

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY



BOARD MEMBERS

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GREG COX
JIM DESMOND
COL. JOHN FARNAM*
ROBERT H. GLEASON
LLOYD B. HUBBS
JIM JANNEY
ERAINA ORTEGA*
PAUL ROBINSON
MARY SESSOM

* EX OFFICIO BOARD MEMBERS

PRESIDENT/CEO
THELLA F. BOWENS

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

AGENDA

Wednesday, June 17, 2015
9:00 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. The indication of a recommended action does not indicate what action (if any) may be taken. If comments are made to the Committee 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 & Information Governance and are available for public inspection.

***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.

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.***

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

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

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 January 21, 2015 regular meeting.

2. RENEWAL OF THE EMPLOYEE BENEFITS PROGRAM FOR 2016:

RECOMMENDATION: Staff recommends that the Executive Personnel and Compensation Committee forward this item to the Board for approval.
Presented by: Kurt Gering, Director, Talent, Culture & Capability.

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

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 announcement of that 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 period at the beginning of the agenda is limited to eighteen (18) minutes and is reserved for persons wishing to address the Board, ALUC, or Committee 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 were not heard during the first Public Comment period.
- 3) Persons wishing to speak on a specific item listed on the agenda will be afforded an opportunity to speak during the presentation of that individual item. Persons wishing to speak on a specific item should reserve their comments until the item is taken up by the Board, ALUC or Committee. Public comment on a specific item 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 or 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.

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 Metropolitan Transit System, Route 992. The MTS bus stop at Terminal 1 is a very short walking distance from the Commuter Terminal. ADA paratransit operations will continue to serve the Commuter Terminal as required by Federal regulation. For MTS route, fare and paratransit information, please call the San Diego MTS at (619) 233-3004 or 511.

UPCOMING MEETING SCHEDULE

<i>Date</i>	<i>Day</i>	<i>Time</i>	<i>Meeting Type</i>	<i>Location</i>
August 19	Wednesday	10:00 a.m.	Regular	Board Room

**DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SPECIAL EXECUTIVE PERSONNEL AND
COMPENSATION COMMITTEE MEETING
MINUTES
WEDNESDAY, JANUARY 21, 2015
BOARD ROOM**

CALL TO ORDER:

Chair Desmond called the regular meeting of the Executive Personnel and Compensation Committee and special meeting of the Board to order at 10:01 a.m. on Wednesday, January 21, 2015, in the Board Room at the San Diego International Airport, Commuter Terminal, 3225 N. Harbor Drive, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE:

ROLL CALL:

PRESENT: Committee Members: Cox, Desmond, Hubbs, Sessom, Smisek
 Board Members: Alvarez, Gleason

ABSENT: Committee Members: None

ALSO PRESENT: Thella F. Bowens, President/CEO; Breton Lobner, General Counsel;
 General Counsel; Lorraine Bennett, Assistant Authority Clerk II; Sara
 Real, Assistant Authority Clerk I

NON-AGENDA PUBLIC COMMENT

MARGIE WEST, SAN DIEGO, expressed concern with the proposed installation of stadium lighting at Point Loma High School.

NEW BUSINESS

1. APPROVAL OF MINUTES:

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

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

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

Kurt Gering, Director, Talent, Culture & Capability and Christie Barr, Senior Vice President, Willis Insurance Services, San Diego, provided a presentation on the Recap of Employee Benefits for Open Enrollment for 2015 and Market Update, which included a Recap of Benefits Renewal Decisions (2015), Medical Plan Enrollments, Authority Cost Analysis (Medical), Wellness Participation, Employee Wellness Survey Results, Retiree Enrollments, Marketplace Trends, Health Insurance Exchanges, Private Exchange Model, and Private Exchange Employer Key Findings.

In response to Board Member Hubbs regarding what is the cost of supplemental health coverage by the Authority for Medicare-eligible members, Mr. Gering stated that staff will forward this information to the Committee.

In response to Board Member Sessom regarding the Authority Cost Analysis Variance and how much that number was affected by the 5% of members not participating in the wellness program, Ms. Barr stated that there were more participants in wellness this year than last year, so the variance was not affected. Board Member Sessom requested that staff track this information.

Chair Desmond requested that, in future presentations, staff provide information on the median of the cost sharing participation with other programs.

CLOSED SESSION: – The Committee recessed into Closed Session at 10:29 a.m.

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 – The Committee reconvened at 11:50 a.m. There was no reportable action.

NON-AGENDA PUBLIC COMMENT - None

COMMITTEE MEMBER COMMENTS - None

ADJOURNMENT: The meeting was adjourned at 11:51 a.m.

APPROVED BY A MOTION OF THE EXECUTIVE PERSONNEL AND
COMPENSATION COMMITTEE OF THE SAN DIEGO COUNTY REGIONAL
AIRPORT AUTHORITY THIS 17th DAY OF JUNE, 2015.

JEFF LINDEMAN
SENIOR DIRECTOR,
TALENT & ENGAGEMENT

APPROVED AS TO FORM:

LORRAINE BENNETT,
ASSISTANT AUTHORITY CLERK II



SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
**Executive Personnel and
Compensation Committee**

**Item No.
2**

Meeting Date: **JUNE 17, 2015**

Subject:

Renewal of the Employee Benefits Program for 2016

Recommendation:

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

Background/Justification:

As a sustainable business practice the San Diego County Regional Airport Authority ("Authority") provides a comprehensive employee benefit program designed to assure high quality care and maintain the organization's position as an Employer of Choice. An Employer of Choice is an organization with both high employee retention and high employee engagement. The business value of remaining an employer of choice is a stable, engaged workforce which equates to higher productivity and an avoidance of the costs associated with employee turnover. This strategy over the past thirteen years has enabled the organization to attract and retain top talent which, in turn, has enhanced the Authority's ability to successfully execute its strategic initiatives.

To sustain our success, an Employee Benefits Task Force ("Task Force") was assembled with the support and expertise of the Authority's consultants, Willis Insurance Services of San Diego, to review and assess options for this year's renewals. The Task Force was comprised of fifteen members representing all organizational divisions, employee levels (from director to individual contributor), and both represented and unrepresented employees. The Task Force reviewed the Authority's 2015 enrollment data, current plan cost-drivers (e.g. experience & claims), marketing competitive rates, plan design options, wellness programs, contribution rates, benchmarking, past and future mandates under the Affordable Care Act (ACA), and the emerging public and private exchanges impacting the market in an effort to identify a cost effective program recommendation for 2016.

The proposed renewal recommendation maintains high quality care and, with the anticipated employee cost share contribution, results in an overall annual Authority cost increase of 4.61%. Based on the approved fiscal year 2016 budget, this recommendation would offer a 3.41% projected budget savings as summarized below.

