

# SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY



## BOARD MEMBERS

DAVID ALVAREZ  
LAURIE BERMAN\*  
C. APRIL BOLING  
GREG COX  
JIM DESMOND  
COL. JOHN FARNAM\*  
ROBERT H. GLEASON  
LLOYD B. HUBBS  
ERAINA ORTEGA\*  
PAUL ROBINSON  
MARY SESSOM  
TOM SMISEK

\* EX OFFICIO BOARD MEMBERS

PRESIDENT/CEO  
HELLA F. BOWENS

## EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE MEETING and SPECIAL BOARD MEETING \*

### AGENDA

Wednesday, January 21, 2015  
10:00 A.M.

San Diego International Airport  
Commuter Terminal -- Third Floor  
Board Room  
3225 N. Harbor Drive  
San Diego, CA 92101

This Agenda contains a brief general description of each item to be considered. If comments are made to the Board without prior notice, or are not listed on the Agenda, no specific answers or responses should be expected at this meeting pursuant to State law. ***Please note that agenda items may be taken out of order.***

Staff Reports and documentation relating to each item of business on the Agenda are on file in Corporate and Information Governance/Authority Clerk Department and are available for public inspection.

PLEASE COMPLETE A "REQUEST TO SPEAK" FORM PRIOR TO THE COMMENCEMENT OF THE MEETING AND SUBMIT IT TO THE AUTHORITY CLERK. ***PLEASE REVIEW THE POLICY FOR PUBLIC PARTICIPATION IN BOARD AND BOARD COMMITTEE MEETINGS (PUBLIC COMMENT) LOCATED AT THE END OF THE AGENDA.***

**\*NOTE:** This Committee Meeting also is noticed as a Special Meeting of the Board to (1) foster communication among Board members in compliance with the Brown Act; and (2) preserve the advisory function of the Committee.

Board members who are not members of this Committee may attend and participate in Committee discussions. Since sometimes more than a quorum of the Board may be in attendance, to comply with the Brown Act, this Committee meeting also is noticed as a Special Meeting of the Board.

To preserve the proper function of the Committee, only members officially assigned to this Committee are entitled to vote on any item before the Committee. This Committee only has the power to review items and make recommendations to the Board. Accordingly, this Committee cannot, and will not, take any final action that is binding on the Board or the Authority, even if a quorum of the Board is present.

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## **CALL TO ORDER**

## **PLEDGE OF ALLEGIANCE**

## **ROLL CALL**

Committee Members: Cox, Desmond (Chair), Hubbs, Sessom, Smisek

## **NON-AGENDA PUBLIC COMMENT**

Non-Agenda Public Comment is reserved for members of the public wishing to address the Committee on matters for which another opportunity to speak **is not provided on the Agenda**, and which is within the jurisdiction of the Committee. Please submit a completed speaker slip to the Authority Clerk. ***Each individual speaker is limited to three (3) minutes. Applicants, groups and jurisdictions referring items to the Board for action are limited to five (5) minutes.***

**Note:** Persons wishing to speak on specific items should reserve their comments until the specific item is taken up by the Board.

## **NEW BUSINESS**

### **1. APPROVAL OF MINUTES:**

RECOMMENDATION: Approve the minutes of the August 20, 2014 regular meeting.

### **2. RECAP OF EMPLOYEE BENEFITS OPEN ENROLLMENT FOR 2015 AND MARKET UPDATE:**

Presented by Kurt Gering, Director, Talent, Culture & Capability and Christie Barr, Senior Vice President, Willis Insurance Services, San Diego

## **CLOSED SESSION**

### **3. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:**

Cal. Gov. Code §54957  
Title: President/Chief Executive Officer

### **4. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:**

Cal. Gov. Code §54957  
Title: General Counsel

**5. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:**

Cal. Gov. Code §54957

Title: Chief Auditor

**REPORT ON CLOSED SESSION**

**NON-AGENDA PUBLIC COMMENT**

**COMMITTEE MEMBER COMMENTS**

**ADJOURNMENT**

### **Policy for Public Participation in Board, Airport Land Use Commission (ALUC), and Committee Meetings (Public Comment)**

