

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Board Members

C. April Boling
Chairman

Greg Cox
Jim Desmond
Mark Kersey
Robert T. Lloyd
Paul Robinson
Johanna S. Schiavoni
Michael Schumacher
Mark B. West

EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE MEETING and SPECIAL BOARD MEETING *

AGENDA

Thursday, August 30, 2018
10:00 A.M.

San Diego International Airport
SDCRAA Administration Building -- Third Floor
Board Room
3225 N. Harbor Drive
San Diego, CA 92101

Ex-Officio Board Members

Cory Binns
Col. Charles B. Dockery
Jacqueline Wong-Hernandez

President / CEO

Kimberly J. Becker

This Agenda contains a brief general description of each item to be considered. The indication of a recommended action does not indicate what action (if any) may be taken. If comments are made to the Committee without prior notice or are not listed on the Agenda, no specific answers or responses should be expected at this meeting pursuant to State law. ***Please note that agenda items may be taken out of order.***

Staff Reports and documentation relating to each item of business on the Agenda are on file in Board Services and are available for public inspection.

***NOTE:** This Committee Meeting also is noticed as a Special Meeting of the Board to (1) foster communication among Board members in compliance with the Brown Act; and (2) preserve the advisory function of the Committee.

Board members who are not members of this Committee may attend and participate in Committee discussions. Since sometimes more than a quorum of the Board may be in attendance, to comply with the Brown Act, this Committee meeting also is noticed as a Special Meeting of the Board.

To preserve the proper function of the Committee, only members officially assigned to this Committee are entitled to vote on any item before the Committee. This Committee only has the power to review items and make recommendations to the Board. Accordingly, this Committee cannot, and will not, take any final action that is binding on the Board or the Authority, even if a quorum of the Board is present.

PLEASE COMPLETE A "REQUEST TO SPEAK" FORM PRIOR TO THE COMMENCEMENT OF THE MEETING AND SUBMIT IT TO THE AUTHORITY CLERK. ***PLEASE REVIEW THE POLICY FOR PUBLIC PARTICIPATION IN BOARD AND BOARD COMMITTEE MEETINGS (PUBLIC COMMENT) LOCATED AT THE END OF THE AGENDA.***



CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

Committee Members: Boling, Cox, Desmond (Chair), Kersey

NON-AGENDA PUBLIC COMMENT

Non-Agenda Public Comment is reserved for members of the public wishing to address the Committee on matters for which another opportunity to speak **is not provided on the Agenda**, and which is within the jurisdiction of the Committee. Please submit a completed speaker slip to the Authority Clerk. ***Each individual speaker is limited to three (3) minutes. Applicants, groups and jurisdictions referring items to the Board for action are limited to five (5) minutes.***

Note: Persons wishing to speak on specific items should reserve their comments until the specific item is taken up by the Board.

NEW BUSINESS

1. **APPROVAL OF MINUTES:**
RECOMMENDATION: Approve the minutes of the May 31, 2018 regular meeting.
2. **COMPENSATION PHILOSOPHY & STRATEGY PLAN:**
Presented by: Kurt Gering, Director, Talent, Culture & Capability
3. **RENEWAL OF THE HEALTH & WELFARE BENEFITS PROGRAM FOR 2019:**
RECOMMENDATION: Forward this item to the Board with a recommendation for approval.
Presented by: Kurt Gering, Director, Talent, Culture & Capability; and Heather Hill, Associate Director, Willis Towers Watson

CLOSED SESSION

REPORT ON CLOSED SESSION

COMMITTEE MEMBER COMMENTS

ADJOURNMENT

Policy for Public Participation in Board, Airport Land Use Commission (ALUC), and Committee Meetings (Public Comment)

- 1) Persons wishing to address the Board, ALUC, and Committees shall complete a "Request to Speak" form prior to the initiation of the portion of the agenda containing the item to be addressed (e.g., Public Comment and General Items). Failure to complete a form shall not preclude testimony, if permission to address the Board is granted by the Chair.
- 2) The Public Comment Section at the beginning of the agenda is limited to eighteen (18) minutes and is reserved for persons wishing to address the Board, ALUC, and Committees on any matter for which another opportunity to speak is not provided on the Agenda, and on matters that are within the jurisdiction of the Board. A second Public Comment period is reserved for general public comment later in the meeting for those who could not be heard during the first Public Comment period.
- 3) Persons wishing to speak on specific items listed on the agenda will be afforded an opportunity to speak during the presentation of individual items. Persons wishing to speak on specific items should reserve their comments until the specific item is taken up by the Board, ALUC and Committees. Public comment on specific items is limited to twenty (20) minutes – ten (10) minutes for those in favor and ten (10) minutes for those in opposition of an item. Each individual speaker will be allowed three (3) minutes, and applicants and groups will be allowed five (5) minutes.
- 4) If many persons have indicated a desire to address the Board, ALUC and Committees on the same issue, then the Chair may suggest that these persons consolidate their respective testimonies. Testimony by members of the public on any item shall be limited to **three (3) minutes per individual speaker and five (5) minutes for applicants, groups and referring jurisdictions.**
- 5) Pursuant to Authority Policy 1.33 (8), recognized groups must register with the Authority Clerk prior to the meeting.
- 6) After a public hearing or the public comment portion of the meeting has been closed, no person shall address the Board, ALUC, and Committees without first obtaining permission to do so.

