



July 23, 2025

To: Finance and Administration Committee
From: Darrell E. Johnson, Chief Executive Officer
Subject: Agreements for Health Insurance Services

Overview

The Orange County Transportation Authority currently maintains agreements with various companies to provide medical, dental, vision, life, accidental death and dismemberment, disability, and supplemental life plans for administrative employees, Board Members, and employees represented by the Transportation Communications Union and by Teamsters Local 952. These agreements expire on December 31, 2025. Staff is presenting recommendations for medical, dental, vision, life, accidental death and dismemberment, disability, and supplemental life insurance, as well as leave administration for the calendar year 2026.

Recommendations

- A. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 10 to Agreement No. C-5-3649 between the Orange County Transportation Authority and Public Risk Innovation, Solutions, and Management for Kaiser Permanente Health Plan, Inc., on a cost-per-employee basis, for prepaid medical services through December 31, 2026. The annual 2026 Kaiser Permanente Health Plan, Inc. premium cost will vary in accordance with actual enrollment.
- B. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 10 to Agreement No. C-5-3650 between the Orange County Transportation Authority and Public Risk Innovation, Solutions, and Management for Anthem Blue Cross, on a cost-per-employee basis, for prepaid medical services through December 31, 2026. The annual 2026 Anthem Blue Cross health maintenance organization premium costs will vary in accordance with actual enrollment.

- C. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 10 to Agreement No. C-5-3651 between the Orange County Transportation Authority and Public Risk Innovation, Solutions, and Management for Anthem Blue Cross, on a cost-per-employee basis, for preferred provider organization medical services through December 31, 2026. The annual 2026 Anthem Blue Cross preferred provider organization premium costs will vary in accordance with actual enrollment.
- D. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 10 to Agreement No. C-5-3652 between the Orange County Transportation Authority and Public Risk Innovation, Solutions, and Management for Anthem Blue Cross, on a cost-per-employee basis, for a consumer-driven health plan through December 31, 2026. The annual 2026 Anthem Blue Cross consumer-driven health plan premium costs and health savings account expenses will vary in accordance with actual enrollment.
- E. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 4 to Agreement No. C-1-3670 between the Orange County Transportation Authority and Public Risk Innovation, Solutions, and Management for Delta Dental, on a cost-per-employee basis, for preferred provider organization dental services through December 31, 2026. The annual 2026 Delta Dental preferred provider organization premium costs will vary in accordance with actual enrollment.
- F. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 15 to Agreement No. C-1-2995 between the Orange County Transportation Authority and Delta Dental, on a cost-per-employee basis, for health maintenance organization dental services through December 31, 2026. The annual 2026 Delta Dental health maintenance organization premium costs will vary in accordance with actual enrollment.
- G. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 4 to Agreement No. C-1-3672 between the Orange County Transportation Authority and Public Risk Innovation, Solutions, and Management for Delta Dental, on a cost-per-employee basis, for health maintenance organization dental services through December 31, 2026. The annual 2026 Delta Dental health maintenance organization premium costs will vary in accordance with actual enrollment.

- H. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 4 to Agreement No. C-1-3671 between the Orange County Transportation Authority and Public Risk Innovation, Solutions, and Management for Vision Service Plan, on a cost-per-employee basis, for vision services through December 31, 2026. The annual 2026 vision services premium costs will vary in accordance with actual enrollment.
- I. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 9 to Purchase Order No. C-7-1897 between the Orange County Transportation Authority and Public Risk Innovation, Solutions, and Management for Voya to provide life and accidental death and dismemberment insurance through December 31, 2026. The annual 2026 life and accidental death and dismemberment premium costs will vary in accordance with actual volume in the plan.
- J. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 8 to Purchase Order No. C-7-1898 between the Orange County Transportation Authority and Public Risk Innovation, Solutions, and Management for Voya to provide supplemental life and accidental death and dismemberment insurance to employees at their own expense through December 31, 2026.
- K. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 8 to Purchase Order No. C-7-1899 between the Orange County Transportation Authority and Public Risk Innovation, Solutions, and Management for Voya to provide short-term and long-term disability insurance through December 31, 2026. The annual 2026 short-term and long-term disability premium costs will vary in accordance with actual volume in the plan.
- L. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 8 to Purchase Order No. C-7-1900 between the Orange County Transportation Authority and Public Risk Innovation, Solutions, and Management for Voya with ComPsych to provide employee leave administration through December 31, 2026.