- 1) Persons wishing to address the Board, ALUC, and Committees shall complete a "Request to Speak" form prior to the initiation of the portion of the agenda containing the item to be addressed (e.g., Public Comment and General Items). Failure to complete a form shall not preclude testimony, if permission to address the Board is granted by the Chair.
- 2) The Public Comment Section at the beginning of the agenda is limited to eighteen (18) minutes and is reserved for persons wishing to address the Board, ALUC, and Committees on any matter for which another opportunity to speak is not provided on the Agenda, and on matters that are within the jurisdiction of the Board. A second Public Comment period is reserved for general public comment later in the meeting for those who could not be heard during the first Public Comment period.
- 3) Persons wishing to speak on specific items listed on the agenda will be afforded an opportunity to speak during the presentation of individual items. Persons wishing to speak on specific items should reserve their comments until the specific item is taken up by the Board, ALUC and Committees. Public comment on specific items is limited to twenty (20) minutes – ten (10) minutes for those in favor and ten (10) minutes for those in opposition of an item. Each individual speaker will be allowed three (3) minutes, and applicants and groups will be allowed five (5) minutes.
- 4) If many persons have indicated a desire to address the Board, ALUC and Committees on the same issue, then the Chair may suggest that these persons consolidate their respective testimonies. Testimony by members of the public on any item shall be limited to **three (3) minutes per individual speaker and five (5) minutes for applicants, groups and referring jurisdictions.**
- 5) Pursuant to Authority Policy 1.33 (8), recognized groups must register with the Authority Clerk prior to the meeting.
- 6) After a public hearing or the public comment portion of the meeting has been closed, no person shall address the Board, ALUC, and Committees without first obtaining permission to do so.

#### **Additional Meeting Information**

**NOTE:** This information is available in alternative formats upon request. To request an Agenda in an alternative format, or to request a sign language or oral interpreter, or an Assistive Listening Device (ALD) for the meeting, please telephone the Authority Clerk's Office at (619) 400-2400 at least three (3) working days prior to the meeting to ensure availability.

For your convenience, the agenda is also available to you on our website at [www.san.org](http://www.san.org).

**For those planning to attend the Board meeting, parking is available in the public parking lot located directly in front of the Commuter Terminal. Bring your ticket to the third floor receptionist for validation.**

**You may also reach the Commuter Terminal by using public transit via the San Diego MTS system, Route 992. For route and fare information please call the San Diego MTS at (619) 233-3004 or 511.**

**DRAFT**  
**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**  
**SPECIAL EXECUTIVE PERSONNEL AND**  
**COMPENSATION COMMITTEE MEETING**  
**MINUTES**  
**WEDNESDAY, AUGUST 20, 2014**  
**BOARD ROOM**

**CALL TO ORDER:**

Chair Desmond called the special meeting of the Executive Personnel and Compensation Committee and special meeting of the Board to order at 10:00 a.m. on Wednesday, August 20, 2014, in the Board Room at the San Diego International Airport, Commuter Terminal, 3225 N. Harbor Drive, San Diego, CA 92101.

*Chair Desmond called for a moment of silence in honor of Board Member Bruce R. Boland.*

**PLEDGE OF ALLEGIANCE:**

**ROLL CALL:**

PRESENT: Committee Members: Cox, Desmond, Hubbs, Smisek

Board Members: Gleason, Sessom

ABSENT: Committee Members: Bruce R. Boland

ALSO PRESENT: Angela Shafer-Payne, Vice President, Operations; Amy Gonzalez, Sr. Director, General Counsel; Lorraine Bennett, Assistant Authority Clerk II; Linda Gehlken, Assistant Authority Clerk I

*Board Member Cox arrived during the course of the meeting.*

**NON-AGENDA PUBLIC COMMENT** - None

**NEW BUSINESS**

**1. APPROVAL OF MINUTES:**

RECOMMENDATION: Approve the minutes of the January 15, 2014, regular meeting, and the June 5, 2014 and June 18, 2014 special meetings.

