOYEE + 1	\$1,627.28	\$1,644.40	\$1,832.37
EMPLOYEE + 2 OR MORE	\$2,115.46	\$2,319.78	\$2,375.18

<sup>1</sup> Summary based upon 2020 benefits available on CalPERS website.

HMO MOST SIMILAR TO CalPERS WHA PLAN DESIGN			
	CalPERS WHA <sup>1</sup>	ACWA Anthem CalCare HMO	SDRMA BLUE SHIELD ACCESS +
DEDUCTIBLE	None	None	None
OOP MAX (Individual/Family)	\$1,500/\$3,000	<b>\$500/\$1,500</b>	\$1,500/\$3,000
OFFICE COPAY	\$15	<b>\$10</b>	\$15
HOSPITAL INPATIENT	No Charge	No Charge	No Charge
HOSPITAL OUTPATIENT	No charge	No Charge	ASC or Treatment: <b>No Charge</b> Hospital Facility: <b>\$100/surgery</b>
EMERGENCY	\$50	\$50	\$50
RX OOPM	\$1,000 (mail order)	<b>\$6,100/\$11,700</b>	<b>\$5,100/\$10,200</b>
PRESCRIPTION (30-day) G/B/NF/Speciality	\$5 / \$20 / \$50	\$5 / \$20 / \$50	\$5 / \$10 / \$25 / <b>20% (max copay \$100)</b>
EMPLOYEE ONLY	\$757.02	\$1,159.97	\$1,054.72
EMPLOYEE + 1	\$1,514.04	\$2,319.95	\$2,110.47
EMPLOYEE + 2 OR MORE	\$1,968.25	\$3,073.93	\$2,744.95

<sup>1</sup> Summary based upon 2020 benefits available on CalPERS website.

The information presented in this chart is a summary only. The information does not include all of the detailed explanation of benefits, exclusions and limitations. Plan participants should refer to the Evidence of Coverage (EOC) document for coverage details. In the event information in this summary differs from the EOC, the EOC will prevail.

# Plans/Rates Based On Current Enrollment (PPO)



PPO MOST SIMILAR TO PERS SELECT PLAN DESIGN			
	CalPERS Select <sup>1</sup>	ACWA Anthem Advantage PPO	SDRMA GOLD PPO
DEDUCTIBLE (Individual/Family)	\$1,000/\$2,000 <sup>2</sup>	\$500/\$1,000	\$500/\$1,000
OOP MAX (Individual/Family)	\$3,000/\$6,000	\$3,000/\$6,000	\$2,000/\$4,000
OFFICE COPAY	\$35 <sup>3</sup>	\$20	\$20
HOSPITAL INPATIENT	20%	20%	20%
HOSPITAL OUTPATIENT	20%	20%	ASC: 10% Treatment: 20%
EMERGENCY	20%, \$50 co-pay	20%, \$50 Copay	20%, \$100 co-pay
RX OOPM (Individual/Family)	\$1,000 per person (mail order)	\$3,600/\$7,200	\$4,600/\$9,200
PRESCRIPTION (30-day) G/B/NF/Speciality	\$5 / \$20 / \$50	\$5 / \$20 / \$50	\$5 / \$30 / \$45 / 30% (max co-pay \$150)
EMPLOYEE ONLY	\$566.67	\$863.07	\$981.59
EMPLOYEE + 1	\$1,133.34	\$1,726.13	\$1,961.12
EMPLOYEE + 2 OR MORE	\$1,473.34	\$2,287.12	\$2,547.19

<sup>1</sup> Summary based upon 2020 benefits available on CalPERS website.

<sup>2</sup> Incentive available to reduce deductible to \$500/individual and \$1,000 family.

<sup>3</sup> Reduced to \$10 if enrolled with personal doctor.

The information presented in this chart is a summary only. The information does not include all of the detailed explanation of benefits, exclusions and limitations. Plan participants should refer to the Evidence of Coverage (EOC) document for coverage details. In the event information in this summary differs from the EOC, the EOC will prevail.