Background

Staff continues to focus on developing and implementing a long-term strategy to manage rising healthcare costs while offering competitive benefits that support employee retention and satisfaction. This strategy includes:

- 1) Equitable cost-sharing,
- 2) Utilization management,
- 3) Employee health and benefit program education, and
- 4) Health risk management initiatives.

Discussion

The Orange County Transportation Authority (OCTA) received proposals for medical and life insurance plans from Public Risk Innovation, Solutions, and Management (PRISM) and OCTA's broker, Alliant Insurance Services, for services effective January 1, 2026 through December 31, 2026.

The medical, dental, and vision plans offer a selection of coverage options with competitive rates and long-term value. The cost-sharing structure is consistent with market trends and designed to attract and retain top talent.

The consumer-driven health plan (CDHP) provided by Anthem Blue Cross (Anthem), along with a health savings account, support employee participation in their healthcare management and encourages employees to be connected to health-care dollars, thereby increasing use of generic drugs, reducing emergency visits, and increasing participation in wellness programs. Cost savings continue to increase as employees migrate to the CDHP plan, which costs approximately 26 percent less than the preferred provider organization (PPO) plan premium.

Staff recommends the following medical, dental, vision, life, accidental death and dismemberment, disability, administrative services for protected leaves, and supplemental life insurance for calendar year 2026.

Medical

Since 2015, the OCTA Board of Directors (Board) has approved contracting with PRISM for the most competitive pricing of medical insurances. OCTA's experience with PRISM for administrative employees, coach operators, facilities technicians, and parts clerks' health plans has resulted in competitive pricing below California market trends for nine of the last ten years. In 2023, OCTA experienced an 8.9 percent renewal increase as compared to market trends of ten percent increases for medical plans. In 2024, OCTA experienced a 12.3 percent renewal increase as compared to market trends of 15 percent increases for medical plans. In 2025, OCTA experienced a 4.8 percent renewal increase as compared to market trends of 12 percent increases for medical plans.

For the 2026 medical rate renewal, PRISM proposes a renewal increase of 14.1 percent for the Kaiser Permanente Health Plan, Inc. (Kaiser) and Anthem medical insurance plans. This renewal increase of 14.1 percent is within the average market trend of 16 percent increase for medical plans. The premium increase is mostly attributable to the significant increase in pharmaceutical claims due to utilization and the high-cost trend of prescription drugs. The annual cost trend for prescription drugs are at double-digit levels with new high-cost drugs entering the market and expanded usage for specialty drugs. Other contributing factors include higher than expected catastrophic claims exceeding \$1 million and increased medical costs from higher labor costs, clinical staffing shortages, and overall inflation on supply chain costs for hospitals and medical practices. The PRISM program will implement key initiatives at no added cost to insurance plan rates that should positively impact future pharmacy and chronic conditions, such as Digbi Health, Anthem Total Health Connections, and Navitus pharmacy manager.

The PRISM program offers the benefit of a risk-sharing pool, outperforming both trend and competitive alternatives with a ten-year annual rate of change of five percent. Staff recommends continuing to offer the PRISM Kaiser and Anthem health maintenance organization (HMO), PPO, and CDHP plans.

Dental

OCTA currently offers two choices of dental plans to its employees: a dental PPO plan and a dental HMO plan. Administrative employees, facilities technicians, parts clerks, and coach operators are offered a dental PPO plan with Delta Dental, contracted through PRISM. A rate increase of 2.2 percent is proposed for the dental PPO plan, based on utilization and service cost trends.

The dental HMO plan for administrative employees, facilities technicians, and parts clerks is with Delta Dental and contracted through PRISM. It has no proposed rate increases for 2026.

The dental HMO plan offered to coach operators is contracted directly with Delta Dental and proposed no rate increases for 2026.

Vision

The PRISM Vision Service Plan for vision insurance proposed no rate increases.

Life Insurance

OCTA provides eligible employees with life insurance, as well as accidental death and dismemberment insurance. For administrative employees, facilities technicians and parts clerks, the benefit amount is equal to two times the annual salary of the employee, to a maximum of \$500,000. This maximum amount offers less than the recommended two times the annual salary for approximately 26 administrative staff. Staff recommends increasing the insured maximum to \$650,000 for life insurance to offer 23 of the 26 administrative staff with two times the annual salary insurance benefit.

