



SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
**EXECUTIVE PERSONNEL
AND COMPENSATION COMMITTEE**

Item No.
1

Meeting Date: **SEPTEMBER 26, 2011**

Subject:

Renewal of the Employee Benefit Program for 2012

Recommendation:

The Executive Personnel and Compensation Committee is requested to forward this item to the Board for approval.

Background/Justification:

The San Diego County Regional Airport Authority ("Authority") provides a comprehensive employee benefit program that is directly aligned with two organizational strategies (financial and employee) and support the organization in executing the remaining three (operations, customer and community). The philosophy utilized in designing and sustaining the program has been to provide quality care at a sustainable price while maintaining the organization's ability to attract and retain the best and brightest employees. Doing so over the past 8 years has enabled the organization to attract and retain top talent which, in turn, has enhanced the organization's capability to execute during routine, and non-routine, airport operations. For the 2012 employee benefits renewal, the President/CEO chartered a cross functional team of employees to assist the organization in doing so and provided them with a further caveat: that total employee benefits costs would not increase more than 14% over 2011's costs.

Over a four month period of time, the 14 employee members of the team were educated by the Authority's consultants, Alliant Insurance Services, on various employee benefit plans and options as well as market trend data. After becoming educated, the task force received the Authority's renewal quotes from existing carriers and, as appropriate, considered other plans. As a result of careful evaluation and consideration of market comparisons, existing plan options, past organizational experience, as well as employee interest and concerns, the task force selected options for recommendation to the Authority's President/CEO and Executive Team. These recommendations culminate in a net Airport Authority cost increase of 7.6% over existing rates for 2012 as compared to 2011 costs.

Recommendations include existing providers for all plans due to the competitive nature of the renewal costs (see below):

Coverage	Recommended Carrier	2012 Budgeted Cost	Estimated Authority Cost of Recommendation
Health	Anthem Blue Cross	\$1,927,028	\$1,699,544
Dental	Delta Dental	\$156,201	\$145,674
Vision	Vision Service Plan	\$18,110	\$18,110
ST Disability & AD & D	The Hartford	\$165,360	\$52,924
Basic Life	The Hartford	\$31,860	\$24,722
Health Screenings	Various (biometric health screenings, incentives, etc.)	\$90,500	\$87,670* (net – incl. Anthem credit)

In some cases above, the recommendation includes plan design changes (see attachments A – Healthcare and B – Dental and Vision)

To further support and build upon the Airport Authority's successes in employee wellness, Alliant Insurance Services has negotiated a \$5,000 credit from Anthem Blue Cross to offset the cost of the annual employee biometric health screenings. To enable us to take advantage of further wellness affects, and reduce premium increases on our health insurance, staff is recommending that the Airport Authority redirect some of the \$216,801 annual healthcare premium savings and to offer the Anthem Healthy Rewards program to employees at a cost of approximately \$32,352. This reduces the savings achieved by our Task Force's and consultant's efforts to a net savings on healthcare of \$184,449 . The Healthy Rewards program provides incentives to employees and their adult dependents covered by our health plan, similar to the existing Airport Authority wellness program. Existing wellness initiatives focus exclusively on the employee. Since our health plans cover employees and their eligible dependents, we have a gap in the programs that we are able to address through the Healthy Rewards program. This allows the organization to continue, and expand upon, the positive business effects of existing wellness initiatives (e.g., \$1.2 million in insurance premium savings in three years; moving 10% of the Authority's staff into lower risk categories for chronic disease; etc.). In addition, at no cost to the organization (100% employee paid), staff is recommending that the Authority offer group discounted home and auto life insurance policies to employees, which is another gap in our current portfolio of offerings.

As chartered by the President/CEO, the included recommendations reflect prudent decision making and achieve the fiscal sustainability objective as well as the organization's interest in remaining a competitive and attractive employer.

Fiscal Impact:

Will be completed for Board Meeting.

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:

Will be completed for Board Meeting.

Equal Opportunity Program:

Will be completed for Board Meeting.

Prepared by:

JEFF LINDEMAN
DIRECTOR, HUMAN RESOURCES

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
ANTHEM BLUE CROSS PPO OPTIONS BENEFIT AND RENEWAL RATE COMPARISON
 January, 2012

CURRENT

\$15/\$15 OV - \$250/\$750 deductible - 90/70

ANTHEM BLUE CROSS	
Premier PPO 250/15/10 with Rx 10/20/40 30% Self-Injectable \$200 Brand Ded.	
In Network	Out of Network (UCR)
Brand-Name Rx \$200 deductible per member; Up to maximum of three separate deductible per family.	
	\$250
	\$750
\$2,000	\$6,000
\$4,000	\$12,000
Unlimited	
\$15 Copay	30% after deductible
\$15 Copay	30% after deductible
No Charge	Not Covered
No Charge	30% after deductible
No Charge	30% after deductible
10% after deductible	\$500 deductible per admission then 30% after deductible
10% after deductible	\$500 deductible per admission then 30% after deductible; limited to \$350 per day
10% after deductible	30% after deductible; limited to \$25 per visit
limited to 24 visits per calendar year	
10% after deductible	30% after deductible
limited to \$30 per visit & 12 visits per calendar year	
10% after deductible	30% after deductible
10% after deductible	30% after deductible
\$100 deductible Waived if Admitted	
10% after \$100	10% after \$100
\$15 Copay	30% after deductible
30 Day Supply/Mail Order 2X 90 Days	
\$10 Copay	copay plus 50% of the limited fee schedule plus any amounts exceeding the fee schedule
\$20 copay after ded	
\$40 copay after ded	
30% up to a maximum of \$150 Copay	