**ACTION: Moved by Board Member Smisek and seconded by Board Member Desmond to accept staff's recommendation as amended, noting Board Member Smisek as absent from the June 5, 2014 regular meeting. Motion carried unanimously, noting Board Member Cox as ABSENT.**

**2. RENEWAL OF THE EMPLOYEE BENEFIT PROGRAM FOR 2015:**

Kurt Gering, Director, Talent, Culture & Capability, provided a presentation on the renewal of the Employee Benefit Program for 2015 which included an overview of the Employee Benefits Task Force Charter, Executive Summary, Authority Premium Budget vs. Projected Cost, Medical Marketing Decision Points, Medical Marketing Results, Historical Medical Increases, Medical Marketing Value Ranking, Anthem Medical Renewal, Anthem Mandatory Renewal Plan Changes, Average HMO and PPO Employee Contributions, Health Advocate for Wellness, Wellness Premium and Incentive (2015), and Plan Recommendations Summary.

Board Member Sessom expressed concern regarding the 5% penalty being assessed for employees choosing to not participate in the wellness screenings without any qualitative benefit being provided to the Authority.

In response to Board Member Smisek regarding what is attributed to the cost of care for the Authority to remain the same as last year, and whether there are fewer incidents of large claims, Christie Barr, Senior Vice President, Willis Insurance Services of San Diego, stated that despite new costs created by the Affordable Care Act, Anthem Blue Cross has been the provider for the Authority for many years, and recognizes the value in predictability and low employee turnover. However, she stated that typically one in every five years is a bad claims year.

Chair Desmond expressed ongoing concern regarding the 5% disincentive penalty being assessed for employees choosing to not participate in wellness screenings.

Board Member Sessom requested that moving forward, staff includes dollar values to the percentages referenced in the reporting data.

In response to Board Member Hubbs regarding whether there is any formal data from the employees who are not participating in the wellness screenings, Mr. Gering stated that there has been no data collected in this regard.

Board Member Hubbs suggested that a survey be conducted of the employees who are not participating in the wellness screenings.

**RECOMMENDATION:** Staff recommends that the Executive Personnel and Compensation Committee forward this item to the Board for approval.

**ACTION:** Moved by Board Member Smisek and seconded by Board Member Cox to approve staff's recommendation. Motion carried unanimously.

**CLOSED SESSION** – The Committee did not meet in Closed Session.

**REPORT ON CLOSED SESSION** - None

**NON-AGENDA PUBLIC COMMENT** - None

**COMMITTEE MEMBER COMMENTS** - None

**ADJOURNMENT:** The meeting was adjourned at 10:58 a.m.

APPROVED BY A MOTION OF THE EXECUTIVE PERSONNEL AND  
COMPENSATION COMMITTEE OF THE SAN DIEGO COUNTY REGIONAL  
AIRPORT AUTHORITY THIS 21<sup>st</sup> DAY OF JANUARY, 2015.

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JEFF LINDEMAN  
SENIOR DIRECTOR, ORGANIZATIONAL  
PERFORMANCE & DEVELOPMENT

APPROVED AS TO FORM:

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LORRAINE BENNETT,  
ASSISTANT AUTHORITY CLERK II



## RECAP OF EMPLOYEE BENEFITS OPEN ENROLLMENT FOR 2015 AND MARKET UPDATE

Presented By:

Kurt Gering | Director | Talent, Culture & Capability

Christie Barr | Sr. Vice President | Willis Insurance Services

January 21, 2015



# Recap of Benefits Renewal Decisions (2015)



## Medical Benefit/Wellness Program changes:

- PPO: \$250 prescription deductible removed
- Hearing aid/footwear rider cancelled
- Anthem Health Rewards cancelled & Health Risk Assessment (HRA) moved to the HealthAdvocate
- Spouse/domestic partner Wellness Program implemented