Authority Paid Premium Costs

Description	Current 2015	Proposed Renewal 2016	% Change	Budgeted 2016 Costs	Difference	%
Medical	\$4,218,708	\$4,431,094*	5.03%	\$4,603,254	(\$172,160)	(3.73%)
Dental	\$326,419	\$335,672	2.83%	\$345,294	(\$9,622)	(2.78%)
Other lines (Life, Disability, Health Advocate)	\$259,536	\$259,536	0.00%			
TOTAL	\$4,804,663	\$5,036,302	4.61%	\$5,208,083	(\$181,782)	(3.41%)

* Assumes Renewal @ 90% Medical Cost-Share for Wellness

Historically, 100% of individual employee premiums were paid for by the Authority. As previously directed by the Board, staff developed a medical cost share model designed to bring the Authority's and employees' contribution percentages for medical coverage into alignment with the market benchmarks. In 2014 employees began contributing 5% of the premium cost for individual coverage with Wellness and 10% for non-Wellness. Family coverage cost share had already been established in a manner that was market competitive and, as a result, were not changed. Approximately 93% of Authority employees participate in Wellness today which requires biometrics and a Personal Health Profile. In 2016 the cost share percentage for individual coverage only is scheduled to increase to 10% with Wellness and 15% for non-Wellness. In aggregate, this achieves a market competitive cost share model for all medical plans with the Authority contributing 81% of the premiums and employees contributing 19%.

With regard to medical premiums, which represent the largest portion of the health and welfare program costs, the Authority has been able to sustain a 5 year premium growth rate below the market average. For the 5 year period 2011 – 2015, based on Price Waterhouse Coopers Research Institute data, the Authority's premium increases have only been 5.6% on average vs. the market average of 7.1%. Anthem Blue Cross proposed a high initial renewal rate of 12.7%. Base on Anthem's initial renewal rate, competitive medical plan bids were requested from Aetna, Cigna, Blue Shield, Sharp Health Plan, Health Net and United Health Care. Based on our population, plan design and experience rating only Sharp Health Plan and United Healthcare were able to offer competitive quotes. As a result of these quotes Willis Insurance Services, the Authority's broker, was also able to negotiate with Anthem for a final renewal quote of 7.5%.

The Task Force evaluated the three quotes and recommended remaining with Anthem Blue Cross based on the following criteria:

1. Competitiveness of rates
2. Comprehensiveness of networks (physician, hospital)
3. Plan Design Match (copays, coinsurance)
4. Plan Design Options (offers all 4 medical options: Full HMO, narrow network HMO, PPO, and HSA)
5. Impact of mandated plan changes and Affordable Care Act (ACA) taxes

Delta Dental proposed an initial renewal of 5.7%. Through negotiation a 2.8% increase was achieved with a 2 year rate guarantee. For all other ancillary lines of coverage, the Authority previously negotiated a two year rate guarantee that continues through 2016, thus retaining the current quality coverage with no annual cost increases.

After evaluation, the **Task Force identified options for recommendation to the Authority's President/CEO and Executive Team. The Executive Team's feedback and suggestions** were incorporated into the proposed renewal recommendation. The proposed recommendation retains the quality of care, advances employee wellness, achieves a market competitive cost share, and demonstrates fiscal responsibility with an aggregate 6.7% rate increase for all Authority benefit programs in the 2016 plan year. It is also significant to note that 1.6% of the dental increase and 3.4% of the medical increase may be attributed to ACA fee impacts taking effect in 2016.

Therefore, staff recommends that the following Authority benefit programs be approved for 2016:

- Renew current Medical, Dental, Vision and Basic Life/AD&D plans
- Continue to offer 4 Anthem medical options:
 - HMO Full Network and HMO "Narrow Network"
 - Classic PPO and High Deductible/ Health Savings Arrangement Plan
- Move to a 15% individual employee premium cost share with the current Wellness Program participation incentives for biometric screening and a Personal Health Profile (PHP) which include:
 - A 5% reduction in individual premium cost share
 - A \$250 FSA/457 Deferred Compensation deposit for employee participation
 - A \$200 FSA/457 Deferred Compensation deposit to engage Anthem covered spouses and registered domestic partners
- Maintain the Employee Assistance Program through Anthem Blue Cross
- Maintain Third Party Administration of Flexible Spending Account (FSA), VEBA, COBRA and Retiree billing administration with TASC/Genesis Benefits

The Authority will continue to offer the following additional voluntary benefits products at no cost to the Authority with 100% of the premium costs paid by employees:

- Long-Term Disability
- Voluntary Term Life and AD&D Insurance
- Accident/Cancer/Hospital Protection/Specified Health Insurance
- Pre-paid Legal coverage
- Long Term Care Insurance

Fiscal Impact:

OPERATING EXPENSE IMPACT

Adequate funding for 2016 Employee Benefits Renewal is included in the adopted FY 2016 and conceptually approved FY 2017 Budgets.

Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Environmental Review:

A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.

B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

Application of Inclusionary Policies:

Not applicable

Prepared by:

KURT GERING
DIRECTOR, TALENT, CULTURE & CAPABILITY



Employee Benefits Program Renewal (2016)

Presented By:

Kurt Gering | Director | Talent, Culture & Capability

Christie Barr | Sr. Vice President | Willis Insurance Services

June 17, 2015

Agenda

1. Projected Authority Plan Costs
2. EBTF Members and Process
3. Detail Summary
4. Medical Marketing Results
5. Medical Renewal History
6. Benchmarks & Cost Share
7. Alternative Plan Option
8. Cadillac Tax & PPO Re-Tiering Discussion
9. Dental Renewal
10. Summary

Authority Cost

Description	Current 2015	Proposed Renewal 2016	% Change	Budgeted 2016 Costs	Difference	%
Medical	\$4,218,708	\$4,431,094*	5.03%	\$4,603,254	(\$172,160)	(3.73%)
Dental	\$326,419	\$335,672	2.83%	\$345,294	(\$9,622)	(2.78%)
Other lines (Life, Disability, HealthAdvocate)	\$259,536	\$259,536	0.00%			
TOTAL	\$4,804,663	\$5,036,302	4.61%	\$5,208,083	(\$181,782)	(3.41%)

* Assumes Renewal @ 90% Medical Cost-Share

Employee Benefits Task Force

15 Members:

All Divisions

All levels (Director, Manager, Individual Contributor)