PPO BENEFIT HIGHLIGHTS**CALENDAR YEAR DEDUCTIBLE**

Individual
Family

CALENDAR YEAR COPAY MAXIMUM

Individual
Family

LIFETIME MAXIMUM**PROFESSIONAL SERVICES**

Primary Care Physician
Specialist
Routine Physical Exams
Well-Baby & Well-Child Care
Well-Woman Exams

HOSPITALIZATION

Inpatient
Outpatient Surgery

CHIROPRACTIC CARE**ACUPUNCTURE****DIAGNOSTIC X-RAY & LAB**

MRI, CT scan, PET scan & nuclear cardiac scan
All other X-ray & Laboratory Tests

EMERGENCY

Emergency Room Visit
Urgent Care Visit

PRESCRIPTION DRUGS

Generic
Brand Name Formulary
Brand Name Non-Formulary
Self-administered injectable drugs, except insulin

Enrollment provided by Anthem Blue Cross

RATE SUMMARY

Employee Only	72	\$747.68	\$747.68	\$0.00
Employee Plus One	35	\$1,158.89	\$973.85	\$185.04
Employee Plus Family	31	\$1,532.68	\$1,179.43	\$353.25
ESTIMATED MONTHLY PREMIUM:	138		\$141,907	
ESTIMATED ANNUAL PREMIUM:	138		\$1,702,886	

\$ Difference from Current

% Difference from Current

\$ Difference from Renewal

Employer Cost vs. Employee Cost
 Annual Premium

Total	Authority	Employee
\$141,907	\$124,480	\$17,427
\$1,702,886	\$1,493,759	\$209,128

RENEWAL

\$15/\$15 OV - \$250/\$750 deductible - 90/70

ANTHEM BLUE CROSS	
Premier PPO 250/15/10 with Rx 10/20/40 30% Self-Injectable \$200 Brand Ded.	
In Network	Out of Network (UCR)
Brand-Name Rx \$200 deductible per member; Up to maximum of three separate deductible per family.	
	\$250
	\$750
\$2,000	\$6,000
\$4,000	\$12,000
Unlimited	
\$15 Copay	30% after deductible
\$15 Copay	30% after deductible
No Charge	Not Covered
No Charge	30% after deductible
No Charge	30% after deductible
10% after deductible	\$500 deductible per admission then 30% after deductible
10% after deductible	\$500 deductible per admission then 30% after deductible; limited to \$350 per day
10% after deductible	30% after deductible; limited to \$25 per visit
limited to 24 visits per calendar year	
10% after deductible	30% after deductible
limited to \$30 per visit & 12 visits per calendar year	
10% after deductible	30% after deductible
10% after deductible	30% after deductible
\$100 deductible Waived if Admitted	
10% after \$100	10% after \$100
\$15 Copay	30% after deductible
30 Day Supply/Mail Order 2X 90 Days	
\$10 Copay	copay plus 50% of the limited fee schedule plus any amounts exceeding the fee schedule
\$20 copay after ded	
\$40 copay after ded	
30% up to a maximum of \$150 Copay	

Enrollment provided by Anthem Blue Cross

Employee Only	72	\$829.63	\$829.63	\$0.00
Employee Plus One	35	\$1,285.91	\$1,080.58	\$205.33
Employee Plus Family	31	\$1,700.68	\$1,308.71	\$391.97
ESTIMATED MONTHLY PREMIUM:	138		\$157,461	
ESTIMATED ANNUAL PREMIUM:	138		\$1,889,535	

\$ Difference from Current

% Difference from Current

\$ Difference from Renewal

Total	Authority	Employee
\$157,461	\$138,124	\$19,338
\$1,889,535	\$1,657,485	\$232,051

STAFF'S RECOMMENDATION

\$20/\$20 OV - \$250/\$750 / \$750/\$2,250 deductible - 80/60

ANTHEM BLUE CROSS	
Premier PPO 250/20/20 with Rx 10/20/40 30% Self-Injectable \$200 Brand Ded.	
In Network	Out of Network (UCR)
Brand-Name Rx \$200 deductible per member; Up to maximum of three separate deductible per family.	
	\$250
	\$750
\$3,000	\$6,000
\$6,000	\$12,000
Unlimited	
\$20 Copay	40% after deductible
\$20 Copay	40% after deductible
No Charge	Not Covered
No Charge	40% after deductible
No Charge	40% after deductible
\$250 deductible per admission then 20% after deductible	\$750 deductible per admission then 40% after deductible
\$250 deductible per admission then 20% after deductible	\$750 deductible per admission then 40% after deductible; limited to \$350 per day
20% after deductible	40% after deductible; limited to \$25 per visit
limited to 24 visits per calendar year	
20% after deductible	40% after deductible
limited to \$30 per visit & 12 visits per calendar year	
20% after deductible	40% after deductible
20% after deductible	40% after deductible
\$100 deductible Waived if Admitted	
20% after \$100	20% after \$100
\$20 Copay	40% after deductible
30 Day Supply/Mail Order 2X 90 Days	
\$10 Copay	copay plus 50% of the limited fee schedule plus any amounts exceeding the fee schedule
\$20 copay after ded	
\$40 copay after ded	
30% up to a maximum of \$150 Copay	

Enrollment provided by Anthem Blue Cross

Employee Only	72	\$792.43	\$792.43	\$0.00
Employee Plus One	35	\$1,228.26	\$1,032.14	\$196.12
Employee Plus Family	31	\$1,624.43	\$1,250.03	\$374.40
ESTIMATED MONTHLY PREMIUM:	138		\$150,401	
ESTIMATED ANNUAL PREMIUM:	138		\$1,804,817	

