



***August 10, 2022***

**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 has agreements with various companies to provide medical, dental, vision, life, accidental death and dismemberment, disability, and supplemental life plans for administrative employees and employees represented by the Transportation Communications International Union and represented by Teamsters Local 952 Union. These agreements expire on December 31, 2022. 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 2023.

***Recommendations***

- A. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 7 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, 2023. The annual 2023 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. 7 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, 2023. The annual 2023 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. 7 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, 2023. The annual 2023 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. 7 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, 2023. The annual 2023 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. 1 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, 2023. The annual 2023 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. 12 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, 2023. The annual 2023 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. 1 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, 2023. The annual 2023 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. 1 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, 2023. The annual 2023 vision services premium costs will vary in accordance with actual enrollment.
- I. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 6 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, 2023. The annual 2023 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. 5 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 insurance to employees at their own expense through December 31, 2023.
- K. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 5 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, 2023. The annual 2023 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. 5 to Purchase Order No. C-7-1900 between Orange County Transportation Authority and Public Risk Innovation, Solutions, and Management for VOYA with ComPsych to provide employee leave administration through December 31, 2023.

***Background***

Staff continues to focus on developing and maintaining a long-term strategy to contain rising healthcare costs as a multi-year program. The goal of this long-term strategy is to develop and maintain a sustainable and strategic

long-term benefits program that is both cost-effective and meets the needs of the employees, and consists of four basic components:

- 1) Provide an equitable cost-sharing structure,
- 2) Manage utilization,
- 3) Educate employees to be better healthcare consumers, and
- 4) Implement a health risk management program.

***Discussion***

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, 2023 through December 31, 2023.

With both medical and dental plans, employees are given options for coverage. Employees who select the more expensive Preferred Provider Organization (PPO) plan pay a higher percentage of the premium than those electing the lower cost Health Maintenance Organization (HMO) plans.

Specific to the Anthem Blue Cross (Anthem) medical plan, the Consumer Driven Health Plan (CDHP), along with a Health Savings Account, supports employee engagement 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 has a 26 percent lower premium than the PPO plan.

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

**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, coach operator, and Transportation Communications International Union (TCU) employee health plans has resulted in competitive pricing below California market trends for six of the last seven years. In 2021, OCTA experienced a 0.9 percent renewal increase as compared to market trends of seven to nine percent increases for medical plans, and in 2022, OCTA experienced a 3.4 percent renewal decrease as compared to market trends of seven percent increases for medical plans.

For the 2023 medical rate renewal, PRISM proposes a renewal increase of 8.9 percent for the Kaiser Permanente Health Plan, Inc. (Kaiser) and Anthem medical insurance plans. This renewal increase of 8.9 percent is less than the market trend of ten percent increases for medical plans. The premium increase is mostly attributable to higher-than-expected utilization from coronavirus-suppressed healthcare and higher-than-average catastrophic claims. Other contributing factors include the health industry approval and expanded use of new medical technology and procedures, increases in fees paid to providers, and rising costs of prescription drugs and specialty medications. If the 2022 and 2023 renewals are taken together, the PRISM program averaged about a three percent increase each year, outperforming both trend and competitive alternatives. Staff recommends continuing to offer the PRISM Kaiser and Anthem 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, TCU, and coach operator employees are offered a dental PPO plan with Delta Dental, contracted through PRISM. A rate decrease of approximately 4.7 percent is proposed for the dental PPO plan.

The dental HMO plan for administrative and TCU employees is with Delta Dental and contracted through PRISM that proposed no rate increases for 2023.

The dental HMO plan offered to coach operators is contracted directly with Delta Dental and proposed no rate increases for 2023.

#### Vision

The PRISM Vision Service Plan for administrative and TCU employees proposed no rate increases. OCTA staff recommends vision plan enhancements to increase the frame allowance to \$150 and change the frequency of replacement frames to 12 months. In addition, a buy-up option for more enhanced benefits will be offered at the employee's own expense.

The PRISM Vision Service Plan offered to coach operators proposed no rate increases.

#### Life Insurance

OCTA provides eligible employees with life insurance as well as accidental death and dismemberment insurance. For administrative and TCU employees, the

benefit amount is equal to two times the annual salary of the employee, to a maximum of \$500,000. 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.

#### Supplemental Life Insurance

OCTA offers voluntary supplemental life 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 and TCU employees with long-term disability insurance. It provides a 67 percent wage replacement 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 is available to administrative, TCU, coach operator, and maintenance employees.

PRISM for Voya proposed no rate increases for short-term disability and long-term disability insurance.

#### Protected Leave Management

PRISM for Voya provides protected leave administrative services to OCTA. No rate increases are proposed for 2023.

#### Fiscal Impact

The costs for healthcare benefits were approved in OCTA's Fiscal Year (FY) 2022-23 Budget, assuming a ten percent increase in rates beginning January 1, 2023. Based on staff recommendations for calendar year 2023, OCTA's cost for health and life insurance benefits for the administrative, TCU, and coach operator employees will be approximately eight percent higher than last calendar year and within the budgeted amount for FY 2022-23. Since the renewals are on a calendar year basis, OCTA will address the FY 2023-24 amounts, along with the other assumptions utilized in the budget, during the next 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 insurance, and protected leave management through December 31, 2023.

***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, 2023
- N. Orange County Transportation Authority, Monthly Rate Comparison – 2023 vs. 2022
- O. Orange County Transportation Authority, Administrative & TCU Monthly Employee Cost for 2023

- P. Orange County Transportation Authority, Coach Operators Monthly Employee Cost for 2023

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