

Amendments to Agreements for Health Insurance Services

Administrative and Transportation Communications International
Union (TCU) Employees



Multiple Year Comprehensive Strategy

- Cost Containment
- Plan Migration
- Opt-out Credit
- Cost Effective Options
- Cost Sharing Adjustment
- Equitable Approach
- Employee Retention
- Competitive Benefits

2011 - Transition Year

- Control Costs
- Increase Employee Cost Sharing
- Encourage Plan Migration
- Implement Opt-out Credit
- Evaluate Results

Transition Year Activities

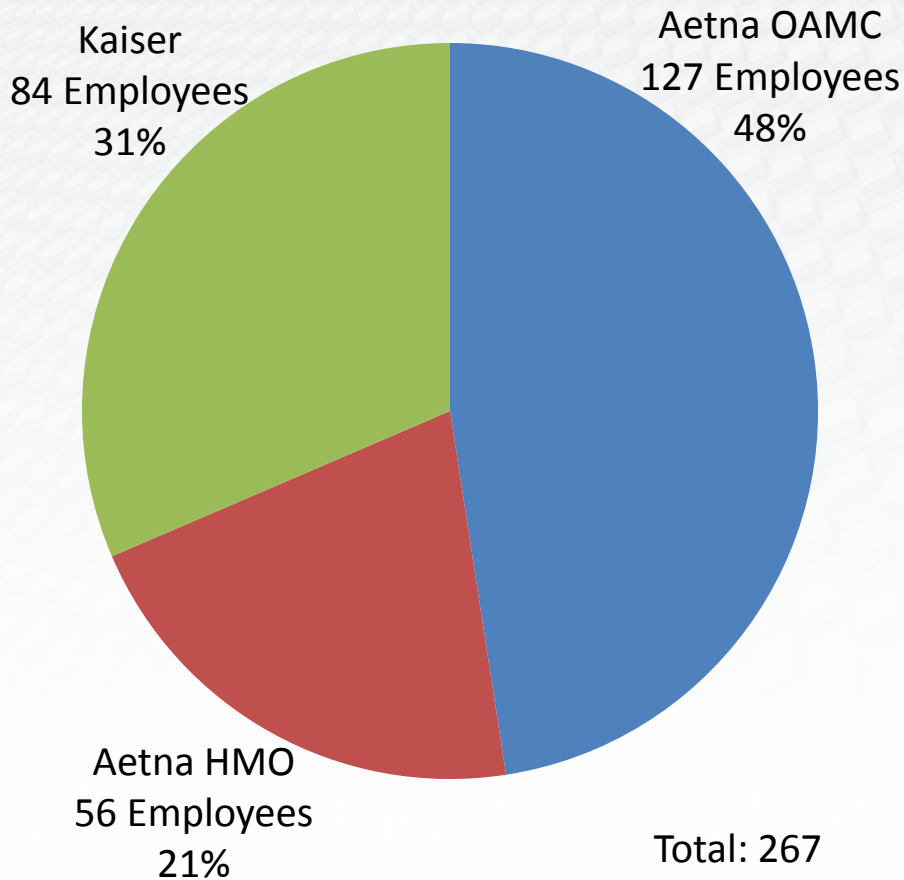
- Implement Interim Recommendations
- Create Employee Focus Groups
- Consider Additional Changes to Contribution Schedule
- Assess Changes to Health Plan Design
- Solicit Proposals for New Health Care Providers
- Provide Employee Education
- Evaluate Continuation of Tenured Benefit
- Present Proposals for Long Term Strategy to Board