Represented and Unrepresented

EBTF Discussion Topics

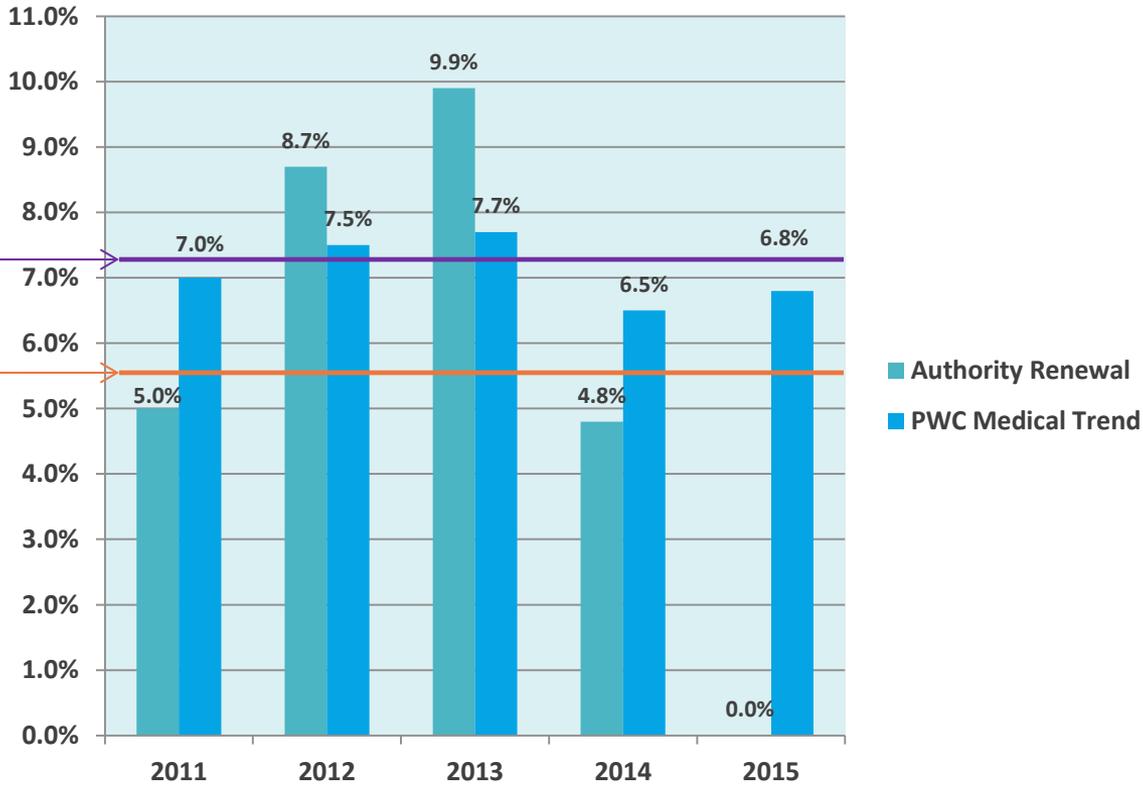
1. Benefits Renewal Discussions
 - Plan Cost-drivers (e.g. experience & claims)
 - Mandatory Plan Changes
2. Medical Marketing Decision Points
 - Competitive Rates
 - Comprehensive Networks (physician & hospital)
 - Plan Design Match (copays & coinsurance)
 - Plan Design Options (offers all 4 medical options)
 - Wellness programs (if included in quote)
3. Employee/Authority Contributions
4. Benchmarking (cost, plan designs)
5. Impact of Cadillac Tax
6. PPO Tier Re-Distribution Issue

Renewal Detail Summary

	Current (2015)	Initial Renewal (2016)	%	Negotiated Renewal (2016)	%
Medical	\$5,096,487	\$5,754,051	12.9%	\$5,477,999	7.5%
Employee Assistance Plan	\$10,914	\$10,914	0.0%	\$10,914	0.0%
Dental	\$391,702	\$414,104	5.7%	\$402,817	2.8%
Vision	\$42,500	\$42,500	0.0%	\$42,500	0.0%
Basic Life/AD&D	\$109,520	\$109,520	0.0%	\$109,520	0.0%
Disability	\$187,435	\$187,435	0.0%	\$187,435	0.0%
Genesis	\$27,556	\$27,556	0.0%	\$27,556	0.0%
Health Advocacy	\$5,490	\$5,490	0.0%	\$5,490	0.0%
Retiree Health (Medical, Dental, EAP)	\$522,709	\$576,025	10.2%	\$559,817	7.1%
GRAND TOTAL	\$6,394,314	\$7,127,595	11.5%	\$6,824,048	6.7%