\$ Difference from Current

% Difference from Current

\$ Difference from Renewal

Total	Authority	Employee
\$150,401	\$131,931	\$18,471
\$1,804,817	\$1,583,168	\$221,649

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

ANTHEM BLUE CROSS HMO OPTIONS BENEFIT AND RENEWAL RATE COMPARISON

January, 2012

HMO BENEFIT HIGHLIGHTS

CALENDAR YEAR DEDUCTIBLE
Individual
Family
CALENDAR YEAR COPAY MAXIMUM
Individual
Family
LIFETIME MAXIMUM
PROFESSIONAL SERVICES
Primary Care Physician
Specialist
Routine Physical Exams
Well-Baby & Well-Child Care
Well-Woman Exams
HOSPITALIZATION
Inpatient
Outpatient Surgery
CHIROPRACTIC CARE
ACUPUNCTURE
DIAGNOSTIC X-RAY & LAB
MRI, CT scan, PET scan & nuclear cardiac scan
All other X-ray & Laboratory Tests
EMERGENCY
Emergency Room Visit
Urgent Care Visit
PRESCRIPTION DRUGS
Generic
Brand Name Formulary
Brand Name Non-Formulary
Self-administered injectable drugs, except insulin

Enrollment provided by Anthem Blue Cross

RATE SUMMARY

Employee Only
Employee Plus One
Employee Plus Family
ESTIMATED MONTHLY PREMIUM:
ESTIMATED ANNUAL PREMIUM:

\$ Difference from Current
% Difference from Current
\$ Difference from Renewal

ER Cost vs. EE Cost
Annual Premium

CURRENT

\$15/\$15 OV - No Charge IP Hospital

ANTHEM BLUE CROSS
Premier HMO 15 with Rx 10/20/40
30% Self-Injectable \$200 Brand Ded
HMO
Brand-Name Rx \$200 deductible per member; Up to maximum of three separate deductible per family.
None
None
\$1,500
\$3,000
Unlimited
\$15 Copay
\$15 Copay
No Charge
No Charge
No Charge
No Charge
No Charge
No Charge
\$15 Copay per Visit; limited to a 60-day period of care after an illness or injury
\$15 Copay
\$100 Copay
No Charge
Waived if Admitted
\$100 Copay
\$15 Copay/\$15 Copay (out of service area)
30 Day Supply/Mail Order 2X 90 Days
\$10 Copay
\$20 Copay after deductible
\$40 Copay after deductible
30% up to a maximum of \$150 Copay

Actives

HMO

ANTHEM BLUE CROSS
Premier HMO 15 with Rx 10/20/40
30% Self-Injectable \$200 Brand Ded
Rates
ER Cost
EE Cost
90
48
61
199

Total	Authority	Employee
\$163,729	\$131,899	\$31,829
\$1,964,746	\$1,582,792	\$381,954

RENEWAL

\$15/\$15 OV - No Charge IP Hospital

ANTHEM BLUE CROSS
Premier HMO 15 with Rx 10/20/40
30% Self-Injectable \$200 Brand Ded
HMO
Brand-Name Rx \$200 deductible per member; Up to maximum of three separate deductible per family.
None
None
\$1,500
\$3,000
Unlimited
\$15 Copay
\$15 Copay
No Charge
No Charge
No Charge
No Charge
No Charge
No Charge
\$15 Copay per Visit; limited to a 60-day period of care after an illness or injury
\$15 Copay
\$100 Copay
No Charge
Waived if Admitted
\$100 Copay
\$15 Copay/\$15 Copay (out of service area)
30 Day Supply/Mail Order 2X 90 Days
\$10 Copay
\$20 Copay after deductible
\$40 Copay after deductible
30% up to a maximum of \$150 Copay

Actives

HMO

ANTHEM BLUE CROSS
Premier HMO 15 with Rx 10/20/40
30% Self-Injectable \$200 Brand Ded
Rates
ER Cost
EE Cost
90
48
61
199

Total	Authority	Employee
\$181,723	\$146,396	\$35,328
\$2,180,681	\$1,756,748	\$423,933

STAFF'S RECOMMENDATION

\$15/\$30 OV - \$250 per Admit IP Hospital

ANTHEM BLUE CROSS
Classic HMO 15/30/250A/125 OP with Rx 10/20/40 30%
Self-Injectable \$200 Brand Ded
HMO
Brand-Name Rx \$200 deductible per member; Up to maximum of three separate deductible per family.
None
None
\$2,000
\$4,000
Unlimited
\$15 Copay
\$30 Copay
No Charge
No Charge
No Charge
\$250 Copay per Admit
\$125 Copay per Admit
\$15 Copay per Visit; limited to a 60-day period of care after an illness or injury
\$15 Copay
\$100 Copay
No Charge
Waived if Admitted
\$150 Copay
\$15 Copay/\$30 Copay (out of service area)
30 Day Supply/Mail Order 2X 90 Days
\$10 Copay
\$20 Copay after deductible
\$40 Copay after deductible
30% up to a maximum of \$150 Copay

Actives

HMO

ANTHEM BLUE CROSS
Classic HMO 15/30/250A/125OP with Rx 10/20/40 30%
Self-Injectable \$200 Brand Ded
Rates
ER Cost
EE Cost
90
48
61
199

Total	Authority	Employee
\$180,543	\$145,445	\$35,098
\$2,166,519	\$1,745,338	\$421,182