## Maintained employee cost share percentages:

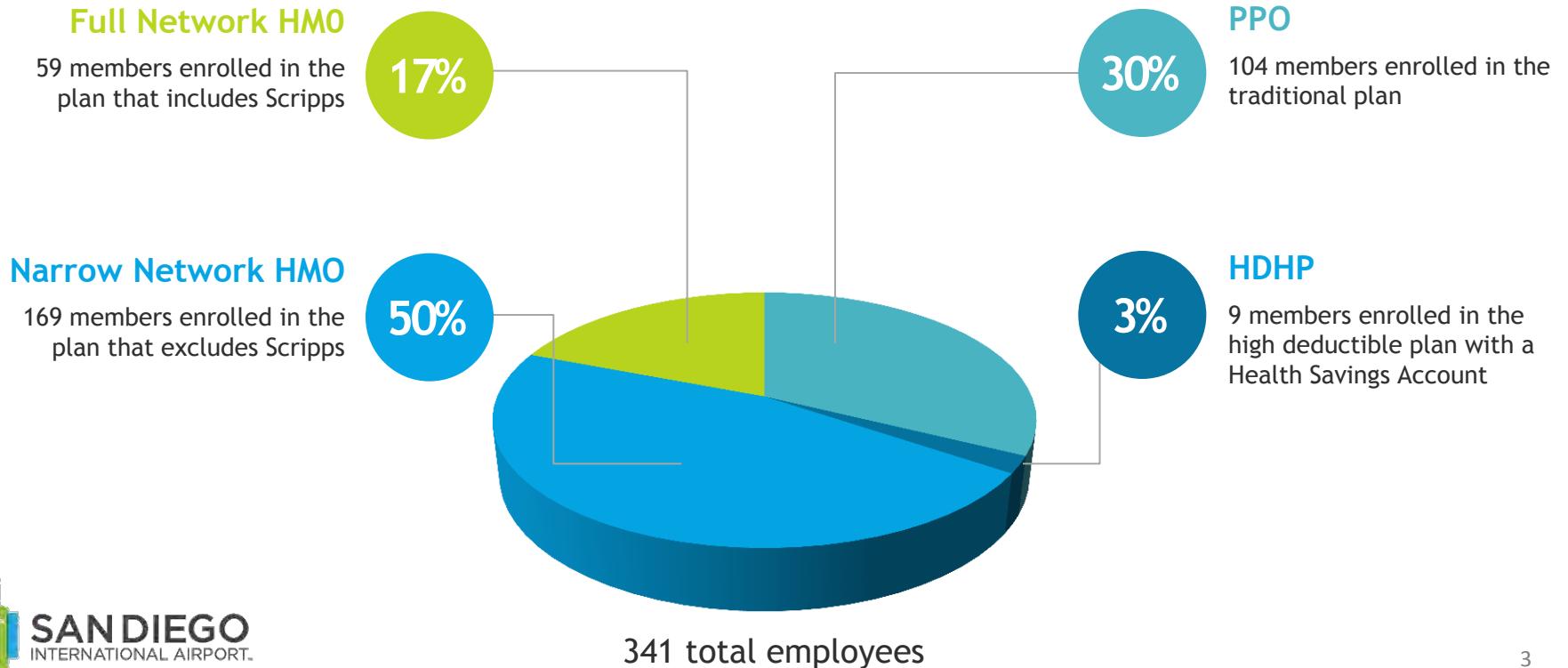
- 5% for employee
- 45% for family members



## Continued existing cost differential for non-participation in Wellness:

- Equivalent to 5% of individual premium cost
- Differential waived with participation in biometrics & health assessments

# Medical Plan Enrollments

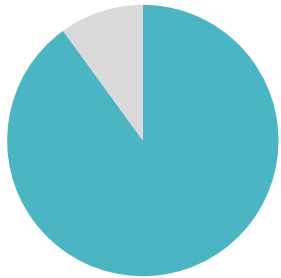


# Authority Cost Analysis (Medical)

Description	Total	
CY 2015 Budgeted Costs	\$4,880,228	
Proposed Costs (based on enrollment estimates)	\$4,460,521	(9%)
Estimated Costs (based on actual employee elections)	\$4,436,941	
Key change from projections: <ul style="list-style-type: none"> <li>· 10 employees migrated from Full Network HMO to Narrow Network HMO</li> <li>· 8 employees migrated from PPO to Narrow Network HMO</li> </ul>		
Anticipated variance based on employee annual enrollment elections	\$(23,580)	(0.5%)