Additional Meeting Information

NOTE: This information is available in alternative formats upon request. To request an Agenda in an alternative format, or to request a sign language or oral interpreter, or an Assistive Listening Device (ALD) for the meeting, please telephone the Authority Clerk's Office at (619) 400-2400 at least three (3) working days prior to the meeting to ensure availability.

For your convenience, the agenda is also available to you on our website at www.san.org.

For those planning to attend the Board meeting, parking is available in the public parking lot located directly in front of the Administration Building. Bring your ticket to the third floor receptionist for validation.

You may also reach the Administration Building by using public transit via the San Diego Metropolitan Transit System, Route 992. The MTS bus stop at Terminal 1 is a very short walking distance from the Administration Building. ADA paratransit operations will continue to serve the Administration Building as required by Federal regulation. For MTS route, fare and paratransit information, please call the San Diego MTS at (619) 233-3004 or 511. For other Airport related ground transportation questions, please call (619) 400- 2685.

DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE MEETING MINUTES
THURSDAY, MAY 31, 2018
BOARD ROOM

CALL TO ORDER: Chair Desmond called the Executive Personnel and Compensation Committee meeting to order at 10:00 a.m., on Thursday, May 31, 2018, in the Board Room of the San Diego International Airport, Administration Building, 3225 N. Harbor Drive, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE:

ROLL CALL:

Present: Committee Members: Boling, Cox, Desmond (Chair)

Absent: Committee Members: Kersey

Also Present: Kimberly Becker, President/CEO; Amy Gonzalez, General Council; Tony Russell, Director, Corporate and Information Governance/ Authority Clerk; Martha Morales, Assistant Authority Clerk I

Board Member Cox arrived to the meeting at 10:06 a.m. and Chairman Boling arrived at 10:10 a.m.

NON-AGENDA PUBLIC COMMENT:

MIKAIL HUSSEIN, UNITED TAXI WORKERS OF SAN DIEGO, SAN DIEGO, thanked the President/CEO for adding a taxi permit item to the June Board agenda and spoke regarding opening the Airport to all taxis.

YONAS MEHARI, spoke regarding the rotation policy for taxis at the Airport.

ALEM ZEBIB, SAN DIEGO, spoke regarding opening the Airport to all taxis.

KAMRAN HAMIDI, SAN DIEGO, provided a handout and spoke regarding the benefits of opening the Airport to all taxis.

EZEQUIEL BARRAZA, SAN DIEGO, spoke regarding opening the Airport to all taxis.

OSMAN IBRAHIM, spoke regarding opening the Airport to all taxis.

ABEBE ANTALLO, SAN DIEGO, spoke regarding opening the Airport to all taxis.

NEW BUSINESS:

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the January 11, 2018 special meeting.

ACTION: Moved by Board Member Cox and seconded by Board Member Desmond to approve staff's recommendation. Motion carried unanimously, noting Chairman Boling's ABSTENTION and Board Member Kersey as ABSENT.

CLOSED SESSION: The Committee recessed into Closed Session at 10:18 a.m. to discuss Items 2, 3 and 4.

2. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:

Cal. Gov. Code §54957
Title: President/Chief Executive Officer

3. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:

Cal. Gov. Code §54957
Title: General Counsel

4. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:

Cal. Gov. Code §54957
Title: Chief Auditor

REPORT ON CLOSED SESSION: The Committee adjourned out of Closed Session at 12:15 p.m. There was no reportable action.

COMMITTEE MEMBER COMMENTS: None.

ADJOURNMENT: The meeting adjourned at 12:15 p.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE THIS
30th DAY OF AUGUST, 2018.

KURT GERING
DIRECTOR,
TALENT, CULTURE AND CAPABILITY

ATTEST:

TONY R. RUSSELL,
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

Item 2



Compensation Philosophy & Strategy

Presented by:

Kurt Gering | Director | Talent, Culture & Capability

August 30, 2018



San Diego County Regional Airport Authority
Five-Year Strategic Plan
2017 - 2022

Employee Strategy

Assure the highest level of commitment and productivity

Goal

Develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

Initiative

Develop compensation and benefits programs for a multi-generational workforce that recognize individual strategic contributions.

RESOLUTION NO. 2008-0081

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY APPROVING THE UPDATED SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY COMPENSATION PHILOSOPHY AND STRATEGY AND THE CORRESPONDING SALARY STRUCTURE WHICH WILL REFLECT A BENCHMARK TO THE 50TH PERCENTILE OF THE DEFINED LABOR MARKET FOR FISCAL YEAR 2009.