Anthem Blue Cross HMO Options Benefit and Renewal Rate Comparison

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

DENTAL HMO/PPO DUAL PLAN BENEFIT AND RENEWAL RATE COMPARISON

January, 2012

CURRENT**STAFF'S RECOMMENDATION (RENEWAL)****DENTAL BENEFIT HIGHLIGHTS**

CALENDAR YEAR DEDUCTIBLE (Deductible Waived for Preventive) Individual/Family
CALENDAR YEAR MAXIMUM
DIAGNOSTIC & PREVENTIVE Office Visit D0120 Oral Evaluation D01110 Cleaning D0210 X-Rays
RESTORATIVE (Fillings) D2140 Amalgam Filling - one surface D2330 Resin Filling - one surface
ORAL SURGERY D7140 Extraction, single permanent tooth D7220 Removal of impacted tooth D9215 Local Anesthesia
ENDODONTICS (Root Canal) D3310 Endodontics - Anterior
PERIODONTICS D4210 Periodontics
CROWNS D2740 Porcelain/Ceramic Crown
PROSTHODONTICS D5110 Complete Denture - upper & lower
ORTHODONTICS D8080 Child (to age 19) D8090 Adult (Age 19 and older)
RATE GUARANTEE

DELTA DENTAL DeltaCare USA Plan 11A	DELTA DENTAL PPO Plan 2
DMO Does Not Apply None/None Unlimited	In-Network Yes \$50/\$150 \$1,500 100%
	Out-of-Network Yes \$100/\$300 \$1,000 80%
No Charge No Charge No Charge No Charge	
No Charge No Charge	80% 80%
\$5 Copay \$50 Copay No Charge	80% 80%
\$55 Copay	80% 80%
\$130 Copay	50% 50%
\$240 Copay	50% 50%
\$145 Copay	
\$1,700 Copay \$1,900 Copay One Year	50% to \$1,500 Lifetime Maximum 50% to \$1,500 Lifetime Maximum One Year

DELTA DENTAL DeltaCare USA Plan 11A	DELTA DENTAL PPO Plan 2
DMO Does Not Apply None/None Unlimited	In-Network Yes \$50/\$150 \$1,500 100%
	Out-of-Network Yes \$100/\$300 \$1,000 80%
No Charge No Charge No Charge No Charge	
No Charge No Charge	80% 80%
\$5 Copay \$50 Copay No Charge	80% 80%
\$55 Copay	80% 80%
\$130 Copay	50% 50%
\$240 Copay	50% 50%
\$145 Copay	
\$1,700 Copay \$1,900 Copay One Year	50% to \$1,500 Lifetime Maximum 50% to \$1,500 Lifetime Maximum One Year

Enrollment count provided by Delta Dental

RATE SUMMARY

DMO	DELTA DENTAL DeltaCare USA Plan 11A	PPO	DELTA DENTAL PPO Plan 2
Employee Only	32	130	\$52.07
Employee Plus One	20	82	\$93.48
Employee Plus Family	21	81	\$127.12
ESTIMATED MONTHLY PREMIUM:	73	293	\$24,731

DMO	DELTA DENTAL DeltaCare USA Plan 11A	PPO	DELTA DENTAL PPO Plan 2
Employee Only	32	130	\$57.12
Employee Plus One	20	82	\$102.55
Employee Plus Family	21	81	\$139.45
ESTIMATED MONTHLY PREMIUM:	73	293	\$27,130

ESTIMATED MONTHLY SUB-TOTAL:	\$26,861
ESTIMATED ANNUAL PREMIUM:	\$322,327

ESTIMATED MONTHLY SUB-TOTAL:	\$29,324
ESTIMATED ANNUAL PREMIUM:	\$351,882

\$ Difference from Current
% Difference from Current

\$29,555
9.2%

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

VOLUNTARY VISION PLAN BENEFIT AND RENEWAL RATE COMPARISON

January, 2012

BENEFIT HIGHLIGHTS

COPAYMENT
Exams
Materials
EXAM SCHEDULE
Exam Allowance
LENS SCHEDULE
Single Vision Allowance
Bifocal Allowance
Trifocal Allowance
FRAME SCHEDULE
Frame Allowance
CONTACT LENSES
Elective Allowance
RATE GUARANTEE

Enrollment count provided by VSP

RATE SUMMARY

Employee Only
Employee Plus One
Employee Plus Family
ESTIMATED MONTHLY PREMIUM:
ESTIMATED ANNUAL PREMIUM:

\$ Difference from Current
% Difference from Current
\$ Difference from Renewal

CURRENT

VISION SERVICE PLAN Choice Plan C (12/12/12)	
In Network	Out of Network
\$10 Copay	
Not Applicable	
Every 12 Months	
No Charge	Up to \$43
Every 12 Months	
No Charge	Up to \$26
No Charge	Up to \$43
No Charge	Up to \$60
Every 12 Months	
Up to \$130	Up to \$40
Every 12 Months	
In Lieu of Frames and Lenses	
Up to \$130	Up to \$100
Within a multi year rate guarantee until January 1, 2012	

VISION SERVICE PLAN Choice Plan C (12/12/12)	
EE's	
119	\$11.69
66	\$18.16
33	\$28.81
218	\$3,540
218	\$42,485

RENEWAL

VISION SERVICE PLAN Choice Plan C (12/12/12)	
In Network	Out of Network
\$10 Copay	
Not Applicable	
Every 12 Months	
No Charge	Up to \$45
Every 12 Months	
No Charge	Up to \$30
No Charge	Up to \$50
No Charge	Up to \$65
Every 12 Months	
Up to \$130	Up to \$70
Every 12 Months	
In Lieu of Frames and Lenses	
Up to \$130	Up to \$105
Four Years until January 1, 2016	

VISION SERVICE PLAN Choice Plan C (12/12/12)	
EE's	
119	\$13.36
66	\$20.76
33	\$32.93
218	\$4,047
218	\$48,560