5 Year Review

% Health Benefit Renewal Increase



7.1% average national medical increase

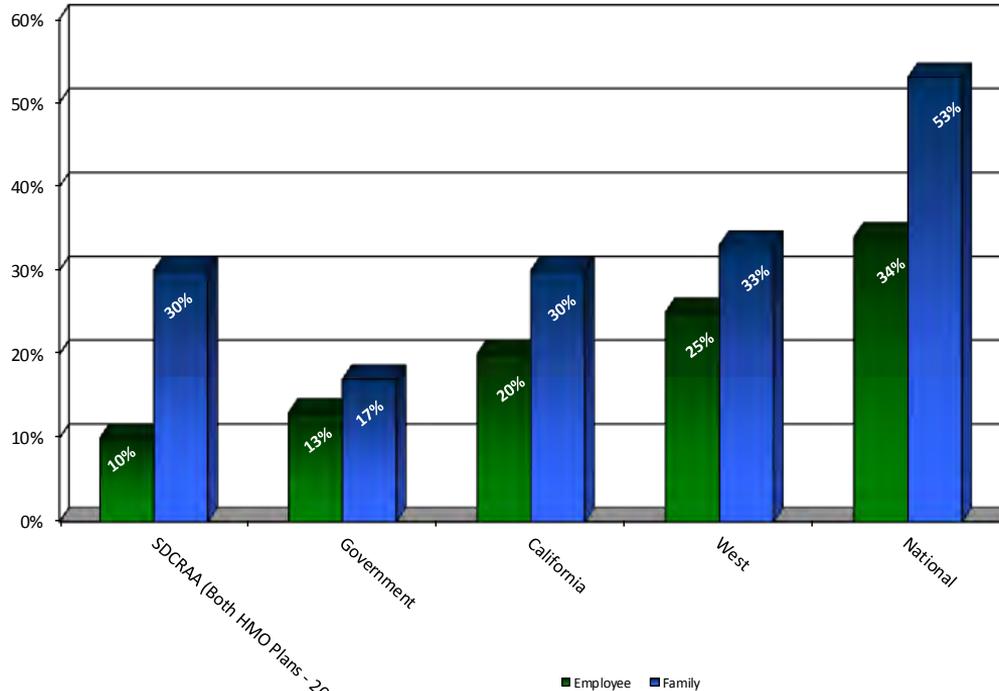
5.6% average Authority medical increase

■ Authority Renewal
■ PWC Medical Trend

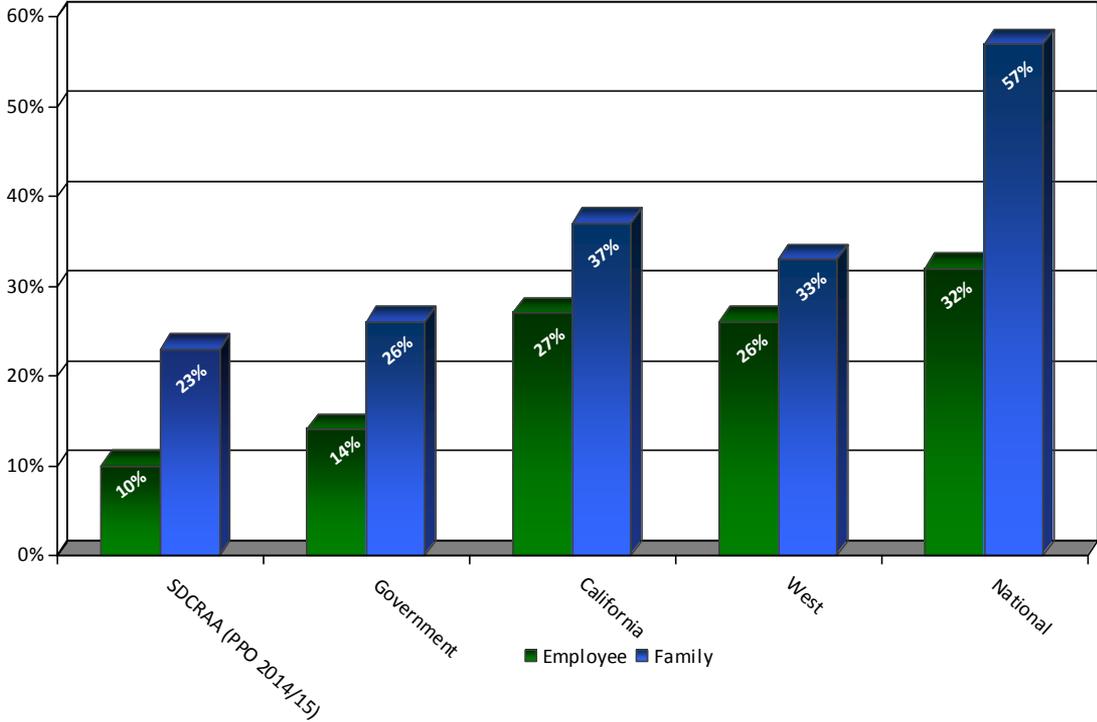
Medical Marketing

Carrier	Received Quote?	Comments	% Increase (Over Current)	Additional Notes
Anthem Blue Cross	Final Renewal Presented	Initial Renewal Presented	7.5%	7.5% on all 4 medical plans
Sharp Health Plan	Quoted	Significan plan design reductions for HMO/PPO	Depends on enrollment	Unable to offer Full HMO or CA PPO plans
UnitedHealthcare	Quoted	Competitive	8.9%	Includes biometric screenings (Simply Engaged Program). Narrow HMO network missing 7% of providers
Aetna	Did not quote	Not competitive	N/A	Didn't release a quote.
Blue Shield	Did not quote	Too Early for quote	N/A	Willing to consider quoting in July for 1/1 renewal. Not competitive last year.
Cigna	Did not quote	Not Competitive	N/A	Cannot offer a "Narrow Network" (HMO has no option to remove Scripps providers)
Health Net	Did not quote	Not Competitive	N/A	Narrow Network HMO missing majority of providers

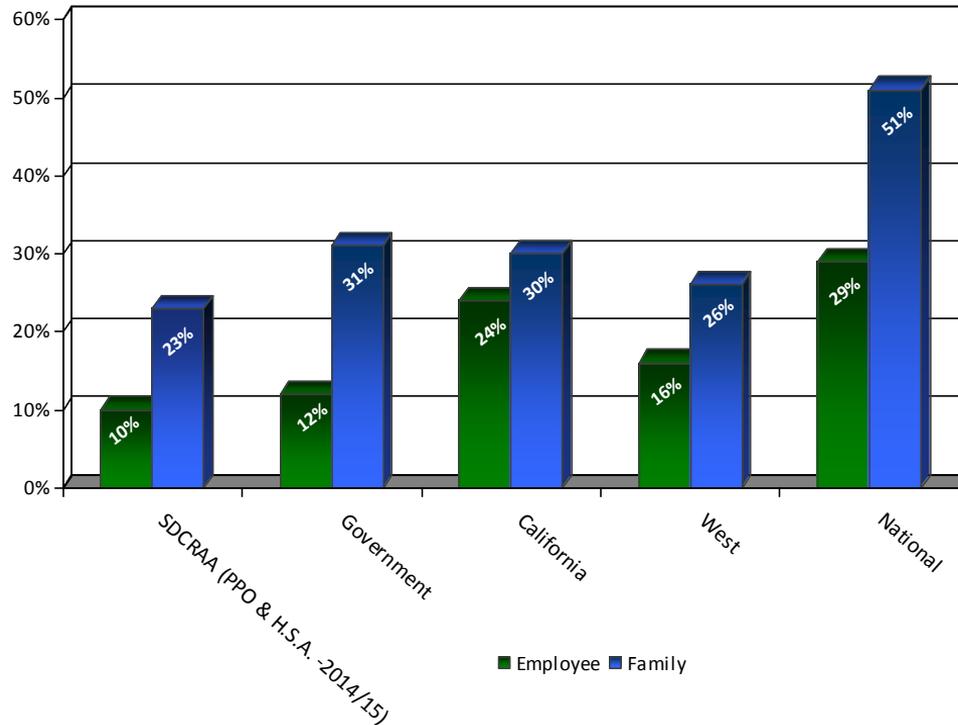
Average HMO Employee Contributions As a Percentage of Premiums



Average PPO Employee Contributions As a Percentage of Premiums



Average HDHP/HSA Employee Contributions As a Percentage of Premiums



Benchmarking (2014): Total Cost Share Analysis

(10% Employee Cost Share for Authority)

Benchmarking Cut	Total Premium	Employer Contribution	Employee Contribution
Authority (2014/2015)	\$5,096,487	81% (\$4,110,744)	19% (\$985,743)
Government	\$4,793,328	84% (\$4,005,279)	16% (\$788,049)
California	\$4,674,902	73% (\$3,389,685)	27% (\$1,285,217)
West	\$4,652,159	71% (\$3,318,802)	29% (\$1,333,357)
National	\$4,251,877	58% (\$2,445,137)	42% (\$1,806,740)

Authority Costs based on 2014 premium with 2015 budgeted and actual headcount. Anthem rates were the same in 2014 & 2015.
 Benchmark data from the Mercer National Survey, 2014.

Employee Wellness

- Provides individual awareness and identifies organizational risks
- Participation incentives for biometric screening and a Personal Health Profile (PHP):
 - 5% reduction in individual premium cost share
 - 10% for Wellness/ 15% for non-Wellness
 - \$250 FSA/457 Deferred Compensation deposit for employee
 - \$200 FSA/457 Deferred Compensation deposit to engage Anthem covered spouses and registered domestic partners

Employee Cost-Share

	Enrollment	Current Contributions (5%)		Renewal Contributions (5%)		Renewal Contributions (10%)	
		SDCRAA (2015)	Employee (2015)	SDCRAA (2016)	Employee (2016)	SDCRAA (2016)	Employee (2016)
Full-Network HMO		95% / 55%		95% / 55%		90% / 55%	
Emp Only	36	\$710.13	\$37.38	\$763.40	\$40.18	\$723.22	\$80.36
Emp + Dependent	13	\$1,194.26	\$365.52	\$1,283.83	\$392.94	\$1,283.83	\$392.94
Emp + Family	11	\$1,562.13	\$666.50	\$1,679.29	\$716.49	\$1,679.29	\$716.49
Narrow Network HMO		95% / 55%		95% / 55%		90% / 55%	
Emp Only	81	\$483.33	\$25.44	\$519.58	\$27.35	\$492.23	\$54.69
Emp + Dependent	34	\$811.08	\$247.35	\$871.92	\$265.90	\$871.92	\$265.90
Emp + Family	53	\$1,060.77	\$451.64	\$1,140.33	\$485.51	\$1,140.33	\$485.51
PPO		95% / 55%		95% / 55%		90% / 55%	
Emp Only	96	\$872.66	\$45.93	\$938.11	\$49.37	\$888.74	\$98.75
Emp + Dependent	30	\$1,198.05	\$228.65	\$1,287.90	\$245.79	\$1,287.90	\$245.79
Emp + Family	29	\$1,451.88	\$436.33	\$1,560.77	\$469.05	\$1,560.77	\$469.05
HDHP with H.S.A.		95% / 55%		95% / 55%		90% / 55%	
Emp Only	5	\$766.95	\$40.37	\$820.02	\$43.16	\$776.86	\$86.32
Emp + Dependent	2	\$1,067.76	\$213.08	\$1,140.57	\$226.96	\$1,140.57	\$226.96
Emp + Family	2	\$1,273.10	\$381.09	\$1,361.32	\$407.57	\$1,361.32	\$407.57