WHEREAS, the San Diego County Regional Airport Authority intends to maintain a competitive total compensation strategy and program, and;

WHEREAS, the Authority would like to maintain and/or enhance its pay for performance practices, and;

WHEREAS, the labor market is dynamic and changing, and the Authority would like to complement its workforce planning efforts with appropriate compensation levels, and;

WHEREAS, the Board recognizes that the Airport Authority needs to maintain a flexible and strategic approach to compensation to allow for the recruitment and retention of a skilled and experienced workforce;

NOW THEREFORE BE IT RESOLVED, that the Board hereby approves the updated San Diego County Regional Airport Authority Compensation Philosophy and Strategy and the corresponding salary structure (Attachment A) which will reflect a benchmark to the 50th percentile of the defined labor market for Fiscal Year 2009 and;

BE IT FURTHER RESOLVED, to ensure flexibility in recruiting and retention, that the compensation philosophy and strategy will also include market premium bonuses that may be paid in certain circumstances, when warranted, and;

BE IT FURTHER RESOLVED, that the Authority's compensation philosophy and strategy may be amended in the future as it is able to gain alignment of the strategy between various workgroups, and;

BE IT FURTHER RESOLVED, that the Airport Authority may amend future employee increase eligibility in order to maintain fiscal discipline, and;

Compensation Philosophy

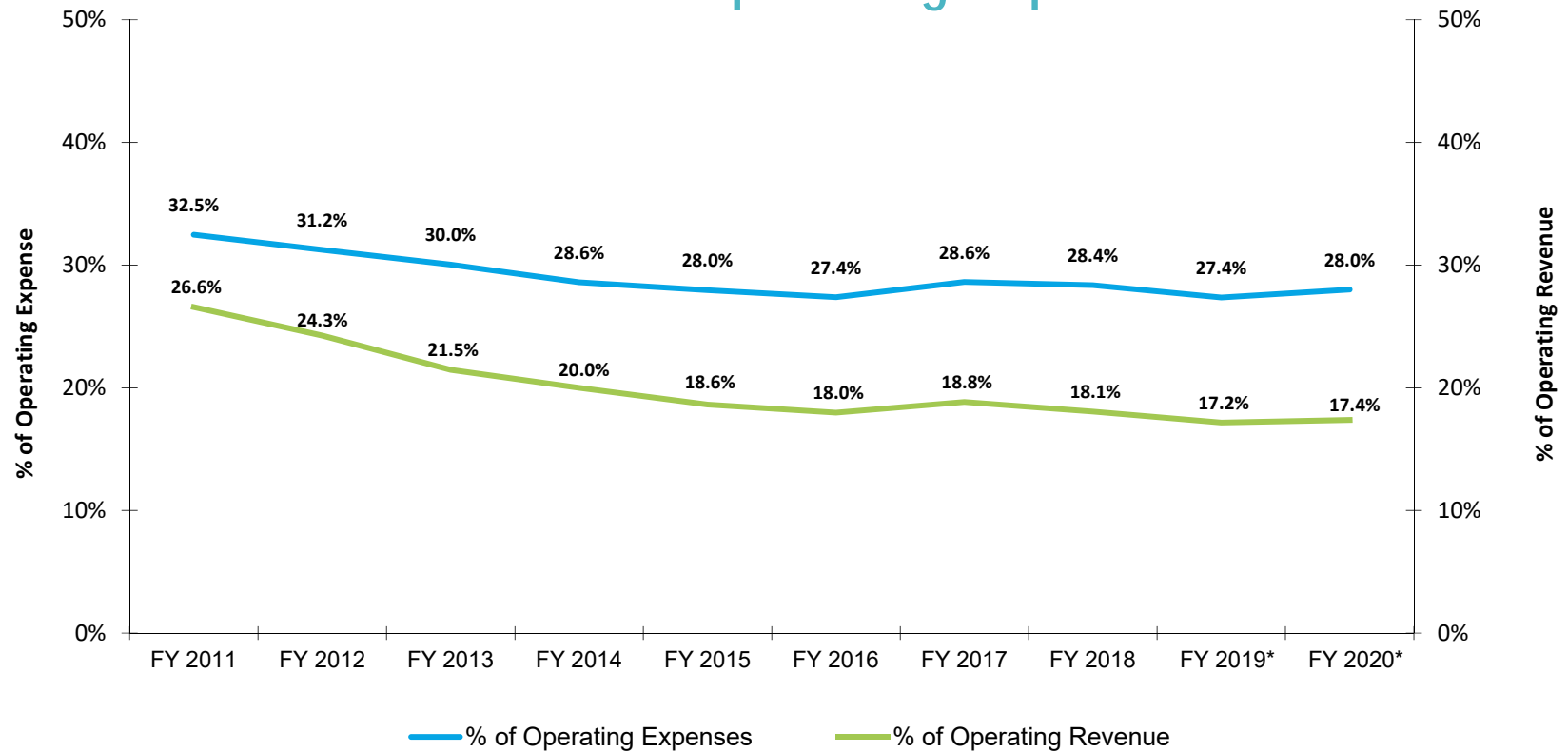
A well-designed compensation philosophy supports the organization's strategic plan, initiatives, and goals.