\$6,075
14.3%

Staff's Recommendation

VISION SERVICE PLAN Choice Plan C (12/12/12)	
In Network	Out of Network
\$20 Copay	
Not Applicable	
Every 12 Months	
No Charge	Up to \$45
Every 12 Months	
No Charge	Up to \$30
No Charge	Up to \$50
No Charge	Up to \$65
Every 12 Months	
Up to \$130	Up to \$70
Every 12 Months	
In Lieu of Frames and Lenses	
Up to \$130	Up to \$105
Two Years until January 1, 2014	

VISION SERVICE PLAN Choice Plan C (12/12/12)	
EE's	
119	\$10.42
66	\$16.19
33	\$25.67
218	\$3,156
218	\$37,868

-\$4,617
-10.9%
-\$10,693

Airport Authority 2012 Employee Benefits Renewal

Presented by:

Jeff Lindeman; Director, Human Resources

Paul LaBounty; Vice President, Alliant Insurance
Services

September 26, 2011

Agenda

- Historical perspective
- 2012 Renewal Strategy
- Benchmark Data
- Recommendations for 2012
- Future considerations
- Request Approval of Staff's Recommendations by Executive Personnel & Compensation Committee
- Questions

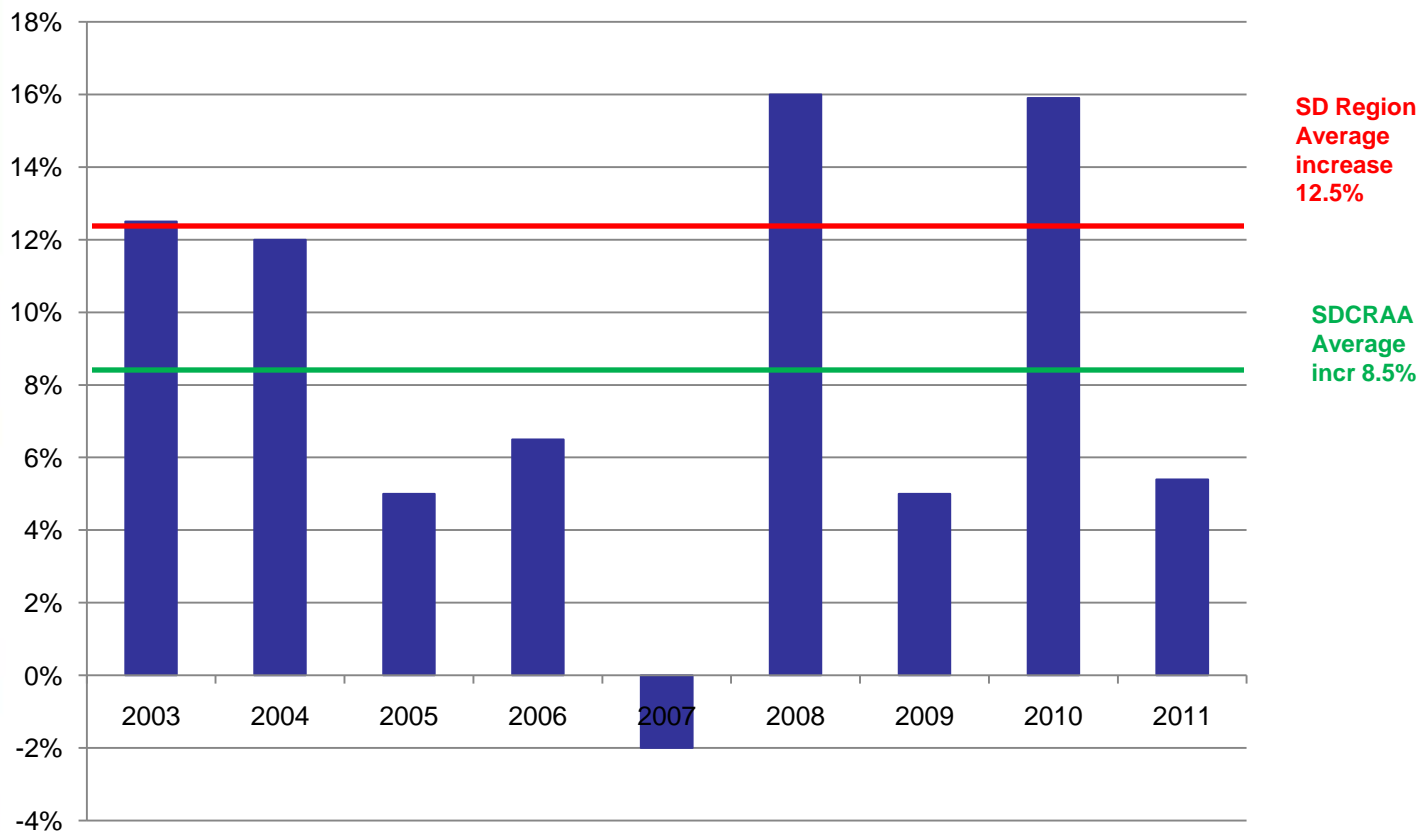


HISTORICAL PERSPECTIVE: MEDICAL COSTS



Perspective 2003 - 2011

Airport Authority Medical Plan Historical % increase/decrease through 2011



2012 RENEWAL STRATEGY



AIRPORTS FUEL
REGIONAL ECONOMIES

Health Plan Large Claim Experience - 12 Month Comparison

PPO

- 2010/11 - 6 claims totaled \$960,000
- Compares to \$150,000 from previous period

HMO

- 2010/11 – 2 claims totaled \$146,000
- Compares to \$434,000 from previous year



Health Plan Strategy

Selected “no bid” strategy due to two primary/driving factors:

- Below market renewal rate from existing carrier
- Large claims experience



Employee Benefit Task Force (EBTF) Chartered

Purpose:

Identify a way forward with offering employees benefits that provide quality care at a sustainable price. The program should also be able to support the Authority in attracting and retaining the best and brightest employees. The budgetary commitment is that employee benefits cost would not increase greater than 14% in FY2012.