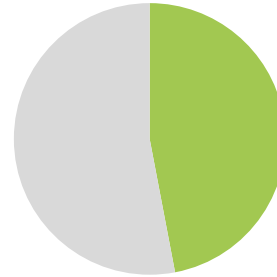
# Wellness Participation

The Wellness Program requires a biometric screening on-site or via a fax back from a preferred provider and completion of a Personal Health Profile (PHP) with the HealthAdvocate



90% of Employees

Individuals who participate receive a differential (reduction) in monthly premiums equivalent to 5% of the individual premium cost and a \$250 incentive deposit into a Flexible Spending Account (FSA)/Health Savings Account (HSA)/457 Deferred Compensation Plan



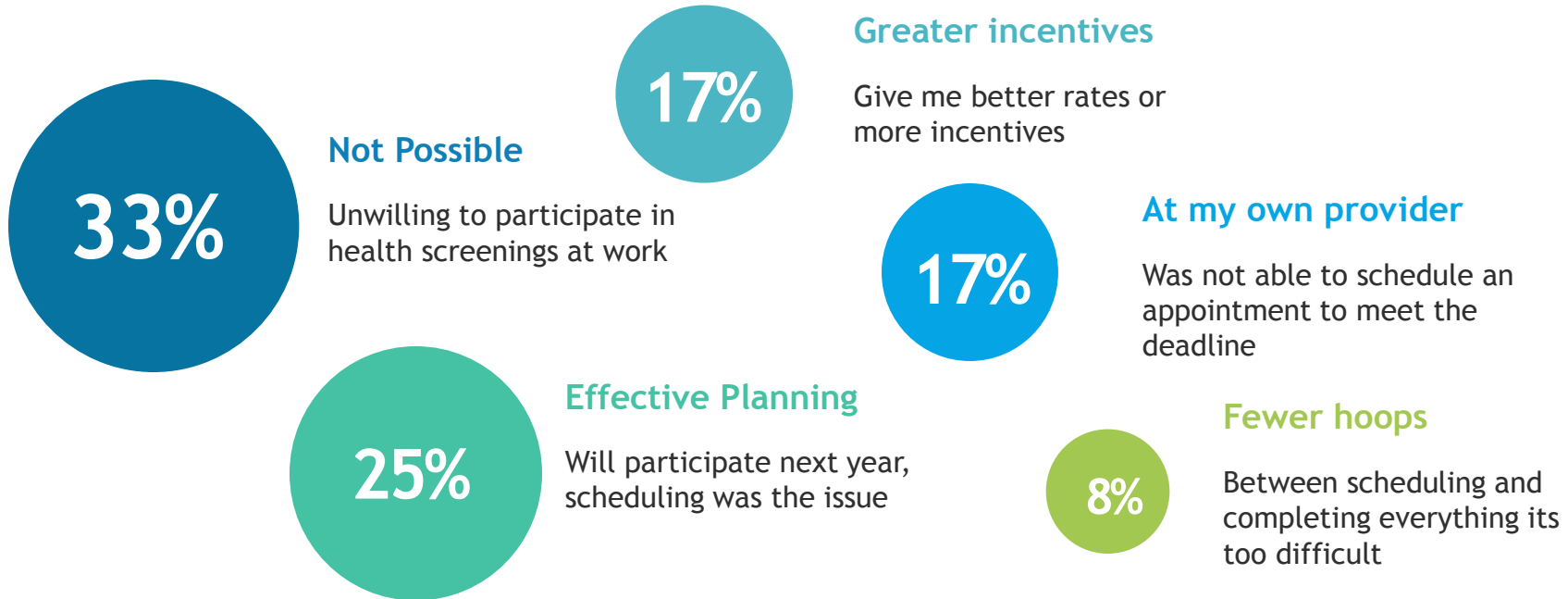
48% of Spouses or Domestic Partners

This was the first year that a spouse/domestic partner incentive was offered. The incentive was a \$200 deposit into a Flexible Spending Account (FSA)/Health Savings Account (HSA)/457 Deferred Compensation Plan

