

Agreements for Health Insurance Services

Background



Each year, OCTA renews employee benefits, including:

- Medical Insurance
- Dental Insurance
- Vision Insurance
- Life Insurance
- Accidental Death and Dismemberment Insurance
- Disability Insurance
- Employee Leave Administration



Goal: Provide cost-sharing structure, manage utilization, educate employees to be better healthcare consumers, and implement a health risk management program.



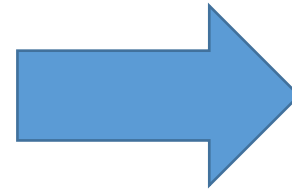
Plan Participants:

- Administrative Employees
- Parts Clerks and Facility Technicians represented by the Transportation Communications International Union
- Coach Operators represented by Teamsters Local 952 Union

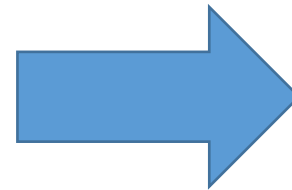
PRISM Overview

In 2015 (plan year 2016), OCTA joined Public Risk Innovation, Solutions, and Management (PRISM), a medical purchasing program offered to counties, cities and special districts.

OCTA has benefited from renewal rates far below market trends since joining PRISM:



OCTA shares risk with PRISM members and rates are renewed as a single pool.



PRISM is dedicated to controlling losses and providing effective risk management solutions.

Current Plan Offerings

Plans through PRISM:

- Medical Insurance (Anthem HMO, PPO and CDHP, and Kaiser)
- Dental Insurance (Delta Dental HMO and PPO)
- Vision Insurance (VSP Choice)
- Life Insurance (VOYA)
- Accidental Death and Dismemberment Insurances (Voya)
- Short-term and Long-term Disability Insurance (Voya)
- Employee Protected Leave Administration (Voya)

Plan outside of PRISM Pool:

- Dental Insurance (Delta Dental HMO for Coach Operators)