Task Force Composition and Meetings

- EBTF chartered by President/CEO in April 2011 consisting of:
 - 14 voting team members; 3 support team members; and 1 Executive Team Sponsor;
- Initial focus on health/welfare plan renewals
- Subsequent focus on pension plan
- Met on 10 occasions over 4 months to:
 - Receive presentations from Authority's consultants (Alliant Insurance) and various providers to:
 - Educate members on market conditions,
 - Review health care reform factors,
 - Available health plans
 - Evaluate options
 - Develop recommendations to Executive Team
- Recommendations made to Executive Team on August 26, 2011



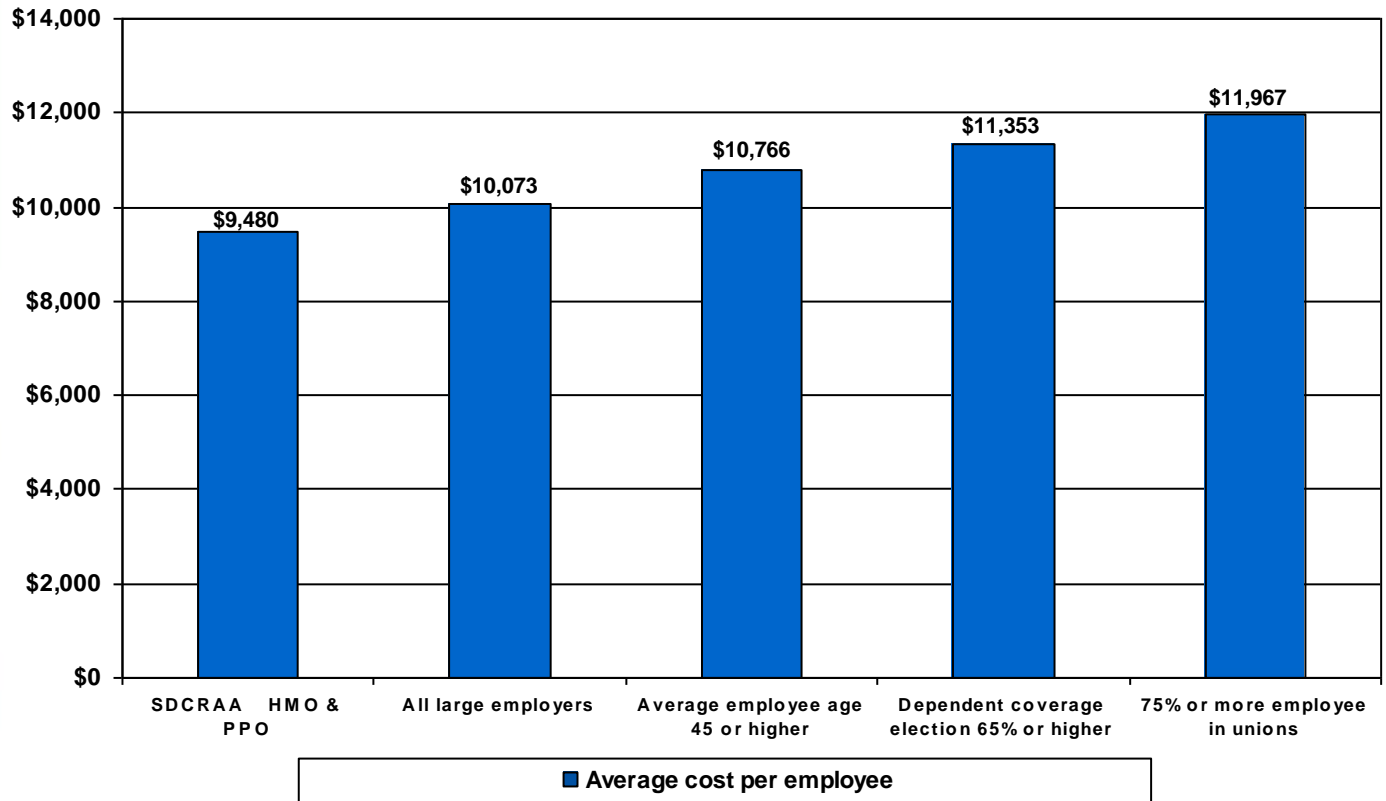
BENCHMARK DATA



AIRPORTS FUEL
REGIONAL ECONOMIES

Benchmark Data

Benefit Survey: Average Cost per Employee



Benchmark Data

Benefit Survey: Medical HMO & PPO Premium Contributions

	CONTRIBUTIONS				PREMIUMS	
HMO PREMIUMS	EMPLOYER MONTHLY	EMPLOYER ANNUAL	EMPLOYEE MONTHLY	EMPLOYEE ANNUAL	TOTAL ANNUAL	EMPLOYEE %
SDCRAA						
Employee Only	\$467	\$5,608	\$0	\$0	\$5,608	0%
Employee & Family	\$917	\$11,004	\$368	\$4,415	\$15,420	29%
SURVEY						
Employee Only	\$327	\$3,924	\$56	\$672	\$4,596	15%
Employee & Family	\$802	\$9,624	\$408	\$4,896	\$14,520	34%
PUBLIC ENTITIES						
Employee Only	\$497	\$5,964	\$0	\$0	\$5,964	0%
Employee & Family	\$984	\$11,808	\$296	\$3,552	\$15,360	23%
PPO PREMIUMS	EMPLOYER MONTHLY	EMPLOYER ANNUAL	EMPLOYEE MONTHLY	EMPLOYEE ANNUAL	TOTAL ANNUAL	EMPLOYEE %
SDCRAA						
Employee Only	\$748	\$8,972	\$0	\$0	\$8,972	0%
Employee & Family	\$1,533	\$18,392	\$353	\$4,239	\$22,631	19%
SURVEY						
Employee Only	\$365	\$4,380	\$67	\$804	\$5,184	16%
Employee & Family	\$989	\$11,868	\$390	\$4,680	\$16,548	28%
PUBLIC ENTITIES						
Employee Only	\$568	\$6,816	\$213	\$2,556	\$9,372	27%
Employee & Family	\$1,062	\$12,744	\$1,369	\$16,428	\$29,172	56%

SDCRAA's 2011 HMO Employee Only total cost is \$467.32

SDCRAA's 2011 PPO Employee Only total cost is \$747.68.