# Contribution Analysis

## CalPERS/ACWA JPIA



### Opt Out - CalPERS 2020 to CalPERS 2021

Opt Out Counts <sup>1</sup>	2020 Opt Out - PERS Select	2021 Opt Out - PERS Select	SSWD contribution compared to last year	Difference per employee - Monthly	Annual Difference per employee	Total Annual District Cost 2020	Total District Annual Cost 2021
1	\$260.15	\$283.34	\$23.19	\$23.19	\$278.28		
5	\$520.29	\$566.67	\$46.38	\$231.90	\$2,782.80		
12	\$676.38	\$736.67	\$60.30	\$723.55	\$8,682.62		
<b>TOTAL COST DIFFERENCE FROM 2020 CALPERS CONTRIBUTION</b>				<b>\$978.64</b>	<b>\$11,743.70</b>	<b>\$131,737.14</b>	<b>\$143,480.84</b>

### Active & Retiree Enrollment

Total Enrollment <sup>2</sup>	2020 CalPERS WHA HMO	2021 CalPERS WHA HMO	SSWD contribution Compared to last year	Monthly Difference	Annual Difference	Total Annual District Cost 2020	Total District Annual Cost 2021
24	\$731.96	\$757.02	\$25.06	\$601.44	\$7,217.28		
22	\$1,463.92	\$1,514.04	\$50.12	\$1,102.64	\$13,231.68		
36	\$1,903.10	\$1,968.25	\$65.15	\$2,345.47	\$28,145.66		
<b>TOTAL COST DIFFERENCE FROM 2020 CALPERS CONTRIBUTION</b>				<b>\$4,049.55</b>	<b>\$48,594.62</b>	<b>\$1,419,418.56</b>	<b>\$1,468,013.18</b>
<b>TOTAL COMBINED COST DIFFERENCE 2020 FROM CALPERS</b>				<b>\$5,028.19</b>	<b>\$60,338.33</b>	<b>\$1,551,155.70</b>	<b>\$1,611,494.03</b>

### Opt Out - CalPERS to ACWA

Opt Out Counts <sup>1</sup>	2021 Opt Out - PERS Select	2021 Opt Out - JPIA Kaiser Consumer Driven	SSWD contribution Compared to JPIA	SSWD Difference per employee - Monthly	SSWD Annual Difference per employee
1	\$283.34	\$314.91	\$31.58	\$31.58	\$378.90
5	\$566.67	\$621.32	\$54.65	\$273.25	\$3,279.00
12	\$736.67	\$875.64	\$138.97	\$1,667.63	\$20,011.54
<b>COST DIFFERENCE FROM 2021 CALPERS CONTRIBUTION</b>				<b>\$1,972.45</b>	<b>\$23,669.44</b>

### Active & Retiree Enrollment

Total Enrollment <sup>2</sup>	2021 CalPERS WHA HMO	2021 JPIA Anthem Advantage	SSWD contribution Compared to JPIA	SSWD Monthly Difference	SSWD Annual Difference
24	\$757.02	\$784.60	\$27.58	\$661.92	\$7,943.04
22	\$1,514.04	\$1,569.21	\$55.17	\$1,213.74	\$14,564.88
36	\$1,968.25	\$2,079.20	\$110.95	\$3,994.13	\$47,929.54
<b>COST DIFFERENCE FROM 2021 CALPERS CONTRIBUTION</b>				<b>\$5,869.79</b>	<b>\$70,437.46</b>
<b>TOTAL COMBINED COST DIFFERENCE FROM 2021 CALPERS</b>				<b>\$7,842.24</b>	<b>\$94,106.89</b>

<sup>1</sup>There could be additional opt-outs effective January 2021. This is based on those employees whom are currently opting out this year.

<sup>2</sup>This is based on the current enrollment for active employees and retirees. Cost difference would change with enrollment shift.



# Contribution Analysis

## CalPERS/SDRMA



### Opt Out - CalPERS 2020 to CalPERS 2021

Opt Out Counts <sup>1</sup>	2020 Opt Out - PERS Select	2021 Opt Out - PERS Select	SSWD contribution compared to last year	Difference per employee - Monthly	Annual Difference per employee	Total Annual District Cost 2020	Total District Annual Cost 2021
1	\$260.15	\$283.34	\$23.19	\$23.19	\$278.28		
5	\$520.29	\$566.67	\$46.38	\$231.90	\$2,782.80		
12	\$676.38	\$736.67	\$60.30	\$723.55	\$8,682.62		
<b>TOTAL COST DIFFERENCE FROM 2020 CALPERS CONTRIBUTION</b>				<b>\$978.64</b>	<b>\$11,743.70</b>	<b>\$131,737.14</b>	<b>\$143,480.84</b>