The philosophy is based on many factors, including:

- financial position
- size of the organization
- Industry
- business objectives
- market salary information
- level of difficulty in finding qualified talent

The compensation philosophy should be reviewed periodically and updated based on current factors affecting the business.

Personnel Costs as % Operating Expense / Revenue



Workforce Evolution



2008



2018

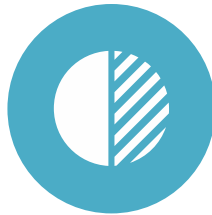
Significant workforce demographic changes have occurred over the same period. Each generation has a unique set of expectations and needs as a result of the environment in which they came of age.

Public Employee Pension Reform Act

PEPRA was designed to address a wide range of issues involving public employee pensions.



Reductions in Benefit Formulas:
Any person who is a new employee may only be offered the applicable pension benefit plan specified in PEPRA.



Pension Contributions:
Employers and employees paying an equal share of normal costs with employees paying at least 50% of normal contributions,



Pensionable Compensation:
The average of the highest three years of the PEPRA member's compensation using the member's base pay.



Cap on Pensionable Compensation:
For those who participate in Social Security, the cap equates to the Social Security wage index limit, approximately \$122,000.

Labor Market Trends & Impacts



Pay Transparency

Since 2008 efforts like Transparent Nevada, and subsequently Transparent CA, and Executive Order 13665 (2014) have resulted in different employee pay expectations.



Crowd Sourced Data

Many free websites now collect and validate large amounts of self-reported pay data and provide, in some instances, reliable, real-time benchmarking.



Data Aggregation

New software is able to aggregate multiple sources of reliable, employer reported pay data, making benchmarking more specific and timely.



Pay Equity

The Lilly Ledbetter Fair Pay Restoration Act (2009) and California Fair Pay Act SB358 (2015) support eliminating gender disparity.



Wage Stagnation

In June, the Bureau of Labor Statistics reports, wages were growing at a yearly rate of 2.7 percent before inflation. While wages have failed to accelerate, consumer prices have climbed.



Gig Economy

A labor market characterized by the prevalence of short-term contracts or freelance work as opposed to permanent jobs is emerging.



Virtual Work

The growing trend for work flexibility continues. From health care to technology, industries across the country offer roles that can be executed from the comfort of home.

Resulting Current Challenges

1. Executive Recruitment
2. Band Compression
3. Flexibility

Elements of Total Rewards

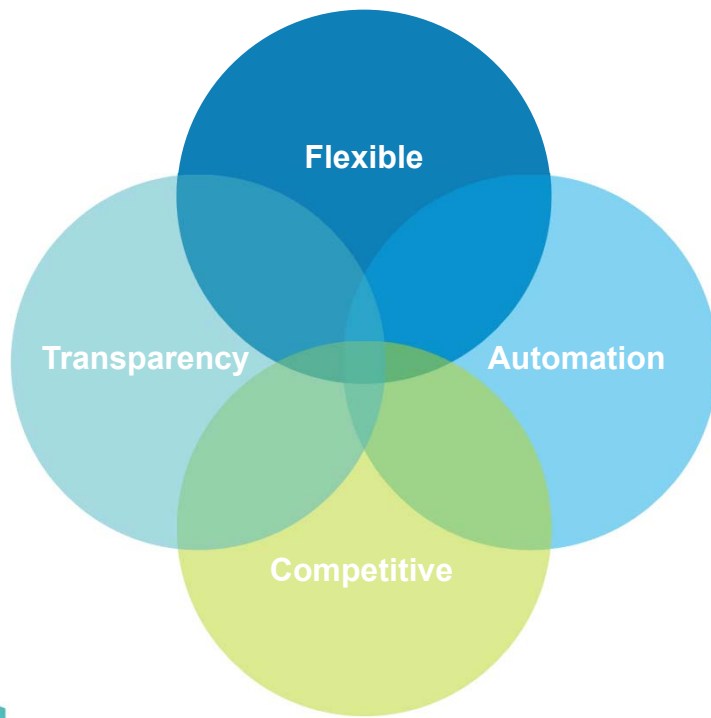
Total Rewards describes all the tools available to an employer that may be used to attract, motivate and retain employees.

- Base Compensation
- Variable, At-Risk Pay
- Retirement
- Health & Welfare Benefits
- Non-monetary (virtual work)

Proposed Focus

- Review existing Compensation Philosophy
 - Confirm relevant benchmarks
 - Assess Decision Band Method and alternatives
- Model alternatives to defined benefit plans
 - Explore alternative pension options
 - Assess private healthcare exchange
- Educate stakeholders
- Optimize the rewards package
 - Survey employee perceived value of rewards
 - Analyze the potential impact of recommended changes
- Develop an effective Employer Value Proposition

Desired Outcomes



The effort to optimize the compensation philosophy and rewards strategy for today's market realities needs to balance multiple outcomes to be effective and sustainable.



Flexible

Does it offer employees choice and meet the needs of multiple generations?



Competitive

Is it effective at attracting and retaining critical talent?