For coach operators, life insurance of \$25,000 is provided, as well as a \$5,000 spousal and \$500 child life insurance benefit. PRISM for Voya life insurance proposed no rate increases for coach operator life insurance benefit.

Supplemental Life Insurance

OCTA offers voluntary supplemental life insurance, as well as accidental death and dismemberment insurance to all eligible employees at their own expense. PRISM for Voya proposed no rate increases.

Disability Insurance

OCTA provides administrative employees with short-term disability and administrative employees, facilities technicians, and parts clerks with long-term disability insurance. A 67 percent wage replacement is provided while an employee is on an approved disability leave of absence. The insurance benefit paid is incremental to wage replacement paid by the California State Disability Insurance (SDI) program. Benefits paid through the SDI program are available to administrative employees, facilities technicians, parts clerks, coach operators, and maintenance employees.

The current insured weekly and monthly maximums offer less than the recommended 67 percent income protection for approximately 32 administrative staff. Staff recommends increasing insurance benefit maximums from \$2,800 to \$3,400 weekly for short-term disability and from \$12,500 to \$15,000 monthly to offer 19 of the 32 administrative staff with 67 percent income protection for approved disability leave of absence.

Protected Leave Management

PRISM for Voya provides protected leave administrative services to OCTA. No rate increases are proposed for 2026.

Fiscal Impact

Based on staff recommendations, the cost for health and life insurance benefits for the administrative employees, facilities technicians, parts clerks, and coach operators is projected to increase by approximately 13.1 percent on a calendar year-over-calendar year basis, compared to the previous calendar year.

The budgetary impact, however, spans two fiscal years. OCTA's Fiscal Year (FY) 2025-26 approved Budget includes funding for healthcare benefits with an assumed ten percent rate increase effective January 1, 2026.

Since the benefit renewals are on a calendar year basis, OCTA will address the second half of the calendar year 2026 costs, along with the other assumptions utilized in the budget, during the FY 2026-27 budgeting cycle.

Summary

Staff is recommending that the Board authorize the Chief Executive Officer to negotiate and execute amendments to the existing contracts with PRISM for medical, dental, and vision insurance, and with Delta Dental for dental insurance, as well as negotiate and execute amendments with PRISM for life, accidental death and dismemberment, short-term and long-term disability, and supplemental life and accidental death and dismemberment insurance, and protected leave management through December 31, 2026.

Attachments

- A. Public Risk Innovation, Solutions, and Management, Kaiser Permanente Health Plan, Inc., Agreement No. C-5-3649 Fact Sheet
- B. Public Risk Innovation, Solutions, and Management, Anthem Blue Cross Health Maintenance Organization, Agreement No. C-5-3650 Fact Sheet
- C. Public Risk Innovation, Solutions, and Management, Anthem Blue Cross Preferred Provider Organization, Agreement No. C-5-3651 Fact Sheet
- D. Public Risk Innovation, Solutions, and Management, Anthem Blue Cross Consumer Driven Health Plan, Agreement No. C-5-3652 Fact Sheet
- E. Public Risk Innovation, Solutions, and Management, Delta Dental Preferred Provider Organization, Agreement No. C-1-3670 Fact Sheet
- F. Delta Dental Health Maintenance Organization for Coach Operators, Agreement No. C-1-2995 Fact Sheet
- G. Public Risk Innovation, Solutions, and Management, Delta Dental Health Maintenance Organization, Agreement No. C-1-3672 Fact Sheet
- H. Public Risk Innovation, Solutions, and Management Vision Service Plan, Agreement No. C-1-3671 Fact Sheet

- I. Public Risk Innovation, Solutions, and Management, Voya, Purchase Order No. C-7-1897 Fact Sheet
- J. Public Risk Innovation, Solutions, and Management, Voya, Purchase Order No. C-7-1898 Fact Sheet
- K. Public Risk Innovation, Solutions, and Management, Voya, Purchase Order No. C-7-1899 Fact Sheet
- L. Public Risk Innovation, Solutions, and Management, Voya, Purchase Order No. C-7-1900 Fact Sheet
- M. Orange County Transportation Authority, Financial Overview, Effective January 1, 2026
- N. Orange County Transportation Authority, Monthly Rate Comparison – 2026 vs. 2025
- O. Orange County Transportation Authority, Administrative and TCU Monthly Employee Cost for 2026
- P. Orange County Transportation Authority, Coach Operators Monthly Employee Cost for 2026

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