Benchmarking

San Diego Benefit Survey with Local Public Entities Cases:

HMO	SDCRAA	Survey	Public Entities
Individual Deductible	\$0	\$0	\$0
Family Deductible	\$0	\$0	\$0
Coinsurance (employee share)	100%	100%	100%
Individual Out-of-Pocket Maximum	\$1,500	\$1,500	\$1,500
Family Out-of-Pocket Maximum	\$3,000	\$3,000	\$3,000
Emergency Room Copayment	\$100	\$100	\$100
Inpatient Hospital Copayment	\$0	\$250	\$0
Office Copayment: Primary Care Physician	\$15	\$15	\$15
Office Copayment: Specialist	\$15	\$15	\$15

San Diego Benefit Survey with Local Public Entities Cases:

PPO	SDCRAA		Survey		Public Entities	
	In Network	Out of Network	In Network	Out of Network	In Network	Out of Network
Individual Deductible	\$250	\$250	\$500	\$500	\$300	\$600
Family Deductible	\$750	\$750	\$1,000	\$1,000	\$900	\$1,800
Coinsurance (employee share)	10%	30%	10%	30%	20%	40%
Individual Out-of-Pocket Maximum	\$2,000	\$6,000	\$2,000	\$6,000	\$2,500	\$7,500
Family Out-of-Pocket Maximum	\$4,000	\$12,000	\$6,000	\$12,000	\$5,000	\$15,000
Emergency Room Copayment	\$100	\$100	\$100	\$100	\$100	\$100
Inpatient Hospital Copayment	10%	30%	10%	30%	20%	40%
Office Copayment: Primary Care Physician	\$15	30%	\$20	30%	\$20	40%
Office Copayment: Specialist	\$15	30%	\$20	30%	\$20	40%

Benchmark Data

The healthcare legislation could require changes to long-term strategies of companies that provide healthcare benefits to employees and retirees. Over the coming years, executives will face numerous decisions about healthcare for employees.

Companies faced with soaring increases in health care costs are taking the lead in the battle to contain them. Employers looking to reduce benefit expenses are more likely to try and lower cost for the benefits they are offering rather than a reduction in benefits offered.

Possible Recommendations	Average Ranking Order
Reduce level of coverage within selected benefits	1
Shift costs to employees for all or selected benefits (PPO buy-up)	2
<u>Add</u> benefits, but only as voluntary products	3
Use online/self-service to lower administration costs	4
Reduce range of benefits offered	5

RENEWAL RECOMMENDATIONS



AIRPORTS FUEL
REGIONAL ECONOMIES

Total Gross Cost of Renewal Recommendations (employee cost included)

Current	Original Renewal Quotes	Recommended Renewal Costs
\$4,341,743	\$4,909,591	\$4,705,867
Total % Increase	13.1%	8.4%



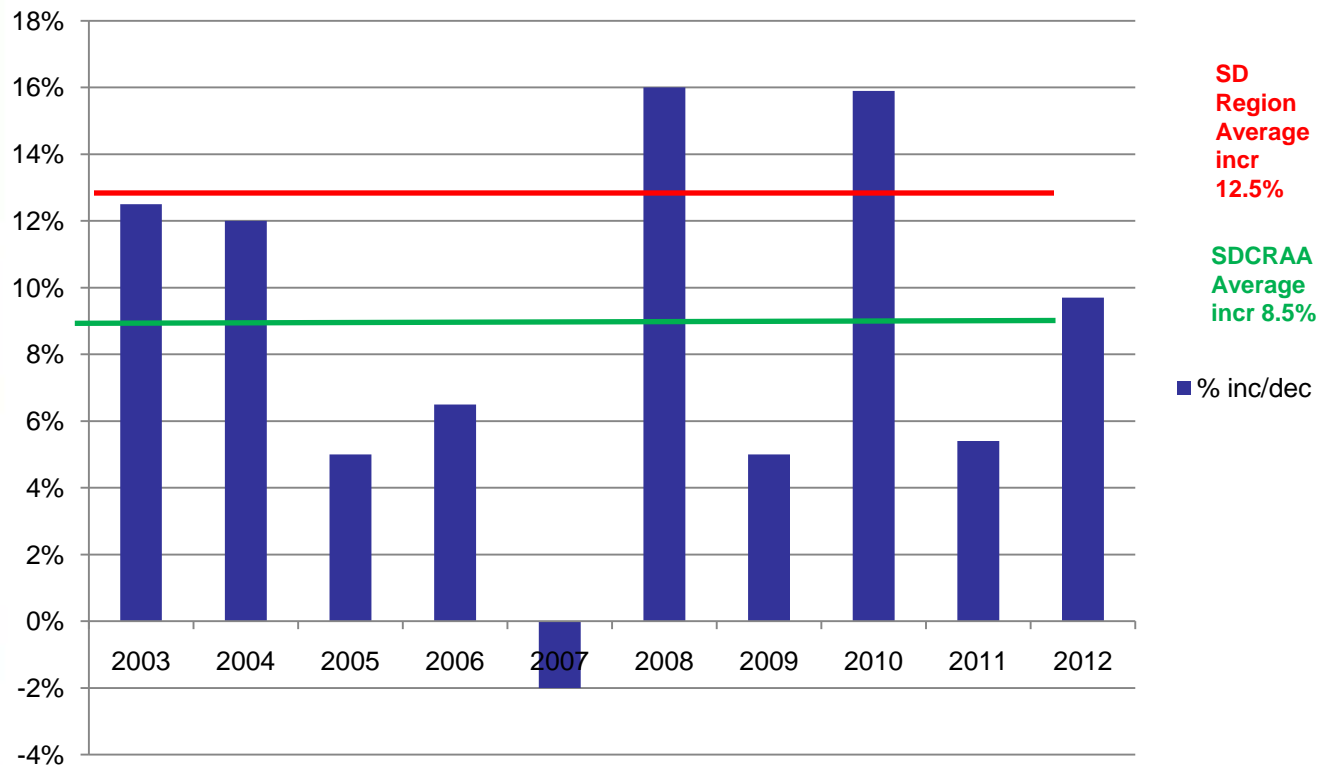
Total Authority Net Cost of Renewal Recommendations