Automation

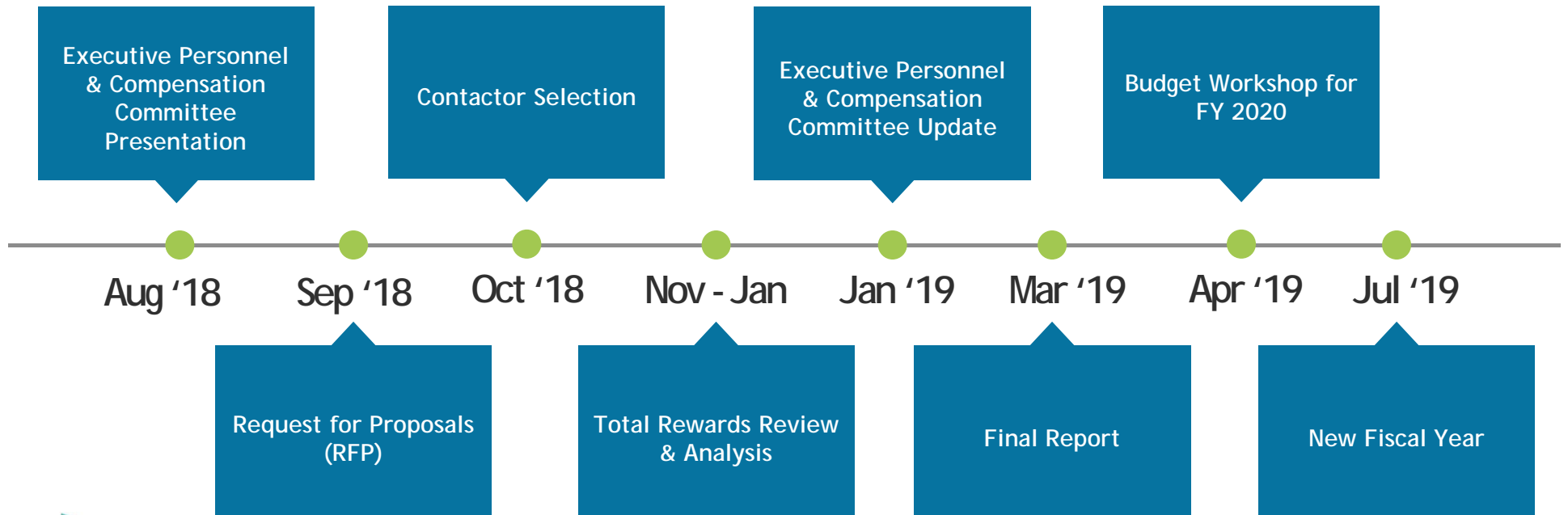
Do the tools available facilitate real-time, reliable access to data for new and emerging circumstances?



Transparency

Do employees understand how the practices work and how they can earn greater rewards over time?

Timeline



Questions?

Executive Personnel and Compensation Committee

Meeting Date: **AUGUST 30, 2018**

Subject:

Renewal of the Health and Welfare Benefits Program for 2019

Recommendation:

Staff recommends that the Executive Personnel and Compensation Committee forward this item to the Board for approval.

Background/Justification:

The San Diego County Regional Airport Authority (“Authority”) provides a comprehensive health and welfare benefit program designed to attract and retain the talent necessary to successfully execute business strategy and to meet its obligations to eligible First Generation retirees. For 2019, staff is recommending a renewal that balances flexible options to meet individual employee needs while incentivizing enrollment in more efficient plans. The recommended renewal supports the Authority’s ability to continue to attract and retain top talent while demonstrating fiscal prudence. The recommended renewal results in a total program cost to the Authority of \$5,310,337 versus the negotiated renewal at \$5,410,752. This reduces the Authority’s over budget exposure to \$171,972 versus the negotiated renewal at \$272,387.

The health and welfare benefit program ensures both employee and retiree participants have access to high quality health care and personal risk mitigation. For employees, the program supports the organization’s position as an Employer of Choice in the San Diego labor market. An Employer of Choice is an organization with high employee engagement and pride in the organization. The business value of remaining an Employer of Choice is a stable, highly productive workforce and an avoidance of the costs associated with employee turnover.

To better understand employee perceptions and needs, the Authority executed an Employee Benefits Survey in anticipation of this year’s renewal. The survey replaced our twelve person Benefits Task Force and allowed over 120 employees to provide input into the renewal process. In addition, our Alumni Communication Team (“ACT”), comprised of five retiree members, provided feedback centered on the Medicare eligible retiree benefit options. The recommended renewal is responsive to these engagement efforts.

With regard to medical coverage for active employees and pre-Medicare retirees, the Authority’s initial 2019 renewal offer from Blue Shield of CA for the benefit year was at a 26.5% premium increase over the 2018 calendar year rates. Carrier renewals are made up of claim experience, demographics, health care reform fees/taxes and medical trend. Although the Authority’s demographic factors have remained consistent and healthcare reform taxes remain relatively unchanged, the number of large claims and overall claim

experience for the group have spiked over the last 12 month period. As a result, the Authority did not go to market to compete for alternatives. This strategy was based on the fact that it would be highly unlikely that we would achieve a competitive rate under the circumstances and the Authority was interested in leveraging the existing relationship with Blue Shield of CA to bring down the potential rate increase through negotiation. Through negotiations, Willis Towers Watson (“WTW”) was able to achieve a negotiated renewal on the medical plans at 16.3% without any decrements to the current plans. This was a reasonable premium increase given the current status of our loss ratio and high claims.