Proposal for 2016 is to increase employee cost-share an additional 5% to 15% for non-Wellness. Contributions assume all active employees receive the wellness incentive (since 93% currently participate)

Anthem Mandatory Plan Changes

Plan	Reason for Change	Description of Change	Current Benefit	Proposed Benefit	Effective Date	Impact
PPO/HDHP	Anthem Change	Acupuncture Visit Limit	Limited to 12 visits/calendar year	Limited to 20 visits/calendar year	1/1/16	Enhancement
PPO/HDHP	Anthem Change	Chiropractic Services & Physical Therapy Visit Limits	Limited to 24 visits/calendar year	Chiropractic will have separate visit limit of 30 visits/year. For Physical and Occupational, 24 visit limit will be removed	1/1/16	Enhancement
PPO/HDHP	Anthem Change	Inpatient Services (Non-participating PPO providers)	No limit out-of-network for non-emergency providers	Maximum payment for non-emergency inpatient services is limited to \$1,000/day	1/1/16	Takeaway
PPO	Anthem Change	Chiropractic Services	In-network coinsurance 20% after deductible	In-network copay \$20 (deductible waived)	1/1/16	Enhancement

Anthem Plan Alternatives

Plan Alternative	Plan Name	% Savings (From Renewal)	\$ Savings (From Renewal)	95%/5% Cost-Share		90%/10% Cost-Share*	
				\$ Annual Savings to Authority	\$ Annual Savings to Employees	\$ Annual Savings to Authority	\$ Annual Savings to Employees
Full & Narrow Network HMO	Premier \$25 copay	1.0% Savings (6.5% Renewal Increase)	\$29,577	\$22,182	\$7,395	\$21,815	\$7,762
PPO Plan	\$500Ded 20/20	2.5% Savings (5.0% Renewal Increase)	\$59,172	\$51,550	\$7,662	\$50,145	\$9,027
HDHP with H.S.A.	No Change	N/A	\$0	\$0	\$0	\$0	\$0
TOTAL (with changes)		1.62% Savings (5.8% Renewal Increase)	\$88,748	\$73,731	\$15,017	\$71,960	\$16,788

*Savings based on renewal with 90%/10% cost-share compared with revised plan options with 90%/10%

HMO Plan Alternative

	Anthem Current/Renewal	Anthem Option 1
General Plan Information		
Office Visits	\$20 copay	\$25 copay
Preventive		
Adult, Child, & Well-Woman Exams	\$0 copay	\$0 copay
Hospital Services (Including Mental Health & Substance Use)		
Inpatient Hospitalization	\$200/admit copay	\$250/admit copay
Outpatient Surgery	\$100 copay	\$125 copay
Emergency & Urgent Services		
Emergency Room (waived if admitted)	\$100 copay	\$100 copay
Urgent Care Facility	\$20 copay	\$25 copay
Mental Health & Substance Abuse		
Inpatient Hospitalization	\$200/admit copay	\$250/admit copay
Outpatient Services	\$20 copay	\$25 copay
Outpatient Rehabilitation (Non-Hospital)		
Speech, Physical, Occupational Therapy	\$20 copay	\$25 copay
Chiropractic Services (60 visit max)	\$20 copay	\$25 copay
Acupuncture	\$20 copay	\$25 copay
Laboratory & X-Ray		
Diagnostic Lab & X-ray	\$0 copay	\$0 copay

Green = plan enhancements, **Red** - plan take-aways

No changes to prescription benefits from current

PPO Plan Alternative

General Plan Information	Anthem Current/Renewal		Anthem Option 1	
	In Network	Out of Network	In Network	Out of Network
Annual Deductible (Individual)		\$250	\$500	
Annual Deductible (Family)		\$750	\$1,500	
Coinsurance (unless otherwise stated)	20%	40%	20%	40%
Out-of-Pocket Max (Individual; excludes ded.)	\$2,500	\$5,000	\$3,500	\$7,000
Out-of-Pocket Max (Family; excludes ded.)	\$6,500	\$13,000	\$7,000	\$14,000
Office Visits	\$20 copay	40% after ded.	\$20 copay	40% after ded.
Preventive				
Adult, Child, & Well-Woman Exams	\$0 copay	40% after ded.	\$0 copay	40% after ded.
Hospital Services (including Mental Health & Substance Abuse)				
Inpatient Hospitalization	20% after ded.	40% after ded.	20% after ded.	40% after ded.
Outpatient Surgery	20% after ded.	40% after ded.	20% after ded.	40% after ded.
Emergency & Urgent Services				
Emergency Room (copay waived if admitted)	20% + ded. after \$150 copay		20% + ded. after \$150 copay	
Ambulance	20% after ded.		20% after ded.	
Urgent Care Facility	\$20 copay	40% after ded.	\$20 copay	40% after ded.
Outpatient Rehabilitation (Non-Hospital)				
Physical & Occupational Therapy	20% after ded.	40% after ded.	20% after ded.	40% after ded.
Chiropractic Care (30 visit max)	\$20 copay	40% after ded.	\$20 copay	40% after ded.
Acupuncture	20% after ded.	40% after ded.	20% after ded.	40% after ded.
Laboratory & X-Ray				
Diagnostic Lab & X-ray	20% after ded.	40% after ded.	20% after ded.	40% after ded.

Green = plan enhancements, Red - plan take-aways

No changes to prescription benefits from current

Cadillac Tax (Health Care Reform)

1. Tax included as part of Health Care Reform (ACA) beginning in 2018.
2. Tax rate of 40% of medical/FSA premiums beyond annual premiums (annual medical premiums + FSA contributions):
 - \$11,850- employee premium
 - \$30,950 – family premium
3. Tax is not deductible as an expense (by Authority or employee).
4. Attached charts provide an estimate of taxes (2018 – 2024) for Authority assuming the following:
 - Enrolled employees & pre-medicare retirees
 - 7% medical trend each year
 - Anthem annual medical premiums
 - FSA contributions estimated at \$100 per employee
 - HDHP plan is not shown since enrollment is low (9 participants)

Cadillac Tax Estimate - Narrow Network HMO

Estimated Annual Excise Tax (over 40%)			
Year	Threshold Amounts ¹		Annual Excise Tax (40%)
	Single	Family	
2018	\$11,850	\$30,950	\$0
2019	\$12,206	\$31,879	\$0
2020	\$12,572	\$32,835	\$0
2021	\$12,949	\$33,820	\$0
2022	\$13,337	\$34,834	\$0
2023	\$13,737	\$35,880	\$0
2024	\$14,150	\$36,956	\$0