(excludes employee contributions)

	Authority Annual Cost of Proposed Renewals	Authority \$ Difference from Current (\$3,719,700)	Authority % Difference from Current
Renewal	\$4,003,718	\$284,018	7.6%

Perspective: 2003 - 2012

Airport Authority Medical Plan Historical % increase/decrease through 2012



Recommended Medical Plans' Cost

Anthem Blue Cross HMO	2011		2012					
	Number of Enrollees	HMO Total Cost	Original Anthem Renewal	After Alliant Negotiation	Savings	EBTF Recommendation: Plan Design Change to Option #1	Additional Savings	Total Combined Savings Over Renewal
	199	\$1,964,746	\$2,269,282	\$2,180,681	-\$88,601	\$2,168,519	-\$12,162	-\$100,763
		% Savings from Current	15.5%	11.0%		10.4%		
		\$ Savings from Current	\$304,536	\$215,935		\$203,773		

Anthem Blue Cross PPO	2011		2012					
	Number of Enrollees	PPO Total Cost	Original Anthem Renewal	After Alliant Negotiation	Savings	EBTF Recommendation: Plan Design Change to Option #2	Additional Savings	Total Combined Savings Over Renewal
	138	\$1,702,886	\$1,920,855	\$1,889,535	-\$31,320	\$1,804,817	-\$84,718	-\$116,038
		% Savings from Current	12.8%	11.0%		6.0%		
		\$ Savings from Current	\$217,969	\$186,649		\$101,931		

Dental and Vision Plan Recommendations Cost's

Delta Dental Plans	2011		2012					
	Number of Enrollees	Dental Total Cost	Original Delta Renewal	After Alliant Negotiation	Savings	EBTF Recommendation: No Plan Design Change	Additional Savings	Total Combined Savings Over Renewal
	366	\$322,327	\$366,403	\$351,882	-\$14,521	\$351,882	\$0	-\$14,521
		% Savings from Current	13.7%	9.2%		9.2%		
		\$ Savings from Current	\$44,076	\$29,555		\$29,555		

Vision Service Plan	2011		2012					
	Number of Enrollees	Vision Total Cost	Original VSP Renewal	After Alliant Negotiation	Savings	EBTF Recommendation: Plan Design Change Option #1	Additional Savings	Total Combined Savings Over Renewal
	218	\$42,485	\$48,560	\$48,560	\$0	\$37,868	-\$10,692	-\$10,692
		% Savings from Current	14.3%	14.3%		-10.9%		
		\$ Savings from Current	\$6,075	\$6,075		-\$4,617		

Summary of Current Plan Recommendations

- Health Plan Design Changes aligned with Authority's historical consumerism approach (see handout)
- No change in Dental Plan Design
- Increase co-pay on Vision Plan exams from \$10 to \$20 (see handout)
- Continue to offer following plans with no cost change(s) for 2012:
 - Basic Life/AD&D
 - Short Term Disability/Long Term Disability
 - Employee Assistance Plan
 - Health Advocate
- Continue to offer Health Risk Assessments, deposits to FSA/457 plans, and Flu Shots to employees as a means to increase employee health and reduce healthcare costs



Additional Recommendations

- Add Anthem Healthy Rewards Package B
 - Rewards employees and eligible dependents for activities which can lead to improved health
 - Opportunity to engage employees and their family members
 - Approximate annual cost of \$32,352 to the Authority
 - Additional cost is offset by \$216,800 savings medical plan premium savings over renewal to the Authority
- Offer group discounted home and auto insurance (100% employee paid)



FUTURE CONSIDERATIONS



**AIRPORTS FUEL
REGIONAL ECONOMIES**

EBTF Recommended Considerations for the Future

- Consider implementing Medical PPO “Buy up”
- Evaluate if/when move to a high deductible health plan/consumer driven health plan to include HSA’s might make sense
- Further explore and evaluate medical HMO provider network change (e.g., excluding Scripps)
- Consider if/when a Kaiser Permanente plan offering makes sense
- Evaluate whether or not to continue the cost of medical employee only credit as well as medical, dental waive credits
- Vision Service Plan - Review upgrade to the provider network



REQUEST



AIRPORTS FUEL
REGIONAL ECONOMIES

Request

Staff respectfully requests that the Executive Personnel & Compensation Committee recommend Board approval for the proposed renewal of the Employee Benefits Plans for 2012



QUESTIONS?