# Employee Wellness Survey Results

24 Employees Surveyed/12 Respondents

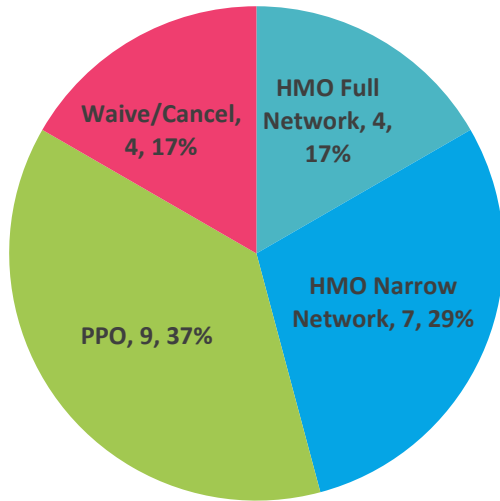
*When asked what would motivate Wellness participation, 66% of respondents indicated potential future participation*



# Retiree Enrollments

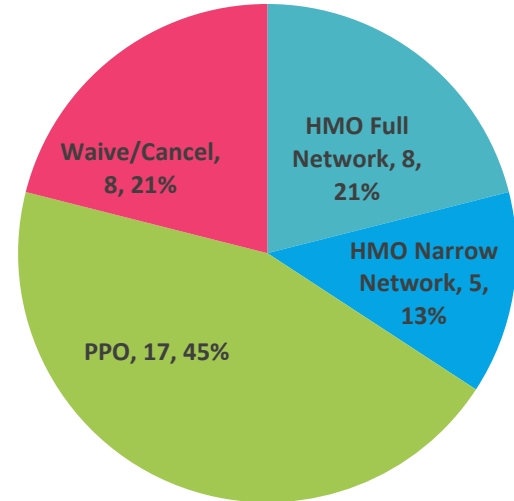
## Pre-Medicare (under 65)

Members carried on active employee plan



## Medicare Eligible (65+)

Members on supplemental plan that retains hearing aid/footwear rider



62 total members  
(retirees + dependents)

# Marketplace Trends



The majority of employers faced a 6% to 10% medical drug increase in 2014



High deductible plans (HDHP's) continue to grow in popularity

- **67%** of employers offer HDHP's, up from **62%** last year
- HDHPs are now the highest enrolled plan for **26%** of employers, up from **17%** last year



Employers are continuing to shift health plan costs to employees:

- **38%** of employers increased employee cost sharing, up from **31%** last year
- **24%** have increased drug cost sharing, up from **18%** last year
- The average in-network deductible is \$1,046/out-of-network deductible is \$2,071

# Health Insurance Exchanges

## Health Insurance Exchanges

CBO original projection of 24M uninsured will obtain coverage through a health insurance exchange. According to Deloitte the number may be up to 65M if employers curtail employer-sponsored insurance programs or larger number of individuals pursue coverage.

## Public Exchange

- *Covered California*

## Public Exchange

- Went “live” 10/1/13 with open enrollment continued through 3/31/14
- Five carriers offering coverage in San Diego region
- Coverage offered by metal tiers (bronze, gold, platinum)
- Subsidy for lower income (under 400% FPL) & age-banded

## Private Exchange

## Private Exchange

- Offered by brokers & insurance companies
- Set up with defined contribution and ability to “shop” for multiple medical plans



# Private Exchange Model

## Part 1:

Shift from Defined Benefit to Defined Contribution Approach  
(Cafeteria Plan)

## Part 2:

Online Shopping  
Six to Eight Benefit Plans Offered to Employees (one carrier or multiple carriers)

### 4 Major Components

## Part 3:

Technology-based System Provides Employee Decision Tools to Choose Coverage to Best Suit Needs & Enroll in Plans

## Part 4:

Integrated Wellness Program to Offer Coaching , Education & Incentives

# Private Exchange Employer Key Findings



## Interest in private exchanges remains strong among employers while attitudes toward public exchanges are beginning to thaw:

- 47% of employers have implemented, or plan to implement, a private exchange for full time employees (up from 45% in 2013)
- 57% of employers agreed that if an industry peer moved to a private exchange they would be more likely to do so



## Cost is a key consideration when evaluating private exchanges

- 98% of employers say cost of options is a key factor



## Top 3 reasons employers are considering private exchanges

- Reducing total health care costs
- Providing consumer choice
- Reducing human resources/benefits administrative burden

With high-quality care at a sustainable price, Health & Wellness benefits attract and retain the best and brightest talent.

