



## **STAFF REPORT**

**August 17, 2023**

### **TITLE:**

2023-2024 Employee Health Insurance Renewal

### **RECOMMENDATION:**

#### **By Motion:**

The board of directors approves 2023 – 2024 employee health insurance renewals as indicated in Exhibit A: 2023-2024 Employee Health Insurance Schedule.

### **BACKGROUND**

Tahoe Donner has a competitive employee benefit package for full-time, year-round staff including medical, dental, vision, life benefits insurance, long-term disability insurance, flexible spending account, retirement/investment benefits, and employee assistance program (EAP).

TDA's employee health insurance plan year is October 1 – September 30, with the current health benefit plans expiring September 30, 2023.

Current Health Benefit Plan Carriers:

Medical – Blue Shield

Dental – Guardian

Vision – VSP

Life Insurance/AD&D and Long-Term Disability– Lincoln Financial

This is the eighth renewal period where we must offer full-time equivalent (FTE) employee medical insurance due to the Affordable Care Act (ACA). This is in addition to the health benefits we offer full-time, year-round employees. Based on the most recent look-back period (July 2022 – July 2023) there are 95 FTEs that will qualify as eligible for insurance based on the ACA for 2022-2023. Current enrollment for medical benefits is 78 employees.

### **ANALYSIS:**

Hendricks and Associates, Inc. is Tahoe Donner's employee benefits insurance broker. This year's renewal goals were focused on cost control and maintaining a competitive benefits package with other employers in the region, along with offering enough diversity in the medical plans to meet the individual needs of the employees.

Following receipt of the current medical carrier's renewal proposal, Hendricks and Associates, Inc. went out to the market to get competitive proposals to negotiate the best renewal package for Tahoe Donner. Tahoe Donner is entering year two of two-year negotiated rates with VSP and Guardian. Proposed negotiated rates are modest and are generally below the average increases seen at other comparably sized companies. Additionally, Blue Shield has offered several stay incentives including \$10,000 of wellness dollars, and a \$30,000 premium discount to month 2 of the billing cycle.





This year's renewal package includes:

**MEDICAL – Blue Shield No change to carrier or plan offerings; Proposed premium increase is Net 5.7% inclusive of the \$30,000 Month 2 premium discount**

- Full PPO
- Tandem PPO: This second plan is a Tandem PPO with the same coverage as the Full PPO. The only exception is access to only 8 of 12 in-network doctors and no access to the Sutter Health System. All other coverage is the same as the Full PPO, including offering 27 out of 27 network specialists in the area.
- Health Savings Account: This third plan is a low-cost, high-deductible Health Savings Account (HSA). The benefit of this HSA is that employees have access to a more basic plan versus the more comprehensive one.

**DENTAL – Guardian No change to carrier or plan offering; Proposed premium increase is 3.0%**

**VISION – VSP No change to carrier or plan offering; Proposed premium is flat (0%) over the prior year.**

**LIFE INSURANCE/AD&D, LONG-TERM DISABILITY – Lincoln Financial No change to carrier or plan offering; Proposed premium is 0%**

- No Change: Basic Life/AD&D \$25,000
- No Change: Long-Term Disability

The proposal before the board includes consideration of continuing benefit plans offered and the employer/employee contribution mix to remain the same.

- Medical – TDA will contribute equal to 90% of the premium value of the Blue Shield Full PPO
- Dental – 75% of the premium value TDA contribution
- Vision – 75% of the premium value TDA contribution
- Basic Life/AD&D with a limit of \$25,000 and 100% TDA contribution

#### **OUTREACH:**

Hendricks and Associates, Inc., has engaged with all plan operators to negotiate minimal increase year over year.

#### **FISCAL IMPACT:**

There is an estimated \$103,680 (7%) net increase in health insurance premiums over last year using current employee subscriber information.



**ALTERNATIVE:**

There are no alternatives provided by staff.

**ATTACHMENTS:**

Exhibit A: Proposed 2023-2024 Employee Health Insurance Schedule

Prepared By: Annie Rosenfeld, Director of Administrative Services

Reviewed By: Todd Martyn-Jones, Director of Finance, Accounting and Business Services

Board Meeting Date: August 25, 2023

General Manager Approval to Place on the Agenda: \_\_\_\_\_