The Authority then worked with WTW and Blue Shield of CA to develop the recommended renewal. The recommended renewal uses a combination of plan changes to incent enrollments on more cost-effective plans. This strategy reduces the employee and budgeted premium increase from 16.5% to 13.3% and maintains a program with four medical plan options: a Health Maintenance Organization (“HMO”), a narrow network HMO (“Trio HMO”), a Preferred Provider Organization (“PPO”), and a High Deductible Health Plan (“HDHP”). It also offers the potential for further annual savings for the Authority and the members if the members chooses to move from the HMO to the Trio HMO or from the PPO to the HDHP.

The recommended renewal maintains the Authority’s Wellness Program for active employees and their enrolled spouses. The Wellness Program offers two primary incentives. First, those who participate in Wellness receive a 5% reduction in the individual medical premium cost share rate (15% cost share for non-Wellness). Second, employees and those spouses/domestic partners enrolled on Authority sponsored plans may also earn a \$250 employee and \$200 spouse incentive for completing biometric testing. These incentives may be deposited into the Flexible Spending Account or Health Savings Account, or rolled into a 457 deferred savings account on a pre-tax basis. The Wellness Program promotes risk awareness and management by employees and spouses enrolled on the medical plans.

In regards to the Medicare eligible retirees, the negotiated renewal with UnitedHealth Care was -2.0%, which accounts for suspended ACA reinsurance fees in the amount of approximately 8%.

The Authority’s dental claim experience was much better than medical. As a result, the Authority was able to negotiate a rate pass with Delta Dental for this year and marketing was not necessary. However, the dental coverage was the most frequently cited issue on the Employee Benefits Survey. As a result, the recommended renewal includes an enhancement to the PPO plan to increase the annual Benefits Maximum of \$1,500 in network and \$1,000 out of network to \$2,000 in network and \$1,500 out of network. Both active employees and retirees on the Dental PPO would receive this benefit.

With regard to other lines of coverage, an aggregate 4.5% reduction in premiums was negotiated. These include Basic Life, Accidental Death & Dismemberment (AD&D), Short Term Disability, Employee Assistance Program and Health Advocate. In addition to the above employer paid benefits, the Authority will continue to offer the following voluntary benefits products with 100% of the premium costs paid by employees:

- Voluntary Vision Care
- Long-Term Disability

- Voluntary Term Life and AD&D Insurance
- Accident/Cancer/Hospital Protection/Specified Health Insurance
- Pre-paid Legal coverage
- Long Term Care Insurance
- Pet Insurance

In summary, the recommended renewal for the 2019 health and welfare benefits program includes:

- Medical coverage:
 - Blue Shield of CA for active employees and pre-Medicare retirees with four plan options: HMO, Trio HMO, PPO and HDHP. The plan designs include a mix of decrements and enhancements with an intent to drive cost efficient consumer decisions
 - United Healthcare for Medicare enrolled retirees;
- Employee Wellness Program participation incentives including:
 - A 10% Wellness and 15% Non-Wellness individual employee premium cost share model;
 - \$250 FSA/HSA deposit or 457 Deferred Compensation pretax election for employee participation; and
 - \$200 FSA/HAS deposit or 457 Deferred Compensation pretax election for enrolled covered spouses and registered domestic partners.
- Dental coverage with Delta, including an increase to the annual Benefits Maximum on the PPO plan;
- Vision coverage with VSP, including an enhanced frame allowance;
- All other lines with the current providers.

This renewal is an 11.8% increase in cost to the Authority over the 2018 program and is 3.3% or \$171,972 over budget for Fiscal Year 2019 as noted below. It is important to note that the below Authority costs do not include any anticipated vacancy savings or potential enrollment migration to more cost effective plans. Both of these actions would result in a reduction in the \$171,972 estimated budget overage.

Authority Paid Premium Costs: Active and Budgeted Employee Only

Description	Current CY 2018**	Recommended Renewal CY 2019 */**	% Change	CY Budgeted 2019 Costs***	\$ Difference Between Recommended and Budgeted	% Difference Between Recommended and Budgeted
Medical	\$4,156,564	\$4,701,185	+13.1%	\$4,521,187	+\$179,998	+4.0%
Dental	\$330,950	\$359,904	+8.7%	\$344,256	+\$15,648	+4.5%
Other lines (Life, Disability, HealthAdvocate)	\$261,055	\$249,248	-4.5%	\$272,923	-\$23,675	-8.7%
TOTAL	\$4,748,569	\$5,310,337	+11.8%	\$5,138,365	+\$171,972	+3.3%

* Includes vacant positions all CY 2019

** Includes employees that waive insurance

*** Wellness is included in current, renewal and budget

The recommended renewal balances quality of care, wellness, and employer costs to achieve a market competitive employee benefits program that supports employee retention and engagement for the 2019 plan year. Therefore, staff is requesting that the Executive Personnel & Compensation Committee move the proposed recommendation forward to the full Board for approval.