### Active & Retiree Enrollment

Total Enrollment <sup>2</sup>	2020 CalPERS WHA HMO	2021 CalPERS WHA HMO	SSWD contribution Compared to last year	Monthly Difference	Annual Difference	Total Annual District Cost 2020	Total District Annual Cost 2021
24	\$731.96	\$757.02	\$25.06	\$601.44	\$7,217.28		
22	\$1,463.92	\$1,514.04	\$50.12	\$1,102.64	\$13,231.68		
36	\$1,903.10	\$1,968.25	\$65.15	\$2,345.47	\$28,145.66		
<b>TOTAL COST DIFFERENCE FROM 2020 CALPERS CONTRIBUTION</b>				<b>\$4,049.55</b>	<b>\$48,594.62</b>	<b>\$1,419,418.56</b>	<b>\$1,468,013.18</b>
<b>TOTAL COMBINED COST DIFFERENCE 2020 FROM CALPERS</b>				<b>\$5,028.19</b>	<b>\$60,338.33</b>	<b>\$1,551,155.70</b>	<b>\$1,611,494.03</b>

### Opt Out - CalPERS to SDRMA

Opt Out Counts <sup>1</sup>	2021 Opt Out - PERS Select	2021 Opt Out - SDRMA Gold PPO	SSWD contribution Compared to SDRMA	Difference per employee - Monthly	Annual Difference per employee
1	\$283.34	\$448.05	\$164.72	\$164.72	\$1,976.58
5	\$566.67	\$896.62	\$329.95	\$1,649.73	\$19,796.70
12	\$736.67	\$1,165.45	\$428.77	\$13,985.34	\$167,824.08
<b>COST DIFFERENCE FROM 2021 CALPERS CONTRIBUTION</b>			<b>\$15,799.78</b>	<b>\$189,597.36</b>	

### Active & Retiree Enrollment

Total Enrollment <sup>2</sup>	2021 CalPERS WHA HMO	2021 SDRMA Kaiser HMO 15	SSWD contribution Compared to SDRMA	Monthly Difference	Annual Difference
24	\$757.02	\$927.00	\$169.98	\$4,079.52	\$48,954.24
22	\$1,514.04	\$1,832.37	\$318.33	\$7,003.26	\$84,039.12
36	\$1,968.25	\$2,375.18	\$406.93	\$14,649.41	\$175,792.90
<b>COST DIFFERENCE FROM 2021 CALPERS CONTRIBUTION</b>			<b>\$25,732.19</b>	<b>\$308,786.26</b>	
<b>TOTAL COMBINED COST DIFFERENCE FROM 2021 CALPERS</b>			<b>\$41,531.97</b>	<b>\$498,383.62</b>	

<sup>1</sup>There could be additional opt-outs effective January 2021. This is based on those employees whom are currently opting out this year.

<sup>2</sup>This is based on the current enrollment for active employees and retirees. Cost difference would change with enrollment shift.

# CaPERS/ACWA JPIA



## 2021 CalPERS Rate Charts (Region 1)

Active Renewal Rates for Comparison	ANTHEM HMO SELECT	ANTHEM HMO TRADITIONAL	WHA HMO <sup>2</sup>	BLUE SHIELD ACCESS+	BLUE SHIELD Trio	HEALTH NET SMARTCARE
<b>2021 HMO RATES</b>						
EMPLOYEE ONLY	\$925.60	\$1,307.86	\$757.02	\$1,170.08	\$880.50	\$1,120.21
EMPLOYEE + 1	\$1,851.20	\$2,615.72	\$1,514.04	\$2,340.16	\$1,761.00	\$2,240.42
EMPLOYEE + 2 OR MORE	\$2,406.56	\$3,400.44	\$1,968.25	\$3,042.21	\$2,289.30	\$2,912.55

	KAISER	United Healthcare	PERS CHOICE	PERS SELECT <sup>1</sup>	PERS CARE
<b>2021 KAISER AND PPO RATES</b>					
EMPLOYEE ONLY	\$813.64	\$941.17	\$935.84	\$566.67	\$1,294.69
EMPLOYEE + 1	\$1,627.28	\$1,882.34	\$1,871.68	\$1,133.34	\$2,589.38
EMPLOYEE + 2 OR MORE	\$2,115.46	\$2,447.04	\$2,433.18	\$1,473.34	\$3,366.19

Rates provided from Board Administrative off site agenda dated 7/15/20. Not yet found on CalPERS website.

