



# TRUCKEE MEADOWS FIRE PROTECTION DISTRICT

## STAFF REPORT

Board Meeting Date: November 19, 2019

**DATE:** November 1, 2019  
**TO:** Truckee Meadows Fire Protection District Board of Fire Commissioners  
**FROM:** Charles A. Moore, Fire Chief  
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**SUBJECT:** Recommendation to approve a Health Benefits Program for District employees, dependents and retirees and authorize the Chair of the Board of Fire Commissioners to execute all insurance contracts and service agreements pertinent to the approved Health Benefits Program. (All Commission Districts) FOR POSSIBLE ACTION

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### SUMMARY

Recommendation to approve a Health Benefits Program for District employees, dependents and retirees and authorize the Chair of the Board of Fire Commissioners to execute all insurance contracts and service agreements pertinent to the approved Health Benefits Program.

### PREVIOUS ACTION

Since 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) partially funded by the District.

### BACKGROUND

The current Truckee Meadows Fire Protection District health insurance plan is set to expire December 31, 2019. All coverage information referenced in this section is based on bids received from Hometown Health and Prominence by the District's broker, LP Insurance Services. The bids were evaluated and negotiated by the District and IAFF Local 2487.

From the bid results, several different plan options were evaluated which included a PPO and a High Deductible Health Plan with a HSA from Prominence and from Hometown Health. Hometown Health offered a renewal of the current plan with a 12% increase in cost from the past 12 months. Prominence offered a benefit plan with a 4.3% decrease in total cost from the past 12 months. The bids were evaluated and negotiated by the District and the Union. Negotiations focused on the two options, one submitted by Hometown Health (Option 1) and the other by Prominence (Option 4), these two plans were built to be identical with respect to plan design; however option 4 will require a network change from Renown to St. Mary's groups. The District and Union negotiated the final plans and agreed to transition the medical plan to Prominence.

The District received renewal bids from VSP (current Vision plan Provider) and Standard Life (current life insurance provider) and Guardian (current dental provider) at a no cost increases. The Union and District negotiated and agreed to renew coverage with these three providers.

The District and Union also re-evaluated the Flexible Benefit Plan (Section 125) and agreed to stay with American Fidelity to provide voluntary supplemental benefit plans to employees at no charge to the District in addition to being the HSA and HRA Administrator.

The District and the Union agreed on the selection of Option 4 which provides a decrease in premium costs to both the employee and the District. The District agreed to pass back some savings to the employee by increasing HSA contributions for those employees selecting the high deductible health plan, adding a HRA contribution to retirees selecting the high deductible health plan, and increasing the services provided to employees during their annual physical.

The Changes in annual premiums for medical coverage of the employee portion are as follows:

| <b>Plan</b>    | <b>Hometown Health FY19</b> | <b>Prominence FY20</b> | <b>\$ Increase/(Decrease)</b> | <b>%Increase/(Decrease)</b> |
|----------------|-----------------------------|------------------------|-------------------------------|-----------------------------|
| <b>PPO</b>     |                             |                        |                               |                             |
| Employee + 1   | \$7,901                     | \$7,562                | (\$339)                       | (4.3%)                      |
| Employee + Fam | \$11,525                    | \$11,030               | (\$495)                       | (4.3%)                      |
| <b>HDHP</b>    |                             |                        |                               |                             |
| Employee + 1   | \$5,722                     | \$5,478                | (\$244)                       | (4.2%)                      |
| Employee + Fam | \$8,346                     | \$7,992                | (\$354)                       | (4.2%)                      |

Based on the current enrollment, employees will see a savings in premiums of \$34,903 over prior year.

The estimated increase or (decrease) for the District for each health benefit is summarized below.

| <b>2019 Health Insurance</b> | <b>2020 Health Insurance</b> | <b>\$ Increase/(Decrease)</b> | <b>%Increase/(Decrease)</b> |
|------------------------------|------------------------------|-------------------------------|-----------------------------|
| Hometown Health              | Prominence                   | (\$71,667)                    | (4.7%)                      |
| VSP- Vision                  | VSP- Vision                  | \$0                           | 0%                          |
| Guardian- Dental             | Guardian –Dental             | \$0                           | 0%                          |
| Standard- Life Insurance     | Standard- Life Insurance     | \$0                           | 0%                          |
| HSA- American Fidelity       | HSA - American Fidelity      | \$68,213                      | 41.5%                       |
| N/A                          | HRA - American Fidelity      | \$1,700                       | N/A - New                   |
| Supplemental Insurance       | American Fidelity            | \$0                           | 0% (to the District)        |
| Added services to Physicals  | ARC                          | \$32,500                      | N/A – New                   |
| <b>Total</b>                 |                              | <b>\$30,746 or 1.8%</b>       |                             |

Note: The above increases and decreases are based on the current number of employees enrolled in the PPO and the HDHP. During open enrollment, employees may change plans and therefore the above amounts may vary.

The District's annual contributions to the employees' HSA (enrolled in the HDHP) for the Renewal is summarized and recommended below:

| <b>Plan</b>       | <b>2019 District HSA Contribution - and Renewal</b> | <b>2020 District HSA Renewal Contribution</b> |
|-------------------|---|---|
| Employee Only     | \$1,824.84  | \$2356  |
| Employee + One    | \$2,548.26  | \$4688  |
| Employee + Family | \$3,298.38  | \$4688  |

The HDHP is offered to retirees under their applicable subsidy imbedded in the current Labor Agreement. There are no contributions to an HSA; however the District will contribute to a Retiree HRA (Health Reimbursement Arrangement) that will be established by the District in the amount of \$1700 per employee per year. This plan will be set up with the same specifications as the current HSA.

The District will add screenings to the annual ARC Physicals as defined below. Each of these screenings will be set up on a schedule based on best practices.

- C.A.T. Ultrasound screening
- NMP 22 Bladder Check
- CA-125 (Females Only Cervical Cancer Screening
- C-Reactive Protein
- Thyroid/TSH
- PSA testing

### **FISCAL IMPACT**

The estimated annual net cost is \$1,721,548 under Option 4 for a total aggregate increase of approximately \$30,746. Funding for the Health Benefits Program at this level is included in the Fiscal Year 2019-2020 budget.

### **RECOMMENDATION**

Staff recommends the Board approve the presented Health Benefits Program for District employees, dependents and retirees and authorize the Chair of the Board of Fire Commissioners to execute all insurance contracts and service agreements pertinent to the approved Health Benefits Program.

### **POSSIBLE MOTION**

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

*"I move to approve the presented Health Benefits Program for District employees, dependents and retirees and authorize the Chair of the Board of Fire Commissioners to execute all insurance contracts and service agreements pertinent to the approved Health Benefits Program."*