



TRUCKEE MEADOWS FIRE PROTECTION DISTRICT

STAFF REPORT

Board Meeting Date: November 27, 2018

DATE: November 16, 2018
TO: Truckee Meadows Fire Protection District Board of Fire Commissioners
FROM: Charles A. Moore, Fire Chief
Telephone: (775) 328-6123, Email: cmoore@tmfpd.us
SUBJECT: Discussion and possible approval of a Health Benefits Program for District employees, dependents and retirees and authorize the Chair of the Board of Fire Commissioners to execute all insurance contracts and service agreements pertinent to the approved Health Benefits Program. (All Commission Districts) FOR POSSIBLE ACTION

SUMMARY

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

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

PREVIOUS ACTION

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

BACKGROUND

On December, 2017, the Board approved the 2018 Health Benefits Program. The initial 2018 renewal was a 20% increase in premiums. This increase and prior increases are largely due to shock claims incurred, according to the District's broker of record. The Board directed the Fire Chief to develop alternatives that would result in a more reasonable increase and a financially sustainable plan in the long run.

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

The District currently insures:

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

The current Truckee Meadows Fire Protection District health insurance plan will expire December 31, 2018. Bids were received from Hometown Health and Prominence through the District's broker, LP Insurance Services. The bids were evaluated and negotiated by the District and the Union. Negotiations focused on two options submitted by Hometown Health, which were the current benefit level herein described as "Renewal" and an alternative referred to as "Option 1".

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

The District and the Union's Benefit Committee agreed on the selection of Option 1, however the District was subsequently informed that the Union voted against Option 1 and unanimously in favor of the Renewal.

The estimated increase for each health benefit is summarized below.

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

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

Plan	District HSA Current Contribution - and Renewal
Employee Only	\$1,824.84
Employee + One	\$2,548.26
Employee + Family	\$3,298.38

The Union has also voted to increase the Districts Annual Contribution to the Employee's HSA in the amount as shown below

Plan	Union Requested HSA New Contribution
Employee Only	\$2436
Employee + One	\$3396
Employee + Family	\$4398

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

The District recommends the company, Further (formerly Select Account) as the third party administrator of the HSA.

For the reason that negotiations did not culminate on agreement, the current plan and current HSA contribution is recommended for renewal.

FISCAL IMPACT

Funding for the Health Benefits Program is included in the Fiscal Year 2018-19 budget. The estimated annual net cost is \$1,875,824 under the renewal for a total aggregate increase of approximately \$158,000. If the Board chooses to increase the HSA contributions as requested by the union, this would be an additional of \$46,405 bringing the total aggregate net cost to a low estimate of \$1,922,229.

RECOMMENDATION

Staff recommends the Board approve the Renewal Plan Health Benefits Program to include the current contribution schedule for the HSA for District employees, dependents and retirees as outlined in the background and authorize the Chair of the Board of Fire Commissioners to execute all insurance contracts and service agreements pertinent to the approved Health Benefits Program.

POSSIBLE MOTION

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

“Move to approve the Renewal Plan Health Benefits Program to include the current contribution schedule for the HSA for District employees, dependents and retirees as outlined in the background and authorize the Chair of the Board of Fire Commissioners to execute all insurance contracts and service agreements pertinent to the approved Health Benefits Program.”

Truckee Meadows Fire Protection District

Current / Renewal Plans				
Carrier Plan Name Network Hospital	Hometown Health PPO 500		Hometown Health HSA 2700	
	Hometown/Renown Renown		Hometown/Renown Renown	
	<u>PPO</u>	<u>OON</u>	<u>PPO</u>	<u>OON</u>
Individual Deductible	\$500	\$1,000	\$2,700	\$5,200
Family Deductible	\$1,000	\$2,000	\$5,200	\$10,400
Individual Out of Pocket Max.	\$3,000	\$6,000	\$4,000	\$8,000
Family Out of Pocket Max.	\$6,000	\$12,000	\$8,000	\$16,000
Primary Physician Copay	\$15	30% (d)	0% (d)	30% (d)
Specialist Physician Copay	\$30	30% (d)	0% (d)	30% (d)
Emergency Room	\$100	\$100	0% (d)	0% (d)
Urgent Care Center	\$35	30% (d)	0% (d)	30% (d)
Lab, X-Ray (Non-Hospital)	\$0 - \$15	30% (d)	0% (d)	30% (d)
MRI, PET, CT Scans (Non-Hospital)	\$100	30% (d)	0% (d)	30% (d)
Inpatient Hospitalization	10% (d)	30% (d)	0% (d)	30% (d)
Outpatient Surgery	10% (d)	30% (d)	0% (d)	30% (d)
In Network Prescription Benefit:		None	Combined with Medical	
Tier I		\$10	\$15 (d)	
Tier II		\$30	\$40 (d)	
Tier III		\$50	\$60 (d)	