

# DECISION PAPER



## Employee Group Health Insurance Renewal October 1, 2020 - October 1, 2021

### RECOMMENDED ACTION(S)

By Motion: Management recommends the board approve the proposed employee group health insurance renewal for the October 1, 2020 – October 1, 2021 policy year as follows:

Medical Benefits – Carrier: Blue Shield  
Plans Offered: High Deductible, Tandem PPO, and Full PPO  
Dental Benefits – Carrier: Guardian  
Vision Benefits – Carrier: VSP

Employer/Employee Contribution: Tahoe Donner will contribute equal to 75% of the premium value of the Blue Shield Full PPO plus 75% of the Guardian and VSP premium value if elected. The employee will contribute remaining premium more than that value.

### BACKGROUND

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

This is the fifth 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 2019 to July 2020) we have 80 FTE's that will *qualify* for insurance coverage based on the ACA for 2020-2021. Current enrollment of medical benefits is 61 employees.

Since 2015, Tahoe Donner Association's contribution towards employee health benefits is 75% of the premium cost. The employee is responsible for the remaining 25% of the premium cost.

### ANALYSIS

As part of this year's renewal goals management focused on,

- cost control
- positioning the benefit package to become more competitive through expansion of medical plans offering that suit our wide range of full-time year-round employees

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- provide options for employees to reduce out-of-pocket medical expense to increase the value of their wages earned

With these goals in mind, Hendricks & Associates worked with Blue Shield and identified two more plans to choose from in addition to the same Full PPO.

The following are the three options provided by Blue Shield:

1. Full PPO: This is generally the same plan coverage, the exception that Blue Shield has shifted the deductible for the Family election. Proposed premium increase is 6.9% over prior year. The expiring policy experienced a 6.9% increase.
2. Tandem PPO: This proposed new second plan is a Tandem PPO with the same coverage as the first plan. The only exception is access to only 8 of 12 in-network doctors and no access to Sutter Health System. All other coverage is the same, including offering 27 of 27 network specialists in the area. Proposed premium on this plan is a 15.68% decrease in cost over the Full PPO plan.
3. Health Savings Account: The third proposed plan is a low-cost high deductible Health Savings Account (HSA). The benefits of this HSA would be that employees have access to a more basic plan versus the more comprehensive BlueShield plans. HSA benefits also include portability, annual rollover, and convenience for the employee. Proposed premium on this plan is a 34.45% decrease in cost over the Full PPO plan.

In addition to the medical coverage with Blue Shield, Tahoe Donner also offers Vision coverage through VSP, and Dental coverage through Guardian. Renewal VSP vision costs remain flat for 2021, with no additional costs incurred. Guardian Dental will also remain flat with a two-year rate guarantee.

With the changes to offer additional plans at a lower cost, Tahoe Donner can review its application of the contribution mix. The proposal before the board includes consideration of continuing the 75% contribution but offering it as an up to value equal to 75% of the Full PPO plan. This would greatly benefit employees who may opt for the attractive Tandem PPO plan by decreasing their total contribution. By offering an attractive plan like the Tandem PPO plan and HSA plan, the Association could save in premium costs.

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## **ALTERNATIVES**

The Board has a number of alternatives,

1. Approve recommended actions as proposed;
2. Eliminate one or both of the additional medical plans and accept contribution recommendation or keep existing Tahoe Donner/Employee contribution of 75/25 for all plans.

## **FISCAL IMPACT**

2020 employee group health insurance was budgeted \$970,000. The advantage of October renewal is that 2021 budget preparation can include changes to the employee group health plans. Management anticipates employee movement of plan elections if the new plans are offered, which stands to control insurance expense increases.

## **ATTACHMENTS**

Blue Shield Plan Details

VSP Renewal Details

Guardian Renewal Details

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Reviewed By: Annie Rosenfeld, Director of Risk Management

Board Meeting Date: 8/28/2020

General Manager Approval: