



## EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL: <i>Robert M. Pann</i> 28 Nov 2018		GENERAL MANAGER ACTION REQ'D:		
DATE: 11/21/2018		BOARD INITIATED ITEM: No		
Originator/Prepared by: Diane Iwata Dept: Human Resources Administration <i>Diane Iwata</i> Signature/Date: 11/24/2018	General Counsel <i>[Signature]</i> 11/26/18 [ ]	Controller/Treasurer <i>[Signature]</i> 11/26/18 [ ]	District Secretary [ ]	BARC <i>[Signature]</i> 11/26/18 [ ]

### Non-CalPERS Medical Plan Structure and Rates for CY 2019

#### PURPOSE:

To obtain Board approval of a resolution approving a change to the contribution schedule for non-California Public Employee Retirement System ("non-CalPERS") medical plans that are available to active members of the Board of Directors, eligible former members of the Board, eligible survivors of BART employees and Board members, and eligible non-registered domestic partners of BART employees and retirees for calendar year 2019.

#### DISCUSSION:

The District has two non-CalPERS medical plans, a self-insured indemnity plan under United Health Care ("UHC") and a fully-insured health maintenance organization plan under Kaiser Permanente ("Kaiser"). These non-CalPERS plans are available to individuals who are not eligible for CalPERS coverage; specifically, those survivors of employees who died prior to contracting with CalPERS, non-registered domestic partners, and active Board members and former Board members who are eligible for District provided benefits under State law and District policy. The number of individuals currently in the non-PERS plans has remained consistently low over the past few years. A total of 45 individuals participate in these plans, thirty-eight (38) in UHC and seven (7) in Kaiser.

Due to industry restrictions, the District cannot match the District's plan designs identically to CalPERS. However, the District makes every effort to keep these plans as closely aligned in plan design as possible. As UHC is self-funded, the District must establish the premium for this plan; however, the District pays all actual expenses. The Board previously approved matching the UHC rate to the CalPERS Bay Area PERS Choice plan, as the UHC plan is

close in plan design. Since the District's Kaiser Plan is fully insured, the negotiated rate is used for the District plan and not matched to the CalPERS Bay Area Kaiser HMO rates.

The District has also applied the medical cap formula and contribution amount used for a non-represented employee/annuitant to participants under the non-CalPERS medical plans. The medical cap for non-represented employees/annuitants is the more costly of the CalPERS Bay Area Blue Shield Access+ HMO basic plan or the CalPERS Bay Area Kaiser HMO basic plan for the applicable level of plan participation for the employee/annuitant (as previously negotiated for collective bargaining groups in 2009), less the employee/annuitant monthly contribution. For participants under the District plans, the medical cap was modified to be the more costly of the CalPERS Bay Area Blue Shield Access+ HMO basic plan or the District's non-CalPERS Kaiser HMO basic plan for the applicable level of plan participation for the employee, less the employee/annuitant monthly contribution. For calendar year 2019, the non-represented employee/annuitant contribution is \$147.14 per month. Staff is recommending this same contribution amount be applied to participants under the non-CalPERS medical plans.

**FISCAL IMPACT:**

For the twenty-one (21) primary participants (does not include dependents) enrolled in the District's non-CalPERS medical plans, the contribution increase (3% and additional monthly contribution) is estimated to produce a savings of \$10,133 for calendar year 2019. Savings are included in the FY 2019 budget.

**RECOMMENDATION:**

Approve the attached resolution. The Office of the General Counsel will approve any agreements or modifications to agreements with plan providers as to form.

**MOTION:**

To adopt the attached resolution "In the Matter of Non-CalPERS Medical Plan Structure and Rates for CY 2019."

**Directors, Former Directors and Their Survivors  
Eligibility and Premium Contributions for Health Benefits—2019**

Length of Service on Board	Category	Date First Served on Board		
		1/01/81-01/01/89	1/02/89-12/31/94	1/1/95 or Later
12 Years (3 Full Terms)	Active Director	None in Category	Employee Rate* plus \$15/mo. Survivor Contribution if enrolled	Employee Rate*
	Survivor of Active Director	None in Category	\$15/mo. Survivor Contribution if enrolled	Fully Self Paid
	Former Director	\$0.0/mo. Health Benefit Contribution plus \$15 Survivor Benefit if enrolled.	Employee Rate * plus \$15/mo. Survivor Benefit Contribution if enrolled	Fully Self Paid
	Survivor of Former Director	\$15/mo. Survivor Contribution if enrolled.	\$15/mo. Survivor Contribution if enrolled	Fully Self Paid
At Least 1 Full Term But Less Than 12 Years	Active Director	None in Category	Employee Rate* plus \$15/mo. Survivor Benefit Contribution if enrolled	Employee Rate*
	Survivor of Active Director	None in Category	\$15/mo. Survivor Contribution if enrolled	Fully Self Paid
	Former Director	Not Eligible	Fully Self-Paid	Fully Self Paid
	Survivor of Former Director	Not Eligible	Fully Self-Paid	Fully Self Paid
Less Than 1 Term	Active Director	None in Category	Employee Rate* plus \$15/mo. Survivor Benefit Contribution if enrolled	Employee Rate
	Survivor of Active Director	None in Category	\$15/mo. Survivor Benefit if enrolled	Not Eligible
	Former Director	Not Eligible	Not Eligible	Not Eligible
	Survivor of Former Director	Not Eligible	Not Eligible	Not Eligible

Note: The Employee Premium Contribution Rates for 2019 are attached.

<b>Kaiser Permanente HMO</b>	Single	2-Party	Family
Total Monthly Premium	\$ 1,330.81	\$ 2,661.62	\$ 3,766.19
District's Cost	\$ 1,183.67	\$ 2,514.48	\$ 3,619.05
Director's Cost	\$ 147.14	\$ 147.14	\$ 147.14

<b>United Health Care</b>	Single	2-Party	Family
Total Monthly Premium	\$ 866.27	\$ 1,732.54	\$ 2,252.30
District's Cost	\$ 719.13	\$ 1,585.40	\$ 2,105.16
Director's Cost	\$ 147.14	\$ 147.14	\$ 147.14

Note: The Employee Premium Contribution Rates for 2019 are attached.

BEFORE THE BOARD OF DIRECTORS OF THE SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

In the Matter of the

Resolution No.

Non-CalPERS Medical Plan

Plan Structure and Rates

For Calendar Year 2019

WHEREAS, Board Resolution 4981, adopted April 13, 2006 sets forth at length the applicable law and history of District provided medical benefits for active members and former members of the Board and their eligible survivors and further sets forth required premium contributions by active members and former members, with the latter dependent on when the former Director first served and his/her length of service;

WHEREAS, by Resolution 4981, adopted by the Board on April 13, 2006, the Board confirmed its policy and practice with respect to the participation and contributions of active and former members of the Board in District provided health plans, with the premium contribution structure for all active directors and eligible former directors as identified there indexed to the lowest premium contribution among the employee groups;

WHEREAS, the parties in 2009 collective bargaining agreed that the District's contribution for health insurance premiums for employees and retirees would be capped at an amount up to the applicable level of plan participation (single, two-party, family) and the same Medicare status as elected by the eligible employee or retiree for the most costly HMO Plan offered to the employee by CalPERS, less the indexed employee contribution (\$86.95 for calendar year 2011);

WHEREAS, after contracting with CalPERS for medical benefits for employees under the Public Employees Medical and Hospital Care Act (PEMHCA), the District has maintained two health plans outside of CalPERS for those individuals who are eligible for District provided coverage under collective bargaining agreements or District policy, but are not eligible under the District's contract with CalPERS, including members of the Board of Directors (Board), domestic partners and some survivors of employees, retirees and former Board members;