## 2021 ACWA JPIA Rate Chart Medical Alternative

	Traditional Kaiser HMO w/Chiro \$10 OV, \$0 Hosp.	Kaiser Consumer Driven Health Plan \$1,500 Ded., \$20 OV, \$250 Hosp. <sup>1</sup>	Anthem Classic PPO \$200 Ded., \$15 OV, 10%/20% Coins.	Anthem Advantage PPO \$500 Ded., \$20 OV, 20% Coins.	Anthem Consumer Driven Health Plan \$1,500 Ded., 20% coinsurance <sup>2</sup>
<b>2021 KAISER AND PPO RATES</b>					
EMPLOYEE ONLY	\$830.70	\$629.82	\$980.76	\$863.07	\$784.60
EMPLOYEE + 1	\$1,644.40	\$1,242.64	\$1,961.51	\$1,726.13	\$1,569.21
EMPLOYEE + 2 OR MORE	\$2,319.78	\$1,751.28	\$2,599.00	\$2,287.12	\$2,079.20

	Anthem CalCare HMO \$10 OV, \$0 Hosp.	Value HMO \$30 OV, \$250 Hosp.
<b>2021 RATES</b>		
EMPLOYEE ONLY	\$1,159.97	\$1,068.11
EMPLOYEE + 1	\$2,319.95	\$2,136.21
EMPLOYEE + 2 OR MORE	\$3,073.93	\$2,830.48

<sup>1</sup> THESE RATES ARE USED FOR OPT-OUT COST

<sup>2</sup> THESE RATES ARE USED DISTRICT CONTRIBUTION



# CaPERS/SDRMA



## 2021 CalPERS Rate Charts (Region 1)

Active Renewal Rates for Comparison	ANTHEM HMO SELECT	ANTHEM HMO TRADITIONAL	WHA HMO <sup>2</sup>	BLUE SHIELD ACCESS +	BLUE SHIELD Trio	HEALTH NET SMARTCARE
<b>2021 HMO RATES</b>						
EMPLOYEE ONLY	\$925.60	\$1,307.86	\$757.02	\$1,170.08	\$880.50	\$1,120.21
EMPLOYEE + 1	\$1,851.20	\$2,615.72	\$1,514.04	\$2,340.16	\$1,761.00	\$2,240.42
EMPLOYEE + 2 OR MORE	\$2,406.56	\$3,400.44	\$1,968.25	\$3,042.21	\$2,289.30	\$2,912.55

	KAISER	United Healthcare	PERS CHOICE	PERS SELECT <sup>1</sup>	PERS CARE
<b>2021 KAISER AND PPO RATES</b>					
EMPLOYEE ONLY	\$813.64	\$941.17	\$935.84	\$566.67	\$1,294.69
EMPLOYEE + 1	\$1,627.28	\$1,882.34	\$1,871.68	\$1,133.34	\$2,589.38
EMPLOYEE + 2 OR MORE	\$2,115.46	\$2,447.04	\$2,433.18	\$1,473.34	\$3,366.19

Rates provided from Board Administrative off site agenda dated 7/15/20. Not yet found on CalPERS website.

## 2021 Rate Chart

<b>SDRMA</b>				
<b>Active/Early Retiree</b>	<b>Kaiser HMO 15 \$15 OV; \$0 Hosp.<sup>2</sup></b>	<b>Blue Shield Access+ HMO 15 \$15 OV; \$0 Hosp.</b>	<b>Blue Shield Platinum PPO \$300 Ded.; \$20 OV; 10% Coins.; \$1,300 OOPM</b>	<b>Blue Shield HDHP 10% \$1,400 Ded.; 10% Coins.; \$5,000 OOPM</b>
EMPLOYEE ONLY	\$927.00	\$1,054.72	\$981.59	\$787.95
EMPLOYEE + 1	\$1,832.37	\$2,110.47	\$1,961.12	\$1,578.99
EMPLOYEE + 2 OR MORE	\$2,375.18	\$2,744.95	\$2,547.19	\$2,050.73
<b>Active/Early Retiree</b>	<b>Kaiser HMO 20 \$20 OV, \$250 Hosp.</b>	<b>Blue Shield Access+ HMO 20 \$20 OV; \$250 Hosp.</b>	<b>Blue Shield Gold PPO \$500 Ded.; \$20 OV; 20% Coins.; \$2,000 OOPM<sup>1</sup></b>	<b>Blue Shield HDHP 20% \$1,400 Ded.; 20% Coins.; \$5,000 OOPM</b>
EMPLOYEE ONLY	\$894.04	\$979.53	\$896.10	\$649.93
EMPLOYEE + 1	\$1,767.48	\$1,962.15	\$1,793.23	\$1,298.83
EMPLOYEE + 2 OR MORE	\$2,290.72	\$2,550.28	\$2,330.89	\$1,688.17
<b>Active/Early Retiree</b>		<b>Blue Shield EPO \$300 Ded.; \$30 OV; \$0 Hosp.</b>	<b>Blue Shield Silver PPO \$2,000 Ded.; \$30 OV; 20% Coins. \$5,000 OOPM</b>	
EMPLOYEE ONLY		\$1,047.51	\$645.81	
EMPLOYEE + 1		\$2,099.14	\$1,294.71	
EMPLOYEE + 2 OR MORE		\$2,724.35	\$1,683.02	

