



TRUCKEE MEADOWS FIRE PROTECTION DISTRICT

STAFF REPORT

Board Meeting Date: November 13, 2018

DATE: October 30, 2018
TO: Truckee Meadows Fire Protection District Board of Fire Commissioners
FROM: Charles A. Moore, Fire Chief
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SUBJECT: Approve the 2019 Health Benefits Program for District employees, dependents and retirees at an estimated annual cost of \$1,829,955 and authorize the Chair of the Board of Fire Commissioners to execute all insurance contracts and service agreements pertinent to the Health Benefits Program. (All Commission Districts) FOR POSSIBLE ACTION

SUMMARY

Approve the 2019 Health Benefits Program for District employees, dependents and retirees at an estimated annual cost of \$1,829,955 and authorize the Chair of the Board of Fire Commissioners to execute all insurance contracts and service agreements pertinent to the Health Benefits Program.

Strategic Outcome supported by this item: Sustainability of our financial, social, and natural resources.

PREVIOUS ACTION

Since the District stood up in 2012, the District has provided group insurance for employees, dependents and retirees. Over the past 6 years, the Health Benefits Program has progressed to include an Employee Assistance Program through the ESI Group and a high-deductible health plan (HDHP) with a Health Savings Account (HSA) funded by the District.

BACKGROUND

On December, 2017, the Board approved the 2018 Health Benefits Program. The 2018 renewal was a 20% increase in premiums. This increase and prior increases are largely due to shock claims incurred, according to the District's broker of record. The Board directed the Fire Chief to develop alternatives that would result in a more reasonable increase, concluding that double digit increases in costs were not sustainable in the long run.

Over the past year, District and Local 2487 representatives met 11 times to review options and alternative health plan models including self-funded, partially self-funded, group funded, as well as emerging health care models. This effort has helped all parties to understand the complexities of the health care system. In order to have sufficient time to evaluate options and have time to negotiate changes in plan design, the District requested a mid-year renewal.

The District currently insures:

- 144 employees and retirees. Of this number, 119 are IAFF 2487 members (82.6%), ten are Chief Officers Association member (6.9%), eight are non-represented (5.6%) and seven are retirees (4.9%). Of the 137 employees, 81 are currently enrolled in the PPO and 56 are enrolled in the HDHP. All seven retirees are in the PPO.

The current Truckee Meadows Fire Protection District health insurance plan is set to expire December 31, 2018. Bids were received from Hometown Health and Prominence through the District's broker, LP Insurance Services. The bids were evaluated and negotiated by the District and the Local. Negotiations focused on two options submitted by Hometown Health, which were the current benefit level and an alternative herein described as "Option 1". The District and the Union's Benefit Committee agreed on the selection of Option 1, however the District has been informed that the Union voted against Option 1 and unanimously in favor of the renewal.

Hometown Health presented an initial bid at a 19% increase; after discussions with Hometown Health, a subsequent revised bid was submitted with an 11.12% increase for the same coverage (Renewal) and a separate bid with a 4.71% increase which includes changes in plan design, herein described as (Option 1.)

The District and the Local's benefit committee reached agreement for Option 1. In addition the Local's benefit committee recommended using savings from the delta between the renewal and Option 1 to fund an increase in employer contributions to the HSA for those individuals who chose to enroll in the HDHP. During October 2018, training information related to the HSA was provided via email and an in person presentation that was televised. (This is included in the recommendation for Option 1.)

Under Option 1, the District will contribute the cost difference between the PPO deductible (\$500-1,500) and the HDHP deductible (\$2700-\$5,200). Thereby using some of the saving difference (between renewal and Option 1) to increase contributions to the HSA. This will increase the 2019 employer contributions between 12% and 20% by the District. With this increase to the in the employee's HSA, the District believes more employees will participate in the HDHP and subsequently this change will help improve our current claims to premiums ratio. With all changes included, the District anticipates an overall 7.16% increase for calendar year 2019 in the Hometown Health plan over calendar year 2018.

The 2019 Health Benefit Plan is summarized in the table below:

2018 Health Insurance	2019 Health Insurance	% Increase with Renewal of Current Plan	% Increase with Option 1
Hometown Health	Hometown Health	11.12%	4.71%
VSP- Vision	VSP- Vision	0%	0%
Guardian- Dental	Guardian –Dental	0%	0%
Standard- Life Insurance	Standard- Life Insurance	0%	0%
HSA- American Fidelity	HSA- Further	0%	0%
EAP- ESI	EAP- ESI	2.5%	2.5%
Supplemental Insurance	American Fidelity	0% (to the District)	0% (to the District)

The District proposes to use Further (formerly Select Account) as the third party administrator of the HSA.

The HDHP will be offered to retirees under their applicable subsidy imbedded in the current Labor Agreement. There are no contributions to a HSA or Retiree HRA (Health Reimbursement Arrangement) that will be made by the District.

FISCAL IMPACT

Funding for the Health Benefits Program is included in the Fiscal Year 2018-19 budget. The estimated annual net cost is \$1,829,955.

RECOMMENDATION

Staff recommends the Board approve the 2019 Health Benefits Option 1 for District employees, dependents and retirees at an estimated annual cost of \$1,829,955 and authorize the Chair of the Board of Fire Commissioners to execute all insurance contracts and service agreements pertinent to the Health Benefits Program.

POSSIBLE MOTION

Should the Board agree with staff's recommendation, a possible motion would be:

“Move to approve the 2019 Health Benefits Option 1 for District employees, dependents and retirees at an estimated annual cost of \$1,829,955 and authorize the Chair of the Board of Fire Commissioners to execute all insurance contracts and service agreements pertinent to the Health Benefit Program.”