Fiscal Impact:

Adequate funding for 2019 health and welfare benefits renewal is included in the adopted FY 2019 and conceptually approved FY 2020 Budgets.

Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Environmental Review:

A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.

B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

Application of Inclusionary Policies:

Not Applicable.

Prepared by:

KURT GERING
DIRECTOR OF TALENT, CULTURE & CAPABILITY

Item 3



Renewal of the Health & Welfare Benefits Program for 2019

Presented by:

Kurt Gering | Director | Talent, Culture & Capability

Heather Hill | Associate Director | Willis Towers Watson

August 30, 2018

Agenda

- Program Summary
- Active & Budgeted Employees
- Retirees
- Combined Elements
- Efficiency & Budget Considerations
- Program Renewal Recommendation

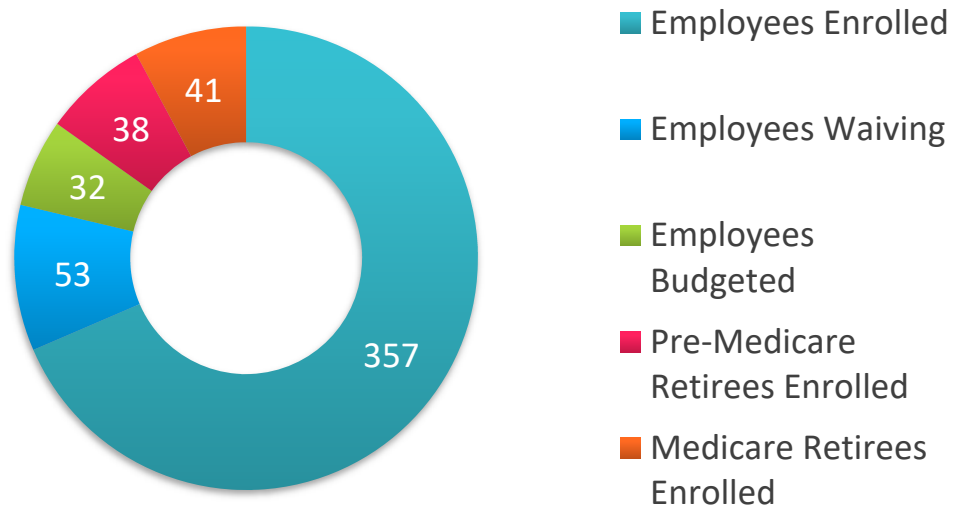


Program Summary



Medical Plan Enrollment

442 Active & Budgeted
79 Retirees



Executive Summary

	Current (2018)	Initial Renewal (2019)	%	NEGOTIATED RENEWAL	%	RECOMMENDED RENEWAL	%	ALTERNATIVE 1 RENEWAL	%	ALTERNATIVE 2 RENEWAL	%
Medical (with HSA Fund)	\$5,722,478	\$7,238,226	26.5%	\$6,654,937	16.3%	\$6,471,857	13.1%	\$6,471,857	13.1%	\$6,420,427	12.2%
Medical - Medicare Retiree	\$298,784	\$292,812	-2.0%	\$292,812	-2.0%	\$292,812	-2.0%	\$292,812	-2.0%	\$292,812	-2.0%
Dental	\$454,410	\$454,410	0.0%	\$454,410	0.0%	\$494,479	8.8%	\$454,410	0.0%	\$494,479	8.8%
Other Lines (Life/Disability, LOA, Health Advocate)	\$263,592	\$263,592	0.0%	\$251,699	-4.5%	\$251,699	-4.5%	\$251,699	-4.5%	\$251,699	-4.5%
GRAND TOTAL ALL¹ (Includes waiver credits)	\$6,793,951	\$8,303,728	22.2%	\$7,708,546	13.5%	\$7,565,536	11.4%	\$7,525,466	10.8%	\$7,514,106	10.6%
\$ Change from Current		\$1,509,776		\$914,595		\$771,584		\$731,515		\$720,154	
% Change from Current		22.2%		13.5%		11.4%		10.8%		10.6%	
GRAND TOTAL ACTIVE & BUDGETED EMPLOYEES¹	\$5,953,352	\$7,351,989	23.5%	\$6,805,929	14.3%	\$6,673,093	12.1%	\$6,638,498	11.5%	\$6,626,609	11.3%
\$ Change from Current		\$1,398,638		\$852,577		\$719,741		\$685,147		\$673,257	
% Change from Current		23.5%		14.3%		12.1%		11.5%		11.3%	
GRAND TOTAL RETIREES¹	\$840,600	\$951,738	13.2%	\$902,617	7.4%	\$892,443	6.2%	\$886,968	5.5%	\$887,497	5.6%
\$ Change from Current		\$111,139		\$62,017		\$51,843		\$46,368		\$46,897	
% Change from Current		13.2%		7.4%		6.2%		5.5%		5.6%	

¹Voluntary lines (Voluntary Life/AD&D, Voluntary Long Term Disability, Aflac, Long Term Care & Vision), EAP, FSA/COBRA excluded.