<sup>1</sup> THESE RATES ARE USED FOR OPT-OUT COST

<sup>2</sup> THESE RATES ARE USED DISTRICT CONTRIBUTION

# CalPERS

## 2021 Regional Health Plan Rates Region 1

Plan	Employee Only	Employee + 1	Employee + Family
<b>HMOs</b>			
Anthem HMO Select	\$925.60	\$1,851.20	\$2,406.56
Anthem HMO Traditional	\$1,307.86	\$2,615.72	\$3,400.44
Blue Shield Access+	\$1,170.08	\$2,340.16	\$3,042.21
Blue Shield Trio	\$880.50	\$1,761.00	\$2,289.30
Health Net SmartCare	\$1,120.21	\$2,240.42	\$2,912.55
Kaiser	\$813.64	\$1,627.28	\$2,115.46
United Healthcare	\$941.17	\$1,882.34	\$2,447.04
<b><i>Western Health Advantage</i></b>	<b><i>\$757.02</i></b>	<b><i>\$1,514.04</i></b>	<b><i>\$1,968.25</i></b>

<b>PPOs</b>			
Anthem EPO Del Norte	\$935.84	\$1,871.68	\$2,433.18
PERS Choice	\$935.84	\$1,871.68	\$2,433.18
PERS Select	\$566.67	\$1,133.34	\$1,473.34
PERS Care	\$1,294.69	\$2,589.38	\$3,366.19

***“Cap” Plan Shown in Bold Italics***



## Agenda Item: 2

**Date:** August 7, 2020

**Subject:** Medical, Dental, Vision Benefits Analysis

**Staff Contact:** Cassie Crittenden, HR Coordinator

### **Recommended Committee Action:**

Recommend to the Board that staff and Edgewood Partners Insurance Center, Inc. (EPIC) continue analyzing insurance plans and evaluate rates to provide Sacramento Suburban Water District the most cost effective medical and ancillary benefits for now and into the future.

### **Background:**

On November 7, 2019, staff met with Director Wichert and Director Locke who were appointed to the Employee Benefits Ad Hoc Committee. Multiple topics were discussed, including the two items below:

1. Medical Benefits. Director Wichert asked if there were other options for more competitive rates for medical benefits for active employees and retirees.
2. Medical, Dental, and Vision. Director Wichert asked if there was a better deal for medical, dental, and vision for retirees. Additionally, Director Wichert asked if we need to provide medical, dental, and vision to retirees and all active employees going forward.

### **Discussion:**

#### 1. Medical Benefits

To determine if there are other options for more competitive rates for active and retiree medical benefits, staff consulted with EPIC, the District's employee benefits insurance brokerage and consulting firm. EPIC has conducted medical benefit analysis for the District in the past and currently manages our dental, vision, life, and disability plans. EPIC stated that the only insurance carriers that provide coverage for active and retiree groups are CalPERS – *public agency*, ACWA/JPIA – *special district*, and Special District Risk Management Association (SDRMA) – *public agency*. These three carriers require enrollment in medical plans by both active and retiree groups and do not offer plans for only active or only retiree groups. These are the three insurance carriers the District analyzes annually to determine if the District is partnered with the most cost effective insurance carrier.

Part of the annual review process consists of reviewing the multiple plans offered under each insurance carrier and determining what the cheapest, most comparable plan is, and what the cost savings would be, if any, if the District switched insurance carriers. In Table 1, on the next page, are the most recent plans offered under each carrier.

**Table 1**

<b>CalPERS</b>	<b>ACWA/JPIA</b>	<b>SDRMA</b>
Anthem HMO (2 tiers)	Anthem Blue Cross (5 tiers)	Blue Shield PPO (5 tiers)
Blue Shield Access	Kaiser (4 tiers)	Blue Shield HMO (2 tiers)
Health Net SmartCare		Kaiser (2 tiers)
Kaiser		
United Health Care		
Western Health Advantage		
PERS PPO (3 tiers)		

Each year, the District has completed and presented a comparative analysis to the Board for review and approval. CalPERS has remained the most competitive medical insurance carrier compared to ACWA/JPIA and SDRMA. Below is a summary of the medical benefit analysis completed over the last five years:

**2016**

CalPERS 2016 medical plans and rates were compared with plans and rates for SDRMA and ACWA/JPIA. EPIC also surveyed the marketplace but found no multiple carrier plans, which were not limited to no retiree options. EPIC noted that insurance carriers with plans that are also in the CalPERS medical program require a Board Resolution confirming the Districts intent to leave CalPERS before they will provide a quote for consideration.