Proposed Healthcare Costs for Transition Year Compared to Budget

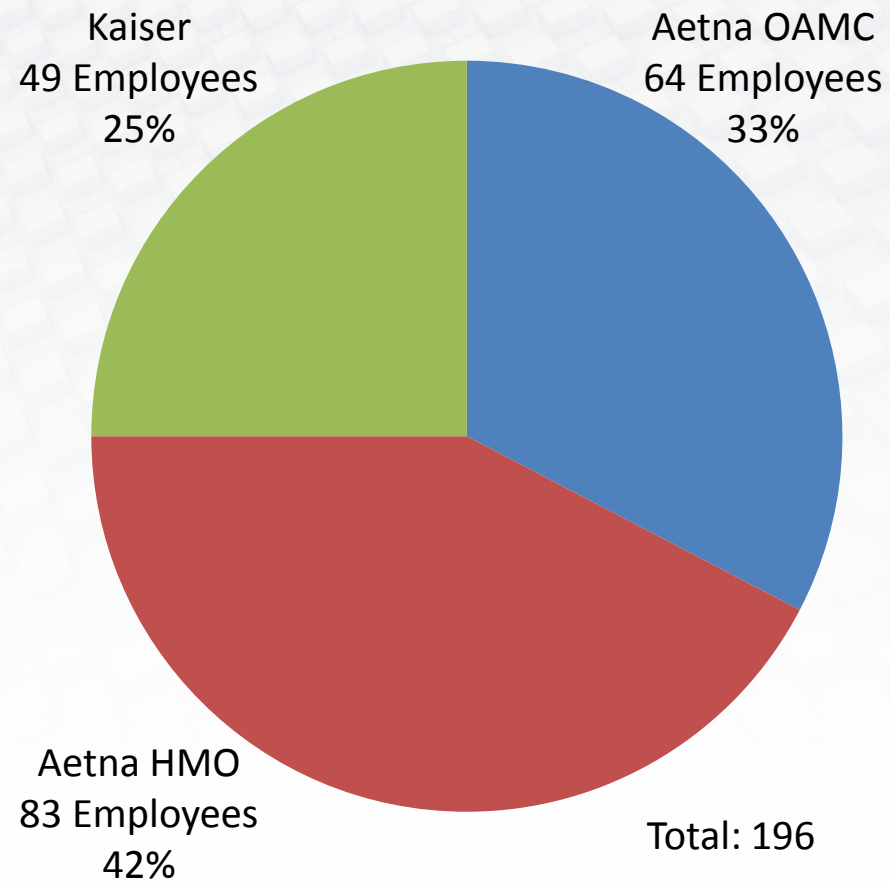
	Board Approved Fiscal Year 2010-11 Budget	Negotiated Renewal Rates with No Cost Sharing Changes	Proposed Cost Sharing with No Plan Migration	Proposed Cost Sharing with Proportional Plan Migration	Proposed Cost Sharing with Projected Plan Migration & Opt-Out
Jul-Dec Costs	\$3,013,297	\$2,924,928	\$2,924,928	\$2,924,928	\$2,924,928
Jan-Jun Costs	\$3,672,553	\$3,379,234	\$3,216,274	\$2,978,842	\$2,882,223
Total Costs	\$6,685,850	\$6,304,162	\$6,141,202	\$5,903,770	\$5,807,151
Percent Cost Change vs. Prior Year	+ 22%	+ 16%	+ 10%	+ 2%	- 1%
Savings vs. Adopted Budget		\$381,688	\$544,648	\$782,080	\$878,699

Medical Plan Participation

Employees Hired Prior to June 27, 2004



Employees Hired After June 27, 2004



2011 Transition Year Medical Contribution Schedule Recommendation

- **Employees with less than 7 years of service
Retain Current Contribution Schedule (Note: Employee
Contributions will Increase)**
 - 10% for Employee Only
 - 15% for Employee plus one Dependent
 - 15% for Employee plus Family

- **Cost Sharing Schedule for Employees with 7 or more years
of Service**
 - 0% for Kaiser
 - 0% for Aetna HMO
 - Aetna OAMC based on Salary Hybrid Contribution Schedule
 - Contribution Range of 4% - 14.8%