Total: \$0

Cadillac Tax Estimate - Full Network HMO

Estimated Annual Excise Tax (over 40%)			
Year	Threshold Amounts ¹		Annual Excise Tax (40%)
	Single	Family	
2018	\$11,850	\$30,950	\$0
2019	\$12,206	\$31,879	\$0
2020	\$12,572	\$32,835	\$2,690
2021	\$12,949	\$33,820	\$10,812
2022	\$13,337	\$34,834	\$32,886
2023	\$13,737	\$35,880	\$58,585
2024	\$14,150	\$36,956	\$86,790
			Total: \$191,763

Cadillac Tax Estimate - PPO Plan

Estimated Annual Excise Tax (over 40%)			
Year	Threshold Amounts ¹		Annual Excise Tax (40%)
	Single	Family	
2018	\$11,850	\$30,950	\$37,063
2019	\$12,206	\$31,879	\$49,184
2020	\$12,572	\$32,835	\$62,443
2021	\$12,949	\$33,820	\$76,930
2022	\$13,337	\$34,834	\$92,739
2023	\$13,737	\$35,880	\$109,971
2024	\$14,150	\$36,956	\$128,736

PPO premiums are especially at risk due to incorrect “tiering” on Anthem’s premiums (see next slide for details)

Total: \$557,066

PPO Tier - Distribution Discussion: Adjust in 1 Year

HMO Plans – Current Distribution

Full HMO	Renewal Rates	Tier Value
Employee Only	\$803.58	1.0
Employee + 1	\$1,676.77	2.1
Employee + Family	\$2,395.78	3.0

Select HMO	Renewal Rates	Tier Value
Employee Only	\$546.93	1.0
Employee + 1	\$1,137.82	2.1
Employee + Family	\$1,625.84	3.0

PPO Plans – Need Tier Adjustment

PPO	Renewal Rates	Tier Value	Re-Distributed Rates	Tier Value
Employee Only	\$987.48	1.0	\$774.32	1.0
Employee + 1	\$1,533.69	1.6	\$1,615.71	2.1
Employee + Family	\$2,029.83	2.1	\$2,308.54	3.0

HDHP with H.S.A.	Renewal Rates	Tier Value	Re-Distributed (No HSA Fund)	Tier Value
Employee Only	\$800.68	1.0	\$645.89	1.0
Employee + 1	\$1,242.53	1.6	\$1,347.73	2.1
Employee + Family	\$1,643.88	2.1	\$1,925.66	3.0

*HDHP rates do not include the Authority contribution to the H.S.A. (\$750/\$1,500)

PPO Tier - Distribution Discussion: Adjust Over 2 Years

PPO Plans – Year 1 (2016) & Year 2 (2017)

PPO (Current)

PPO	Renewal Rates	Tier Value
Employee Only	\$987.48	1.0
Employee + 1	\$1,533.69	1.6
Employee + Family	\$2,029.83	2.1

Year 1

Re-Distributed Rates	Tier Value
\$880.90	1.0
\$1,574.70	1.8
\$2,169.18	2.5

Year 2

Re-Distributed Rates	Tier Value
\$774.32	1.0
\$1,615.71	2.1
\$2,308.54	3.0

HDHP Plans – Year 1 (2016) & Year 2 (2017)

HDHP with H.S.A. (Current)

HDHP with H.S.A.	Renewal Rates	Tier Value
Employee Only	\$800.68	1.0
Employee + 1	\$1,242.53	1.6
Employee + Family	\$1,643.88	2.1

Year 1

Re-Distributed (No HSA Fund)	Tier Value
\$723.29	1.0
\$1,295.13	1.8
\$1,784.76	2.5

Year 2

Re-Distributed (No HSA Fund)	Tier Value
\$645.89	1.0
\$1,347.73	2.1
\$1,925.66	3.0

*HDHP rates do not include the Authority contribution to the H.S.A. (\$750/\$1,500)

Impact of PPO Tiering on Employee Cost-Share Adjust in 1 Year

	Enrollment	Renewal Contributions (5%)		Re-Tiering Contributions (10%)	
		SDCRAA (2016)	Employee (2016)	SDCRAA (2016)	Employee (2016)
PPO		95% / 55%		90% / 55%	
Emp Only	96	\$938.11	\$49.37	\$696.89	\$77.43
Emp + Dependent	30	\$1,287.90	\$245.79	\$1,237.09	\$378.63
Emp + Family	<u>29</u>	\$1,560.77	\$469.05	\$1,618.14	\$690.40
Total Enrollment	155				
HDHP with H.S.A.		95% / 55%		90% / 55%	
Emp Only	5	\$820.02	\$43.16	\$581.30	\$64.59
Emp + Dependent	2	\$1,140.57	\$226.96	\$1,031.90	\$315.83
Emp + Family	<u>2</u>	\$1,361.32	\$407.57	\$1,349.76	\$575.90
Total Enrollment	9				

Total costs assume active employees, budgeted positions, and pre-medicare retirees .
 Chart assumes enrollees receive the wellness incentive (since 93% currently participate).

Due to dramatic increase in dependent tiers, splitting re-tiering over 2 years (2016 & 2017) may help minimize impact (see next slide)

Impact of PPO Tiering on Employee Cost-Share Adjust over 2 Years

	Enrollment	Renewal Contributions (5%)		Re-Tiering Contributions (10%)	
		SDCRAA (2016)	Employee (2016)	SDCRAA (2016)	Employee (2016)
PPO		95% / 55%		90% / 55%	
Emp Only	96	\$938.11	\$49.37	\$792.81	\$88.09
Emp + Dependent	30	\$1,287.90	\$245.79	\$1,262.49	\$312.21
Emp + Family	<u>29</u>	\$1,560.77	\$469.05	\$1,589.46	\$579.73
Total Enrollment	155				
HDHP with H.S.A.		95% / 55%		90% / 55%	
Emp Only	5	\$820.02	\$43.16	\$650.96	\$72.33
Emp + Dependent	2	\$1,140.57	\$226.96	\$1,037.80	\$257.33
Emp + Family	<u>2</u>	\$1,361.32	\$407.57	\$1,307.10	\$477.67
Total Enrollment	9				

Total costs assume active employees, budgeted positions, and pre-medicare retirees .
 Chart assumes enrollees receive the wellness incentive (since 93% currently participate).