The SDRMA rates were the highest at all coverage levels; estimates based on current District demographics showed an additional annual cost of \$332,000 for the active employee group when compared with CalPERS rates. It was also noted that SDRMA did not offer a Kaiser HMO plan (at that time) and that is the most highly utilized plan (60%) by District employees.

The ACWA/JPIA rates for two party and family were also higher than the CalPERS rates; estimates based on current District demographics showed an additional annual cost of over \$30,000 for the active employee group.

**2017**

CalPERS 2017 medical plans and rates were compared with ACWA/JPIA plans and rates. SDRMA rates were not reviewed since they were significantly higher than the CalPERS and ACWA/JPIA rates (+\$332,000 for active employees in 2016), and they did not offer a Kaiser HMO plan, which is currently the most highly used plan (60%) by District employees and retirees.

ACWA/JPIA reported a 12% rate increase for their 2017 HMO and PPO plans and a 5.96% rate increase for their 2017 Kaiser North HMO plan. Comparatively, CalPERS reported their 2017 medical plan rates would include a 4.14% average increase for HMO plans, a 3.76% increase for PPO plans, and a 1.63% average reduction for Medicare plans. The 2017 CalPERS Kaiser HMO plan would have a premium reduction of 0.65%.

Estimates based on current District demographics and comparable health plan enrollments show an additional monthly cost of over \$15,500 for the active employee group under the ACWA/JPIA medical program.

### **2018**

CalPERS 2018 medical plans and rates were compared with plans and rates for SDRMA and ACWA/JPIA. ACWA/JPIA indicated they would not be competitive with CalPERS in 2018 since CalPERS had an overall average rate increase of 2.33% compared with ACWA/JPIA's rate increase of 4.5%-8.26%. SDRMA did not have 2018 rates available at the time of review, but when comparing their HMO and PPO plan rates with comparable CalPERS HMO and PPO plans, SDRMA would have cost the District over \$300,000 more in 2018 based on active employee enrollment, which is consistent with the premium review conducted two years ago.

### **2019**

CalPERS 2019 medical plans and rates were compared with plans and rates for SDRMA and ACWA/JPIA. CalPERS 2019 Kaiser plan premium rates, which is the plan with the most employee participation, decreased by -2.27%. ACWA/JPIA's 2019 Kaiser plan premium rates most likely would be increasing by 2.64% if they blend Kaiser North and South rate increases, which their Benefits Manager believed would happen. ACWA/JPIA's 2018 Kaiser rates were higher than CalPERS following a 4.64% increase. SDRMA 2019 rates were not available until July; however, even if their rates decreased by 3-4% as indicated, they would still be substantially higher than the CalPERS rates since their 2018 rates were approximately 11% higher than CalPERS rates.

### **2020**

CalPERS 2020 medical plans and rates were compared with plans and rates for SDRMA and ACWA/JPIA. CalPERS Western Health Advantage Plan, which is the Districts 2020 HMO plan fully covered by the District cost less than the cheapest and most comparable plan at ACWA/JPIA and SDRMA. Compared with ACWA/JPIA 2020 Kaiser plan premium rate, which increased by 2%, would have cost the district an estimated \$188,000 more than CalPERS. SDRMA's lowest comparable 2020 HMO plan premium rate was 21% higher than CalPERS.

### **Summary**

As a reminder, when an agency leaves the CalPERS health insurance program, it cannot return for five years. Plans that are currently in the CalPERS medical program (e.g., Kaiser, United Healthcare, Blue Shield of California) will not provide a quote for separate group coverage until a Board Resolution is provided that confirms the agency's intent to leave the CalPERS program. CalPERS has remained the most cost effective health insurance carrier for the District and its rate payers.

Attachment 1 depicts a five-year history of the cheapest and most comparable health plans between CalPERS, ACWA/JPIA, and SDRMA and the premium rate for family coverage. Please note, in 2017 SDRMA was not reviewed because rates were substantially higher in 2016 compared to CalPERS, and SDRMA was not reviewed in 2018 because premium health plan

rates were not available when the annual review was being completed. CalPERS has remained the most cost effective health insurance for the District each year.