CDHP – Consumer Driven Health Plan

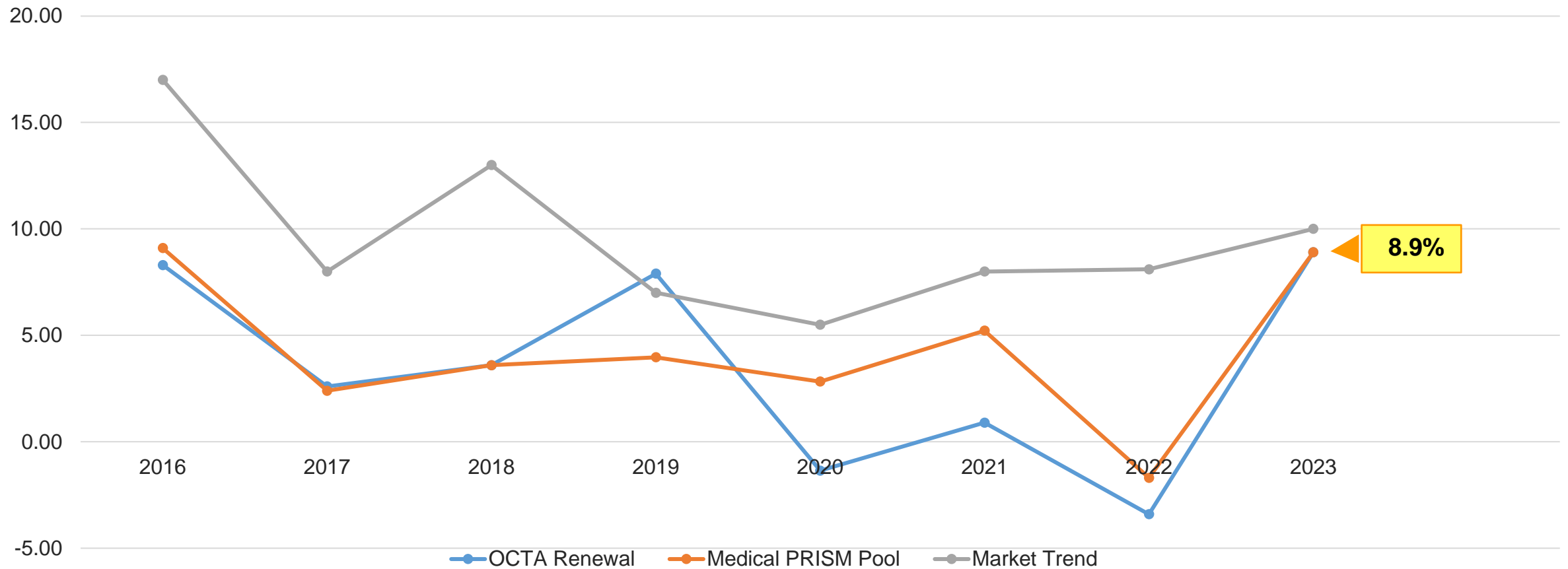
HMO – Health Maintenance Organization

PPO – Preferred Provider Organization

VSP – Vision Services Plan

OCTA Medical Plan Renewal Trends

OCTA vs. Medical PRISM Pool vs. Market Trend by Year



2023 Renewal Rate Changes

2023 medical renewals are based on the most recent 12 months of actual claim data (March 2021 through February 2022)



Healthcare utilization from coronavirus (COVID-19)-suppressed claims during these recent 12 months.



Significant increase in the number and dollar value of high-cost claims as compared to the prior year.



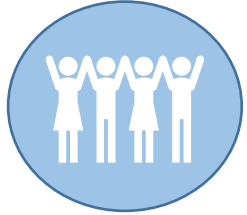
In large part, COVID-19-suppressed healthcare utilization resulted in a 0.9% renewal increase in 2021 and a 3.4% renewal decrease in 2022.

The 3-year average of renewals for 2021, 2022 and 2023 is 2.1%.

Financial Summary

ORANGE COUNTY TRANSPORTATION AUTHORITY				
FINANCIAL OVERVIEW				
Effective January 1, 2023				
PLAN/COVERAGE		Current Annual Cost	Renewal Annual Cost	% Δ
MEDICAL	EEs			
PRISM-Kaiser Admin/TCU HMO	191	\$3,020,448	\$3,289,008	8.9%
PRISM-Kaiser Coach Operators HMO	597	\$9,312,624	\$10,141,296	8.9%
PRISM-Anthem HMO Admin/TCU	122	\$2,126,544	\$2,315,928	8.9%
PRISM-Anthem HMO Coach Operators	32	\$542,688	\$591,048	8.9%
PRISM-Anthem PPO Admin/TCU	63	\$1,234,416	\$1,344,432	8.9%
PRISM-Anthem PPO Coach Operators	40	\$727,008	\$791,808	8.9%
PRISM-Anthem CDHP Admin/TCU	143	\$2,460,012	\$2,678,748	8.9%
DENTAL				
PRISM-Delta Admin/TCU DMO	55	\$18,511	\$18,511	0.0%
Direct-Delta Coach Operators DMO	140	\$45,811	\$45,811	0.0%
PRISM-Delta Admin/TCU DPO	460	\$714,925	\$680,686	-4.8%
PRISM-Delta Coach Operators DPO	510	\$593,994	\$565,878	-4.7%
VISION			Enhanced VSP Base & Buy-Up	
PRISM-VSP Base Vision Plan Admin/TCU	520	\$147,254	\$207,341	40.8%
PRISM-VSP Buy-up Vision Admin/TCU (cost neutral)	86	N/A	\$9,962	N/A
PRISM-VSP Vision Coach Operators	650	\$95,754	\$95,754	0.0%
BASIC LIFE/AD&D			In Rate Guarantee Until 2024	
PRISM-Voya Life/AD&D Admin/TCU	541	\$190,541	\$190,541	0.0%
PRISM-Voya Life/AD&D Coach Operators	650	\$81,709	\$81,709	0.0%
SHORT TERM DISABILITY			In Rate Guarantee Until 2024	
PRISM-Voya STD Admin	487	\$31,617	\$31,617	0.0%
LONG TERM DISABILITY			In Rate Guarantee Until 2024	
PRISM-Voya LTD Admin/TCU	527	\$147,765	\$147,765	0.0%
FMLA Leave Administration				
VOYA	1355	\$27,234	\$27,234	0.0%
TOTAL ANNUAL PREMIUM		\$21,518,857	\$23,255,078	
ANNUAL DOLLAR CHANGE			\$1,736,221	
ANNUAL PERCENT CHANGE			8.1%	

Recommendations



Remain in PRISM to continue benefiting from lower than market renewal rates.



Execute agreements to continue medical, dental, vision, life, accidental death and dismemberment, and short-term and long-term disability insurances and employee protected leave administration with PRISM through December 31, 2023.



Execute agreement to continue dental HMO insurance with Delta Dental for Coach Operators through December 31, 2023.