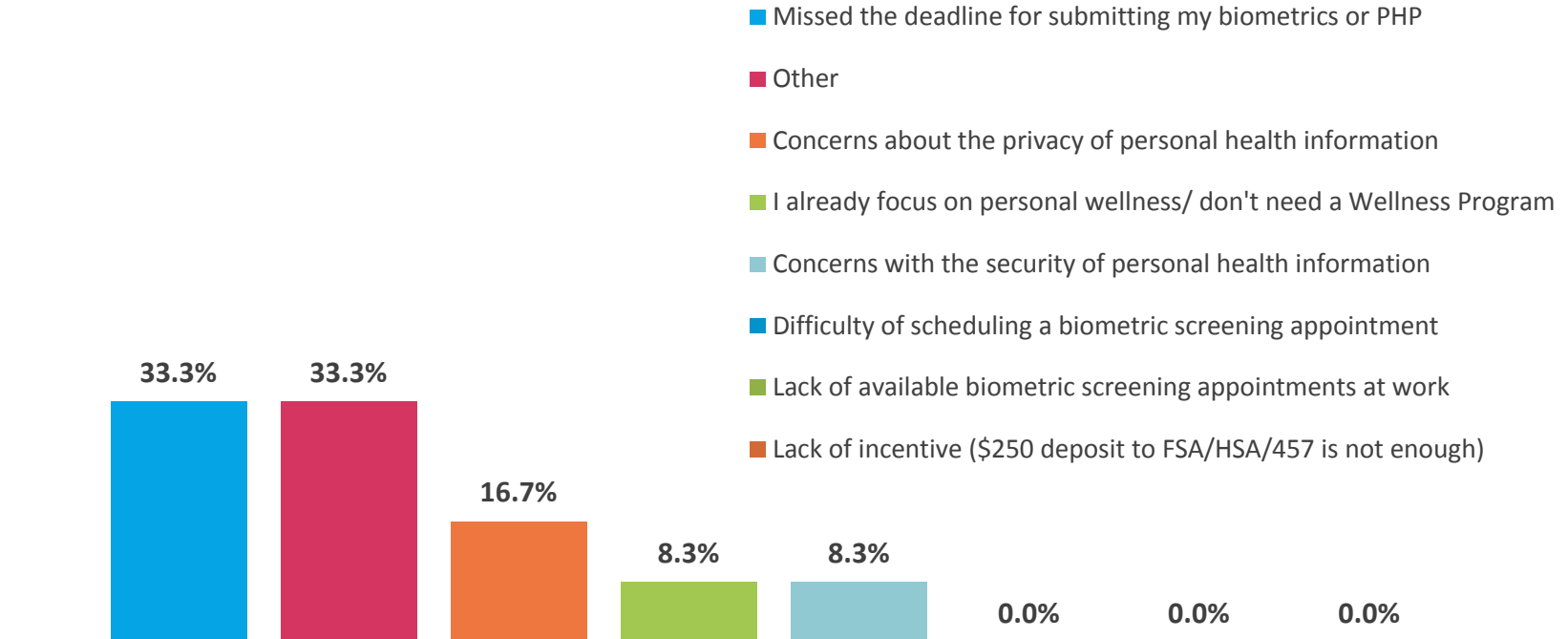
**Any Questions?**



# Employee Wellness Survey Results

## 24 Employees Surveyed/12 Respondents

*Question: What is the single most important reasons for your decision to not participate in the Employee Wellness Program (Biometric Screening & Personal Health Profile)*



# Employee Wellness Survey Results

## 24 Employees Surveyed/12 Respondents

**Question: Rate the importance of the following reasons in your decision to not participate in the Employee Wellness Program (Biometric Screening & Personal Health Profile)**

- Difficulty of scheduling a biometric screening appointment
- Lack of available biometric screening appointments at work
- Lack of incentive (\$250 deposit to FSA/HSA/457 is not enough)
- Missed the deadline for submitting my biometrics or PHP
- Concerns about the privacy of personal health information
- Concerns with the security of personal health information
- I already focus on personal wellness/ don't need a Wellness Program