## 2. Dental and Vision

As summarized under Item 1, retirees are receiving the most cost effective medical insurance. The District completes a dental and vision analysis for active and retirees either annually or when the premium rate guarantee expires. The District utilizes EPIC to assist with the review and analysis. EPIC completes a full marketplace analysis, which includes requesting quotes from multiple providers, reviewing the plans and rates, then providing the District with a comprehensive report and recommendation. EPIC will also negotiate cheaper rates with the providers on the District's behalf. Below is a five-year summary on the dental and vision analysis completed:

### 2016

EPIC recommended the District remain with the current dental carrier, *Cigna*, as an A (Excellent) rated carrier, and the current vision carrier, VSP through Ameritas, as an A+ (Superior) rated carrier for 2017. EPIC was able to negotiate 2016 renewal rates with these carriers with a 5% decrease in dental premiums and a 4.86% decrease in vision premiums, providing a savings for the District ratepayers over 2015 costs. Plans available through ACWA/JPIA and SDRMA, as well as other carriers were reviewed in the analysis and none were recommended due to the higher cost and/or inability to provide comparable coverage.

### 2017

EPIC recommended the District remain with the current dental carrier, *Cigna*, as an A (Excellent) rated carrier, and the current vision carrier, VSP through Ameritas, as an A+ (Superior) rated carrier for 2017. Review of comparable vision plans were not conducted for 2017 because of the significant rate reduction in 2016 and because there was no premium rate increase for 2017; prior quotes and rates for ACWA/JPIA were substantially higher than Ameritas/VSP. Two dental carriers quoted for 2017 but were not competitive, their rates were 15-28% higher than CIGNA. ACWA/JPIA rates did not change but were not competitive with CIGNA.

### 2018

EPIC recommended the District remain with the current dental carrier, *Cigna*, as an A (Excellent) rated carrier, and the current vision carrier, VSP through Ameritas, as an A+ (Superior) rated carrier for 2018. EPIC requested quotes from 3 vision carriers, rates were uncompetitive for ACWA/JPIA and VSP Direct. SDRMA plans did not match current design or rate structure. Ameritas, ACWA/JPIA, Delta Dental, and SDRMA were compared with CIGNA for dental coverage, and were not recommended due to the higher cost for comparable coverage.

### 2019

EPIC recommended the District remain with the current dental carrier, *Cigna*, as an A (Excellent) rated carrier, and the current vision carrier, VSP through Ameritas, as an A+ (Superior) rated carrier for 2017. EPIC requested quotes from 6 other dental carriers; 3 declined to quote. The 3 quotes received included rates that were not competitive or benefits that were

not comparable to the current plan. Review of comparable vision plans were not conducted for 2019 because there was no change in the premium rate from 2018.

**2020**

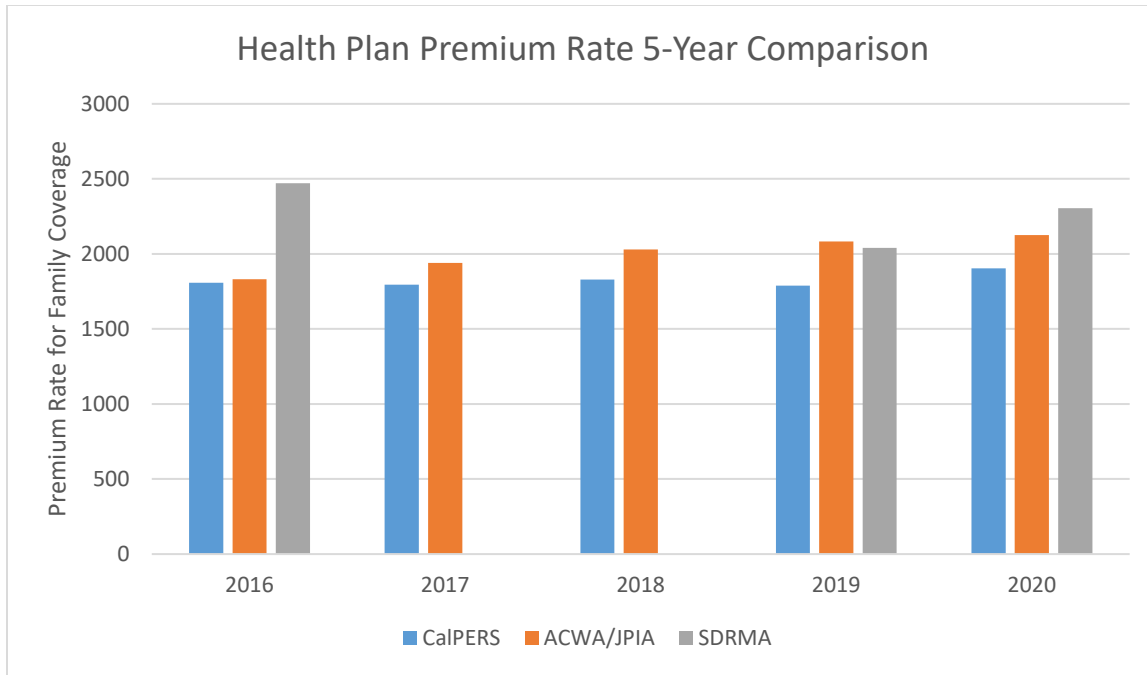
EPIC recommended the District remain with the current dental carrier, *Cigna*, as an A (Excellent) rated carrier, and the current vision carrier, VSP through Ameritas, as an A+ (Superior) rated carrier for 2017. VSP Direct and SDRMA were compared with VSP through Ameritas for vision, and were not recommended due to the higher cost for comparable coverage. Review of comparable dental plans were not conducted for 2020 because there was no change in the premium rate from 2019.

