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Board Agenda Item

TO: Air Pollution Control District Board

FROM: Dave Van Mullem, Air Pollution Control Officer

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SUBJECT: Renewal of Employee Insurance Plans and Programs

RECOMMENDATION:

Receive summary of the renewal rates for employee insurance plans and programs for 2012.

DISCUSSION:

One of the goals of our agency is to provide employees with health benefit programs that meet their needs. These needs include quality care, an adequate choice of providers, and the ability to select from a variety of options and costs. At the October 2011 hearing, this board delegated authority to the Air Pollution Control Officer to enter into and renew multiple employee benefit insurance plans that became effective January 1, 2012. The following summarizes the final benefit package that was authorized by the Air Pollution Control Officer.

- Renewed the Aetna Freedom of Choice dental plan
- Renewed the Vision Service Plan/ABD municipality pool to provide vision insurance
- Renewed and amended the IRS Section 125 (cafeteria) plan with Benesyst
- Renewed The Standard Long Term Disability benefit plan
- Renewed The Standard Voluntary Term Life benefit plan
- Renewed The Standard Management Life & Accidental Death & Dismemberment (AD&D) plan

- Renewed The Standard Short Term Disability coverage for the APCD's 5 management employees
- Renewed the Employee Assistance Plan through Horizon Health
- Renewed the AIG Voluntary Personal Accident benefit plan
- Renewed the AFLAC Supplemental Catastrophic Insurance programs

DENTAL - The Aetna Dental plan premiums increased by 11.5% for the 2012 plan year. Our benefits committee reviewed the rates and benefits under the plan and two of our three represented employee groups recommended renewing our agreement with Aetna which became effective January 1st.

Under the Aetna Preferred Provider Organization (PPO), employees are covered for diagnostic and preventative services at 100% of the PPO fee; basic and restorative services are covered at 80% of the PPO fee; major restorative services are covered at 50% of the PPO fee and; child orthodontia is covered at 50% of the PPO fee up to \$1,500 per calendar year. Under the non-PPO plan (out of network), employees are covered for diagnostic and preventative services at 100% of the Reasonable and Customary (R&C); basic and restorative services are covered at 60% of the R&C; major restorative services are covered at 40% of the R&C and; child orthodontia is covered at 50% of the R&C up to \$1,500 per calendar year.

In addition to traditional PPO structured benefits, employees have the option to obtain services through a Dental Maintenance Organization (DMO). Employees obtaining services under the DMO option will only be responsible for a \$5 co-pay for most procedures.

The APCD applies \$21.21 to the employee only premium for ETA members; all other groups have \$27.50 applied towards the employee only premium for dental. The remaining premium is either paid through employee cafeteria dollars or picked up by employees pursuant to their respective Memorandum of Understandings (MOU's). The monthly rates for dental are as follows:

	<u>2011 Rate</u>	<u>2012 Rate</u>
Employee Only	\$42.87	\$47.80
Employee + spouse	\$85.90	\$95.78
Employee + child(ren)	\$99.85	\$111.33
Family	\$142.89	\$159.32

VISION - There was a 2% increase to the Vision Service Plan (VSP) premiums for the 2012 plan year. The new rate is guaranteed for a two year period which was renewed based of staff's recommendation.

FLEXIBLE BENEFITS PLAN - The APCD maintains an IRS Section 125 plan which allows certain benefit premiums to be deducted from an employee's pay on a pre-tax basis. This plan also allows employees to set aside pre-tax monies for certain medical and dependent care

expenses. There was no increase in the costs to maintain the plan so it was renewed for the 2012 plan year.

LONG TERM DISABILITY - The APCD provides extended wage replacement coverage for all its employees in a group long-term disability program which was renewed with our current provider, The Standard. This is a disability plan that provides employees a benefit of 60% of earnings after a 60 day waiting period if he/she is disabled from their own occupation for up to two years or any occupation up to age 65. Our rates were reduced in 2011 and guaranteed through the 2012.

VOLUNTARY LIFE - Our Voluntary Life product is offered through The Standard as well. There was no rate increase for 2012 and was subsequently renewed. This benefit is 100% employee funded.

MANAGEMENT LIFE & ACCIDENTAL DEATH AND DISMEMBERMENT (AD&D) - We provide additional group term life & AD&D insurance of \$20,000 for each management, supervisory, and confidential employee through Standard Insurance; the APCO is provided with \$50,000 coverage. Our rates were reduced in 2011 and guaranteed through 2012.

SHORT TERM DISABILITY (STD) –The STD policy provides short term wage replacement to cover non-industrial injuries and illness. Our rates were reduced in 2011 and guaranteed through 2012. Because the APCO and 4 managers do not participate in the State Disability Insurance program, it was renewed for the 2012 plan year.

PERSONAL ACCIDENT INSURANCE - We offer our employees the ability to purchase Personal Accident Insurance through AIG. As the Personal Accident plan is a difficult program design to replace, staff is recommending this program be renewed with AIG. This benefit is 100% employee funded.

CATASTROPHIC CARE PROGRAMS - These are products offered through AFLAC that enable employees to voluntarily purchase portable catastrophic care programs in the event of a serious illness. Costs are fully funded by the employee and are based on age upon entry into the program and level of coverage desired.

EMPLOYEE ASSISTANCE PLAN – This is a benefit that offers a wide range of services to both APCD management and employees. Services range from face to face counseling with licensed professionals to telephonic consultations regarding personal finance issues. Our life insurance provider, The Standard, provides this service at no cost.

FISCAL IMPACT:

There are no increases to APCD contributions for 2012 benefit programs. Increases to Aetna dental and Vision Service Plan will be absorbed by employees pursuant to their respective MOUs. As such, there is no fiscal impact to the APCD from these actions.