2011 Transition Year Medical Contribution Schedule Recommendation

			Contribution Schedule for Employees with less than 7 years of service (hired on or after 6/27/04)				Contribution Schedule for Employees with 7 or more years of service (hired prior to 6/27/04)			
Plan (headcount)	Headcount		2010		2011		2010		2011	
	<7 yrs of service	7 or more years of service	Monthly Premium	Monthly Employee Cost	Monthly Premium	Monthly Employee Cost	Monthly Premium	Monthly Employee Cost	Monthly Premium	Kaiser/HMO \$0, OAMC Based on Salary
Kaiser (133)										
Employee Only	23	23	\$384	\$38	\$442	\$44	\$384	\$0	\$442	\$0
Two-party	10	21	\$767	\$115	\$884	\$133	\$767	\$0	\$884	\$0
Family	16	40	\$1,085	\$163	\$1,251	\$188	\$1,085	\$0	\$1,251	\$0
Kaiser Total	49	84								
Aetna HMO (139)										
Employee Only	36	15	\$390	\$39	\$392	\$39	\$390	\$0	\$392	\$0
Two-party	17	16	\$839	\$126	\$843	\$126	\$839	\$0	\$843	\$0
Family	30	25	\$1,132	\$170	\$1,137	\$170	\$1,132	\$0	\$1,137	\$0
HMO Total	83	56								
Aetna OAMC (190)										
Employee Only	41	24	\$608	\$61	\$756	\$76	\$608	\$0	\$756	
less than \$50k (4)										\$30
\$50k - \$74k (9)										\$45
\$75k - \$99k (5)										\$60
\$100k plus (6)										\$75
Two-party	9	40	\$1,306	\$196	\$1,625	\$244	\$1,306	\$0	\$1,625	
less than \$50k (5)										\$95
\$50k - \$74k (17)										\$130
\$75k - \$99k (8)										\$180
\$100k plus (10)										\$240
Family	14	62	\$1,762	\$264	\$2,192	\$329	\$1,762	\$0	\$2,192	
less than \$50k (7)										\$120
\$50k - \$74k (20)										\$170
\$75k - \$99k (15)										\$225
\$100k plus (20)										\$325
OAMC Total	64	126								

2011 Dental & Vision Contribution Schedule Recommendation

- **Contribution Schedule for Dental and Vision Plans for all Employees**
 - 10% for Employee Only
 - 15% for Employee plus one Dependent
 - 15% for Employee plus Family

2011 Employee Dental & Vision Contribution Schedule

Recommendation for all Employees

		Contribution Schedule for Employees with less than 7 years of service (hired on or after 6/27/04)					Contribution Schedule for Employees with 7 or more years of service (hired prior to 6/27/04)				
		Headcount		2010		2011		2010		2011	
Plan (headcount)	<7 yrs of service	7 or more years of service	Monthly Premium	Monthly Employee Cost	Monthly Premium	Monthly Employee Cost	Monthly Premium	Monthly Employee Cost	Monthly Premium	Monthly Employee Cost	
SmileSaver (87)											
Employee Only	17	14	\$10	\$1	\$10	\$1	\$10	\$0	\$10	\$1	
Two-party	11	11	\$16	\$2	\$16	\$2	\$16	\$0	\$16	\$2	
Family	<u>7</u>	<u>27</u>	\$21	\$3	\$21	\$3	\$21	\$0	\$21	\$3	
SmileSaver Total	35	52									
MetLife PPO (390)											
Employee Only	73	57	\$64	\$6	\$73	\$7	\$64	\$0	\$73	\$7	
Two-party	55	78	\$138	\$21	\$156	\$23	\$138	\$0	\$156	\$23	
Family	<u>28</u>	<u>99</u>	\$186	\$28	\$210	\$32	\$186	\$0	\$210	\$32	
MetLifeTotal	156	234									
Vision Service Plan (375)											
Employee Only	89	46	\$13	\$1	\$13	\$1	\$13	\$0	\$13	\$1	
Two-party	32	64	\$26	\$4	\$26	\$4	\$26	\$0	\$26	\$4	
Family	<u>58</u>	<u>86</u>	\$38	\$6	\$38	\$6	\$38	\$0	\$38	\$6	
VSP Total	179	196									

Opt-Out Credit Recommendation

- Provide employees \$200 each month to waive OCTA health insurance coverage
- Must provide proof of other coverage

Recommendations for 2011

- Renew Aetna and Kaiser medical plans
- Renew MetLife dental plan
- Renew Lincoln Financial life and accidental death & dismemberment insurance
- Renew Lincoln Financial short term & long term disability insurance
- Increase Aetna OAMC employee contributions for employees with 7 or more years of service
- Provide Opt-out Credit Option of \$200 per month

Next Steps

- Employee Informational Meetings
 - **October 2010**
- Board of Directors Meeting
 - **October 25, 2010**
- Open Enrollment (*Mandated 30-day open enrollment process*)
 - **October 26 - November 24, 2010**
- Health Plans Effective Date
 - **January 1, 2011**

Next Steps

- Redefine Comprehensive Strategy based on Enrollment Results
 - **January - April 2011**
- Engage Employees in developing Long-term Strategy for Meeting Goals
 - **February – April 2011**
- Market Health Plans by going out to Bid
 - **July 2011**
- Provide Long-term Strategy Recommendation to Board
 - **Summer 2011**