

# DECISION PAPER



**August, 2018**

**Introduction: Health Insurance Renewal for October 1, 2018:**

This is the third renewal period where we are required to offer full-time equivalent (FTE) employees with medical insurance, due to the Affordable Care Act (ACA). This is in addition to the health benefits we offer our full time, regular employees. Based on our most recent look-back period (July 2017 to July 2018) we have 77 FTE's that will *qualify* for insurance coverage based on the ACA for 2019 (currently we have 66 ee's enrolled in medical insurance with Blue Shield).

Since 2015, Tahoe Donner Association has paid 75% of the premium cost and the employee has been responsible for the remaining 25% of the premium cost.

**Background:**

TDA's benefit plan year is October 1 - September 30 of each year. Annually, prior to the renewal date, our insurance broker, KC Krichbaum, Hendricks & Associates, works with our existing vendors to obtain renewal rates.

Blue Shield's proposed medical renewal rate for the 2018-19 plan year was an increase of 13.9%. However, our broker was able to negotiate the renewal rate to 6.9%. The average annual increase in CA is 22%.

Over the past 12 months, the insurance costs for our health plan have been approximately \$77,000/mo or \$693,000/annually. With a 6.9% increase we're looking at approximately \$82,000/mo, or \$741,000/annually.

In addition to our medical coverage through Blue Shield, we also offer Vision coverage through Superior as well as Dental coverage through Guardian. I am pleased to report that our Guardian dental coverage is remaining as is for 2019, with no additional costs and the exact same coverage. Regarding our Vision coverage, we will be switching from Superior to VSP. This is a broader offering of coverage with more doctors in our area. This coverage will come with a small increase in cost to our employees, but no additional costs to TDA.

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The regional labor pool continues to shrink due to the high cost of living within the region. TDA and every other business within the Tahoe region are fighting for a small workforce population. With competitors in our region offering greater insurance coverage at lower costs, as well as offering insurance for part time employees, TDA needs to retain a competitive advantage or at least parity in attracting new team members, and more importantly, keeping the team members we have. Our annual average increase in wages is roughly 3-3.5%, which doesn't even cover the increase in medical coverage cost.

## Options:

1. Renew our current coverages for 2019, with a small increase in costs.  
(See attached spreadsheet with costs.)
2. Review other options for consideration implementable before the October 1, 2018 renewal deadline.

## Recommendation:

The board approves Option 1.

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<b>Prepared By:</b>	Tom Knill, Director of Human Resources
<b>Board Meeting Date:</b>	8/18/2018
<b>General Manager Approval:</b>	Robb Etnyre, 8/10/2018

Blue Shield					Current			2019		
Avg #p		Current Premium	Renewal Premium		Cost Split			Cost Split		
					25% EE	75% ER	100% TL	25% EE	75% ER	100% TL
37	EE only	706.23	754.97	6.9%	6,532.63	19,597.88	26,130.51	6,983.47	20,950.42	27,933.89
6	EE + SP	1,624.27	1,736.39	6.9%	2,436.41	7,309.22	9,745.62	2,604.59	7,813.76	10,418.34
7	EE + CH(s)	1,200.59	1,283.47	6.9%	2,101.03	6,303.10	8,404.13	2,246.07	6,738.22	8,984.29
16	EE + Fam	2,047.99	2,189.37	6.9%	8,191.96	24,575.88	32,767.84	8,757.48	26,272.44	35,029.92
66					<b>19,262</b>	<b>57,786</b>	<b>77,048</b>	<b>20,592</b>	<b>61,775</b>	<b>82,366</b>
<b>Avg = last 6 months avg # enrolled by type (jan-jun 2018)</b>					x 12			x 12		
					693,433			741,298		
<b>COST PER EMPLOYEE PER MONTH</b>					Current			2019		
		Current Premium	Renewal Premium		Cost Split			Cost Split		
					25% EE	75% ER	100% TL	25% EE	75% ER	100% TL
	EE only	706.23	754.97		176.56	529.67	706.23	188.74	566.23	754.97
	EE + SP	1,624.27	1,736.39		406.07	1,218.20	1,624.27	434.10	1,302.29	1,736.39
	EE + CH(s)	1,200.59	1,283.47		300.15	900.44	1,200.59	320.87	962.60	1,283.47
	EE + Fam	2,047.99	2,189.37		512.00	1,535.99	2,047.99	547.34	1,642.03	2,189.37

Guardian					Current			2019		
Avg #p		Current Premium	Renewal Premium		Cost Split			Cost Split		
					25% EE	75% ER	100% TL	25% EE	75% ER	100% TL
33	EE only	49.16	49.16	0.0%	405.57	1,216.71	1,622.28	405.57	1,216.71	1,622.28
13	EE + 1	101.64	101.64	0.0%	330.33	990.99	1,321.32	330.33	990.99	1,321.32
16	EE + Fam	166.49	166.49	0.0%	665.96	1,997.88	2,663.84	665.96	1,997.88	2,663.84
62					<b>1,402</b>	<b>4,206</b>	<b>5,607</b>	<b>1,402</b>	<b>4,206</b>	<b>5,607</b>
<b>Avg = last 6 months avg # enrolled by type (jan-jun 2018)</b>					x 12			x 12		
					50,467			50,466.96		
<b>COST PER EMPLOYEE PER MONTH</b>					Current			Renewal - same split		
		Current Premium	Renewal Premium		Cost Split			Cost Split		
					25% EE	75% ER	100% TL	25% EE	75% ER	100% TL
	EE only	12.29	12.29		3.07	9.22	12.29	3.07	9.22	12.29
	EE + SP	25.41	25.41		6.35	19.06	25.41	6.35	19.06	25.41
	EE + Fam	41.62	41.62		10.41	31.22	41.62	10.41	31.22	41.62

Superior to VSP					Current			2019		
Avg #p		Current Premium	Renewal Premium		Cost Split			Cost Split		
					25% EE	75% ER	100% TL	25% EE	75% ER	100% TL
32	EE only	8.80	9.76	10.9%	70.40	211.20	281.60	78.08	234.24	312.32
8	EE + 1	17.06	15.17	-11.1%	34.12	102.36	136.48	30.34	91.02	121.36
18	EE + Fam	25.06	24.06	-4.0%	112.77	338.31	451.08	108.27	324.81	433.08
58					<b>217</b>	<b>652</b>	<b>869</b>	<b>217</b>	<b>650</b>	<b>867</b>
<b>Avg = last 6 months avg # enrolled by type (jan-jun 2018)</b>					x 12			x 12		
					7,822			7,801		
<b>COST PER EMPLOYEE PER MONTH</b>					Current			Renewal - same split		
		Current Premium	Renewal Premium		Cost Split			Cost Split		
					25% EE	75% ER	100% TL	25% EE	75% ER	100% TL
	EE only	2.20	2.44		0.55	1.65	2.20	0.61	1.83	2.44
	EE + 1	4.27	3.80		1.07	3.20	4.27	0.95	2.85	3.80
	EE + Fam	6.26	6.01		1.57	4.70	6.26	1.50	4.51	6.01