**Summary:**

The District's current dental and vision carriers have been the most competitive compared to others, saving the District money each year on premiums.

**Attachment:**

1 – Health Plan Premium Rate 5-Year Comparison







### Agenda Item: 3

**Date:** August 7, 2020

**Subject:** Merit Program

**Staff Contact:** Dan York, General Manager

**Recommended Committee Action:**

Recommend to the Board that the annual Merit Program be set at 5% based on individual employee performance. If approved, this will be implemented in the Employee Performance Evaluation and COLA Policy (PL – HR 003).

**Discussion:**

The District’s Merit Program is the District’s incentive program to award and encourage employees to improve their job performance.

Board Policy “PL – HR 003 Employee Performance Evaluation, Merit and COLA Policy” (Attachment 1) has been established to provide guidance and direction on the District’s Merit Program.

As the Policy states, the Merit Program is designed to “establish a process to evaluate and assess employee job performance, assist employees in improving performance, provide the basis for merit increases...” The Merit Program is administered as follows: “the total merit increase pool must be approved by the Board of Directors within the annual labor budget. Individual merit increases are determined by the General Manager using a merit-based system based on satisfactory performance reviews.” Staff believes the intent and purpose of the Merit Program is sound and consistent with the mission statement and goals of the District. In considering viable alternatives, looking to how public versus private entities incentivize their employees is helpful. As opposed to the public sector, the private sector incents its employees through goal achievement tied to profitability. Such incentive programs do not usually cross over very well to the public sector where profitability is not a goal of government entities. Instead, tying individual performance to goals and achievements desired by the organization are more appropriate. Alternatively, in the Public sector, Merit Programs are sometimes tied to seniority where time-in-grade and experience are rewarded or encouraged more so than individual performance. Staff is of the opinion that individual performance related to achieving District goals, department goals, and individual goals are best to encourage improved employee job performance. Staff is recommending a 5% Merit based on the average/maximum of most public and state programs.

**Attachment:**

1 - Employee Performance Evaluation, Merit and COLA Policy

## Sacramento Suburban Water District

**Employee Performance Evaluation, Merit and COLA Policy**

Adopted: October 20, 2003

Revised: October 17, 2011; December 16, 2013; November 16, 2015; October 16, 2017

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**100.00 Purpose of the Policy**

The purpose of this policy is to establish a process to evaluate and assess employee job performance, assist employees in improving performance, provide the basis for merit increases and cost-of-living adjustments (COLA), and provide historical documentation of employee performance.

**200.00 Policy**

It is the District's policy to provide a program for advancement of its employees within the pay/salary bands for their positions using a merit-based system based on performance and goal achievement through an evaluation process. Performance evaluations are intended to help the employee better understand his/her job responsibilities; improve job performance in relation to the District's mission statement, values, goals and principles; measure and enhance individual performance; recognize and reward employee contributions; and foster professional development and career growth. The process is also intended to increase productivity, correct issues before they become serious problems for the individual or the District, and meet internal and external needs for documentation of individual performance. Performance evaluations are an essential part of an individual's employment experience with the District and serve as the basis for several employment-related actions including, but not limited to, completion of introductory periods, determination of merit increases and COLA, promotions and transfers. In addition, they serve as tools for placing employees on notice of performance deficiencies that, if uncorrected, may lead to corrective actions up to and including termination. The total merit increase pool must be approved by the Board of Directors within the annual labor budget. Individual merit increases are determined by the General Manager using a merit-based system based on satisfactory performance reviews. Introductory employees are eligible to receive an annual COLA, if any, in the absence of any documented performance issues.

**300.00 Authority and Responsibility**

The General Manager is responsible for administering this policy and has established a process for evaluating and assessing job performance and compensation guidelines as set forth in the Employee Performance Evaluation, Merit and COLA Procedure (PR-HR 001).

**400.00 Policy Review**

This policy will be reviewed at least biennially.