## **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.



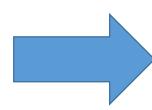
#### **Plan Participants:**

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

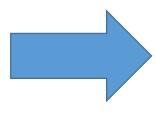
## PRISM Overview

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)

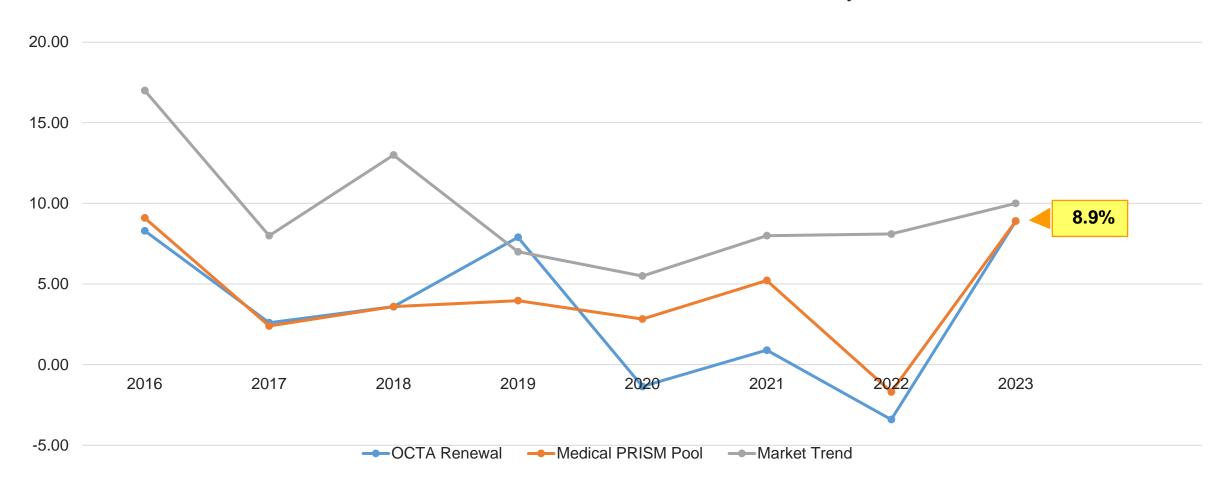
#### Plan outside of PRISM Pool:

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

ANNUAL PERCENT CHANGE

#### **ORANGE COUNTY TRANSPORTATION AUTHORITY**

FINANCIAL OVERVIEW Effective January 1, 2023

	Current Annual Cost	Renewal Annual Cost	% ∆
<u>EEs</u>			
191	\$3,020,448	\$3,289,008	8.9%
597	\$9,312,624	\$10,141,296	8.9%
122	\$2,126,544	\$2,315,928	8.9%
32	\$542,688	\$591,048	8.9%
63	\$1,234,416	\$1,344,432	8.9%
40	\$727,008	\$791,808	8.9%
143	\$2,460,012	\$2,678,748	8.9%
55	\$18,511	\$18,511	0.0%
140	\$45,811	\$45,811	0.0%
460	\$714,925	\$680,686	-4.8%
510	\$593,994	\$565,878	-4.7%
		Enhanced VSP Base & Buy-Up	
520	\$147,254	\$207,341	40.8%
86	N/A	\$9,962	N/A
650	\$95,754	\$95,754	0.0%
		In Rate Guarantee Until 2024	
541	\$190,541	\$190,541	0.0%
650	\$81,709	\$81,709	0.0%
		In Rate Guarantee Until 2024	
487	\$31,617	\$31,617	0.0%
		In Rate Guarantee Until 2024	
527	\$147,765	\$147,765	0.0%
1355	\$27,234	\$27,234	0.0%
	\$21,518,857	\$23,255,078	
		\$1,736,221	
	191 597 122 32 63 40 143 55 140 460 510 520 86 650 541 650 487	EEs   191 \$3,020,448   597 \$9,312,624   122 \$2,126,544   32 \$542,688   63 \$1,234,416   40 \$727,008   143 \$2,460,012   55 \$18,511   140 \$45,811   460 \$714,925   510 \$593,994   520 \$147,254   86 N/A   650 \$95,754   541 \$190,541   650 \$81,709   487 \$31,617   527 \$147,765   1355 \$27,234	Second

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.