WHEREAS, by Resolution 5116, adopted on November 19, 2009, the Board approved a premium structure for the non-CalPERS' plans with a cap similar to the negotiated structure for the CalPERS' plans that capped the District contribution for active members and those former

members who are eligible for benefits on the same terms as employees at an amount up to the applicable level of plan participation (single, two-party, family) for the non-CalPERS HMO, less the indexed employee contribution;

WHEREAS, by Resolution 5151, adopted by the Board on December 2, 2010, the Board authorized amendments to the District's agreements for the non-CalPERS Plans with Principal Financial Group and Kaiser to align their benefit and premium structure more closely with the benefits and premium structure then provided under the CalPERS PERS Choice Plan and the Kaiser HMO Plan and authorized a new rate structure effective in Calendar year 2011 applicable to active directors and those former directors who are eligible for District provided benefits at the capped contribution rate;

WHEREAS, effective January 1, 2012, the District replaced Principal Financial Group as its non-CalPERS self-funded plan administrator with United Health Care (UHC);

WHEREAS, as more fully set forth in Resolution No. 4981, State law imposes restrictions on health benefits that may be provided by the District to the current and most former members of its governing board. For those directors who first serve after January 1, 1989, such benefits may not exceed benefits provided to full-time current or retired employees and the terms, conditions, or contributions applicable to any plan provided to employees must also apply to any plan provided for members of the governing board;

WHEREAS, the Board has adopted an employer's monthly contribution structure for the non-represented employees for calendar year 2019 and intends to apply this same structure to current and eligible former Board members and survivors who have non-CalPERS medical plans and who are eligible for District provided benefits under the capped contribution structure; and

NOW, THEREFORE BE IT RESOLVED that, (a) the established total premium for determining the applicable employer contribution for the self-funded UHC plan for 2019 will be set at the same level as the CalPERS PERS Choice Bay Area Plan as it has been established for 2019 and the total premium for the insured Non-CalPERS Kaiser Plan used for determining the applicable employer contribution for 2019 shall be established by the rates negotiated between Kaiser and the District for that period;

BE IT FURTHER RESOLVED that, the rate structure and premium contribution for Directors and for former Directors and survivors who are eligible for District provided health benefits under a non-CalPERS plan at the capped employer contribution structure shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of his/her family members in a health benefits plan up to a maximum of the higher of the Non-CalPERS Kaiser basic plan or the Bay Area Blue Shield Access+ basic plan, less \$147.14 employee/annuitant share each month for the year 2019; and

BE IT FURTHER RESOLVED THAT, the rate structure and premium contribution for these plans for Calendar Year 2019 shall be as follows:

<b>Kaiser Permanente HMO</b>	<b>Single</b>	<b>2-Party</b>	<b>Family</b>
Total Monthly Premium	\$ 1,330.81	\$ 2,661.62	\$ 3,766.19
District's Cost	\$ 1,183.67	\$ 2,514.48	\$ 3,619.05
Director's Cost	\$ 147.14	\$ 147.14	\$ 147.14

<b>United Health Care</b>	<b>Single</b>	<b>2-Party</b>	<b>Family</b>
Total Monthly Premium	\$ 866.27	\$ 1,732.54	\$ 2,252.30
District's Cost	\$ 719.13	\$ 1,585.40	\$ 2,105.16
Director's Cost	\$ 147.14	\$ 147.14	\$ 147.14

BE IT FURTHER RESOLVED THAT, with the exception of the new premium contribution structure applicable to active directors and those former directors who are eligible for District provided benefits at the capped contribution rate, Resolution No. 4981 "In the Matter of Health and Welfare Benefits for Directors" remains in full force and effect.

Adopted at a regular meeting of the Board of Directors of the San Francisco Bay Area Rapid Transit District at Oakland, California this \_\_\_\_ day of \_\_\_\_\_ 2018.

Signed: \_\_\_\_\_

President

Attest: \_\_\_\_\_

District Secretary