Cadillac Tax Estimate - PPO Plan

(With Correct Tiering)

Estimated Annual Excise Tax (over 40%)			
Year	Threshold Amounts ¹		Annual Excise Tax (40%)
	Single	Family	
2018	\$11,850	\$30,950	\$0
2019	\$12,206	\$31,879	\$0
2020	\$12,572	\$32,835	\$0
2021	\$12,949	\$33,820	\$3,743
2022	\$13,337	\$34,834	\$17,097
2023	\$13,737	\$35,880	\$63,971
2024	\$14,150	\$36,956	\$115,506

Assumes PPO premiums are adjusted to shift less cost in employee-only tier and more to dependent tiers by 2018

Previous estimate of \$557,066



Total: \$200,317

Delta Dental Renewal

DHMO Dental	Enrollment	Current	Initial Renewal ¹	Negotiated Renewal ¹
		DHMO	DHMO	DHMO
Employee Only	28	\$18.86	\$19.44	\$18.86
Employee + Dependent	17	\$31.16	\$32.11	\$31.16
Employee + Family	<u>15</u>	<u>\$46.03</u>	<u>\$47.43</u>	<u>\$46.03</u>
DHMO Annualized Premium	60	\$20,979	\$21,620	\$20,979
% Change from Current			3.1%	0.0%
Rate Guarantee			1 Year	2 Years
PPO Dental	Enrollment	Current	Initial Renewal ¹	Negotiated Renewal ¹
		PPO Dental	PPO Dental	PPO Dental
Employee Only	163	\$57.12	\$60.47	\$58.83
Employee + Dependent	84	\$102.55	\$108.57	\$105.63
Employee + Family	<u>93</u>	<u>\$139.45</u>	<u>\$147.64</u>	<u>\$143.63</u>
PPO Annualized Premium	340	\$370,723	\$392,484	\$381,838
% Change from Current			5.9%	3.0%
Rate Guarantee			1 Year	2 Years
Total Annualized Premium	400	\$391,702	\$414,104	\$402,817
\$ Change from Current			\$22,401	\$11,114
% Change from Current			5.7%	2.8%
Rate Guarantee			1 Year	2 Years

¹Renewal includes ACA fees. Impact to DMO/PPO (1.6%)

Enrollment includes active employees and budgeted positions

Dental Employee Cost-Share

	Enrollment	Current Contributions	
		SDCRAA (2015)	Employee (2015)
DHMO Dental		100% / 55%	
Emp Only	28	\$18.86	\$0.00
Emp + Dependent	17	\$25.63	\$5.54
Emp + Family	15	\$33.80	\$12.23
PPO Dental		100% / 55%	
Emp Only	163	\$57.12	\$0.00
Emp + Dependent	84	\$82.11	\$20.44
Emp + Family	93	\$102.40	\$37.05
Dental Totals			
Total Annual Cost	400	\$326,419	\$65,283

Renewal Contributions	
SDCRAA (2016)	Employee (2016)
100% / 55%	
\$18.86	\$0.00
\$25.63	\$5.54
\$33.80	\$12.23
100% / 55%	
\$58.83	\$0.00
\$84.57	\$21.06
\$105.47	\$38.16
\$335,672	\$67,145

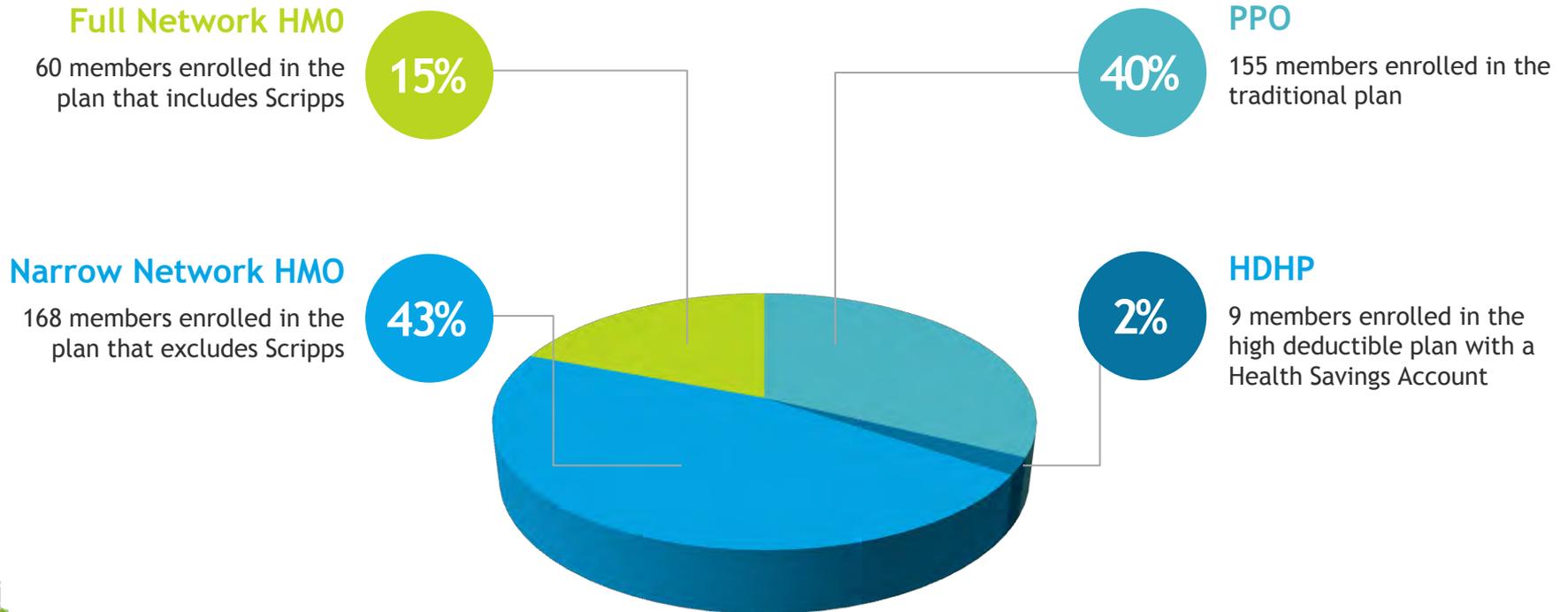
Enrollment includes active employees and budgeted positions

Summary

- Renew Medical at 7.5% with only mandatory plan changes
- Move to negotiated 10% Wellness/15% non-Wellness cost share
- Avoid Cadillac Tax costs by re-tiering PPO over a 2 year period
- Renew Dental at 2.8% with 2 year lock
- Additional lines remain the same

Back-up Slides

Medical Plan Enrollments

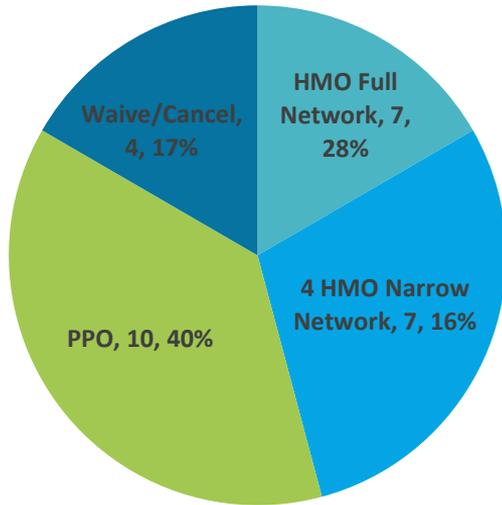


392 total (includes employees & 45 budgeted positions)

Retiree Enrollments

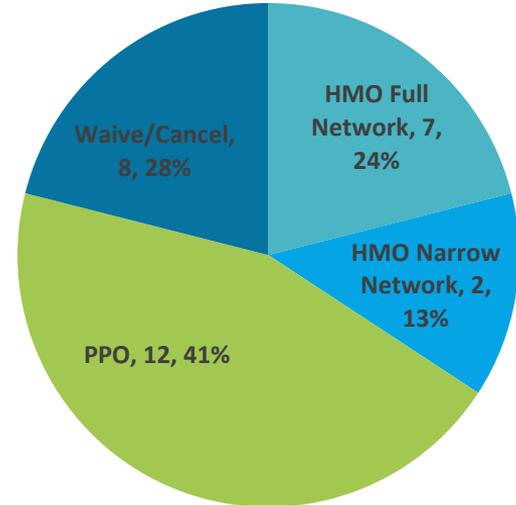
Pre-Medicare (under 65)

Members carried on active employee plan



Medicare Eligible (65+)

Members on supplemental plan that retains hearing aid/footwear rider



57 total members
(retirees + dependents)

United Healthcare Quote

HMO Plans

	Anthem Current	Anthem Final Renewal	United Healthcare Quote
Enrollment Tier	Full Network HMO (with Scripps)		Full HMO
Employee Only	\$747.51	\$803.57	\$859.64
Employee + Dependent	\$1,559.78	\$1,676.76	\$1,793.77
Employee + Family	\$2,228.63	\$2,395.78	\$2,562.94
% Change from Current		7.5%	15.0%
	Anthem Current	Anthem Final Renewal	United Healthcare Quote
Enrollment Tier	Narrow Network HMO (No Scripps)		Narrow HMO
Employee Only	\$508.77	\$546.93	\$583.82
Employee + Dependent	\$1,058.43	\$1,137.81	\$1,218.22
Employee + Family	\$1,512.41	\$1,625.84	\$1,740.61
% Change from Current		7.5%	15.0%

PPO Plans

	Anthem Current	Anthem Final Renewal	United Healthcare Quote
Enrollment Tier	PPO		PPO
Employee Only	\$918.59	\$987.48	\$716.56
Employee + Dependent	\$1,426.69	\$1,533.69	\$1,497.61
Employee + Family	\$1,888.21	\$2,029.83	\$2,135.35
% Change from Current		7.5%	-0.5%
	Anthem Current	Anthem Final Renewal	United Healthcare Quote
Enrollment Tier	HDHP with HSA²		HDHP with HSA²
Employee Only	\$807.32	\$863.18	\$672.24
Employee + Dependent	\$1,280.84	\$1,367.53	\$1,399.36
Employee + Family	\$1,654.19	\$1,768.88	\$1,942.03
% Change from Current		6.9%	1.4%

	Anthem Current	Anthem Final Renewal	United Healthcare Quote
Total Annualized Premium	\$5,296,044	\$5,692,523	\$5,767,392
\$ Change from Current		\$396,479	\$471,348
% Change from Current		7.5%	8.9%

Anthem Medical Renewal Components

Anthem Medical Renewal Components

1.	HMO renewal is “pooled” with other employers
2.	PPO/HDHP renewal is partially experience rated (53% of renewal is based on Authority claims experience)
3.	Authority has 21 individual members with annual claims over \$25,000 (1 high claim with \$36k in claims each month)
4.	Anthem Base Trend Numbers: HMO Medical 7.4%, HMO Rx 18.4%, PPO/HDHP Medical 7.5%, PPO/HDHP Rx 18.4%
5.	Affordable Care Act (ACA) Fees for 2016 (included in renewal):
	<ul style="list-style-type: none">• Reinsurance Fee (\$27 per member per year) ; stabilize premiums in individual marketplace due to removal of pre-existing condition exclusion• Patient Centered Outcomes Research Institute (PCORI) Fee (TBD); funds research that evaluates and compares health outcomes• Fully Insured Fee (3.47%); funds subsidies on Marketplace and Medicare expansion

Benchmarking (2014): Total Cost Share Analysis

(5% Employee Cost Share for Authority)

Benchmarking Cut	Total Premium	Employer Contribution	Employee Contribution
Authority (2014/2015)	\$5,096,487	83% (\$4,206,949)	17% (\$889,538)
Government	\$4,793,328	84% (\$4,005,279)	16% (\$788,049)
California	\$4,674,902	73% (\$3,389,685)	27% (\$1,285,217)
West	\$4,652,159	71% (\$3,318,802)	29% (\$1,333,357)
National	\$4,251,877	58% (\$2,445,137)	42% (\$1,806,740)

Authority Costs based on 2014 premium with 2015 budgeted and actual headcount. Anthem rates were the same in 2014 & 2015.
 Benchmark data from the Mercer National Survey, 2014.

Anthem Medical Rates

HMO Plans

Full Network HMO	Current (2015)	Initial Renewal (2016)	Final Renewal (2016)
Enrollment Tier	Full Network HMO (with Scripps)		
Employee Only	\$747.51	\$842.91	\$803.58
Employee + Dependent	\$1,559.78	\$1,740.80	\$1,676.77
Employee + Family	\$2,228.63	\$2,486.34	\$2,395.78
HMO Annualized Premium	\$860,429	\$963,899	\$924,965
% Change from Current		12.0%	7.5%

Narrow Network HMO	Current (2015)	Initial Renewal (2016)	Final Renewal (2016)
Enrollment Tier	Narrow Network HMO (No Scripps)		
Employee Only	\$508.77	\$570.53	\$546.93
Employee + Dependent	\$1,058.43	\$1,178.31	\$1,137.82
Employee + Family	\$1,512.41	\$1,683.23	\$1,625.84
HMO Annualized Premium	\$1,888,257	\$2,105,840	\$2,029,879
% Change from Current		11.5%	7.5%

PPO Plans

PPO	Current (2015)	Initial Renewal (2016)	Final Renewal (2016)
Enrollment Tier	PPO		
Employee Only	\$918.59	\$1,050.93	\$987.48
Employee + Dependent	\$1,426.69	\$1,631.65	\$1,533.69
Employee + Family	\$1,888.21	\$2,159.23	\$2,029.83
PPO Annualized Premium	\$2,228,921	\$2,549,477	\$2,396,090
% Change from Current		14.4%	7.5%

HDHP with H.S.A.	Current (2015)	Initial Renewal (2016)	Final Renewal (2016)
Enrollment Tier	HDHP with H.S.A.*		
Employee Only	\$807.32	\$916.34	\$863.18
Employee + Dependent	\$1,280.84	\$1,449.73	\$1,367.53
Employee + Family	\$1,654.19	\$1,877.55	\$1,768.88
HDHP Annualized Premium	\$118,880	\$134,835	\$127,065
% Change from Current		13.4%	6.9%

*Anthem HDHP monthly premium includes \$750/\$1,500 annual HSA fund

TOTAL	Current (2015)	Initial Renewal (2016)	Final Renewal (2016)
Total Annualized Premium	\$5,096,487	\$5,754,051	\$5,477,999
\$ Change from Current		\$657,564	\$381,512
% Change from Current		12.9%	7.5%

Anthem Plan Alternatives

Plan Alternative	Plan Name	% Savings (From Renewal)	\$ Annual Savings to Authority	\$ Annual Savings to Employees
Full Network HMO	Premier \$25 copay	1.0% Savings (6.5% Renewal Increase)	\$7,210	\$1,995
Narrow Network HMO	Premier \$25 copay	1.0% Savings (6.5% Renewal Increase)	\$14,972	\$5,400
PPO Plan	\$500 Ded/20/20	2.5% Savings (5.0% Renewal Increase)	\$51,550	\$7,662
HDHP with H.S.A.	No Change	N/A	\$0	\$0
TOTAL (with changes)		1.62% Savings (5.8% Renewal Increase)	\$73,731	\$15,017

Costs assume 95%/5% cost-share