Refer to plan design slides 9 & 10 for additional detail



Renewal Analysis Active & Budgeted Employees

Employee Benefits Engagement

- 1. Solicited input through an all employee survey**
- 2. Facilitated Townhall meetings to review results**
- 3. Reviewed medical plan renewals and options**
 - Integrated survey feedback
 - Assessed plan cost-drivers (e.g. experience & claims)
 - Reviewed benchmarking (cost, plan designs)
 - Solicited voluntary (employee paid) plans
- 4. Discussed alternative options to maintain competitive benefits**
 - Defined contribution structure
 - Employee education
- 5. Developed executive recommendations**

Active & Budgeted Employees Cost Summary

	Current (2018)	Initial Renewal (2019)	%	NEGOTIATED RENEWAL	%	RECOMMENDED RENEWAL	%	ALTERNATIVE 1 RENEWAL	%	ALTERNATIVE 2 RENEWAL	%
Medical	\$5,242,251	\$6,640,889	26.7%	\$6,106,635	16.5%	\$5,939,204	13.3%	\$5,939,204	13.3%	\$5,892,721	12.4%
Dental	\$395,357	\$395,357	0.0%	\$395,357	0.0%	\$429,951	8.8%	\$395,357	0.0%	\$429,951	8.8%
Other Lines (Life/Disability, LOA, HSA)	\$261,055	\$261,055	0.0%	\$249,248	-4.5%	\$249,248	-4.5%	\$249,248	-4.5%	\$249,248	-4.5%
GRAND TOTAL¹ (includes waiver cost)	\$5,953,352	\$7,351,989	23.5%	\$6,805,929	14.3%	\$6,673,093	12.1%	\$6,638,498	11.5%	\$6,626,609	11.3%
\$ Change from Current		\$1,398,638		\$852,577		\$719,741		\$685,147		\$673,257	
% Change from Current		23.5%		14.3%		12.1%		11.5%		11.3%	
EMPLOYER PAID (includes waiver cost)	\$4,748,569			\$5,410,752		\$5,310,337		\$5,281,383		\$5,287,175	
\$ Change from Current				\$662,182		\$561,767		\$532,814		\$538,605	
% Change from Current				13.9%		11.8%		11.2%		11.3%	
EMPLOYEE PAID	\$1,204,782			\$1,395,177		\$1,362,756		\$1,357,115		\$1,339,434	
\$ Change from Current				\$190,395		\$157,974		\$152,333		\$134,652	
% Change from Current				15.8%		13.1%		12.6%		11.2%	
WAIVER ER COST (Med & Den)	\$54,689	\$54,689		\$54,689		\$54,689		\$54,689		\$54,689	

¹Voluntary lines (Voluntary Life/AD&D, Voluntary Long Term Disability, Aflac, Long Term Care & Vision), EAP, FSA/COBRA excluded.

Refer to plan design slides 9 & 10 for additional detail

Active & Budgeted Medical Plan Designs

Line of Coverage	CURRENT	NEGOTIATED RENEWAL	RECOMMENDED RENEWAL
Medical Trio HMO Plan	IP Hospital: \$200 ER: \$100 Enhanced Rx \$10/25/40 Retail / \$20/50/80 MOD with \$0 Pharmacy Deductible	No change to current	OV: \$20 copay ER: \$150 Enhanced Rx \$10/30/50 Retail / \$20/60/100 MOD with \$0 Pharmacy Deductible Value Based Drug Benefit ²
Medical Full HMO Plan	OV: \$20 copay IP Hospital: \$200 ER: \$100 Enhanced Rx \$10/25/40 Retail / \$20/50/80 MOD with \$0 Pharmacy Deductible	No change to current	OV: \$30 copay (Full HMO Only) ER: \$150 Enhanced Rx \$10/30/50 Retail / \$20/60/100 MOD with \$0 Pharmacy Deductible
Medical PPO Plan	OV: \$20 IN & 40% OUT Deductible: \$250 Indiv / \$750 Fam OOP Max: \$2,500 Indiv / \$5,000 Fam IN \$6,500 Ind / \$13,000 Fam OUT Enhanced Rx \$10/25/40 Retail / \$20/50/80 MOD with \$0 Pharmacy Deductible	No change to current	OV: \$30 IN & 40% OUT OOP Max: \$3,000 Indiv / \$6,000 Fam IN \$8,000 Ind / \$16,000 Fam OUT Enhanced Rx \$10/30/50 Retail / \$20/60/100 MOD with \$0 Pharmacy Deductible
Medical HDHP Plan		No change to current	Value Based Drug Benefit ²
HSA Employer Fund	HSA Fund included in premium cost share calculations	No change to current	Update funding to 100% SDCRAA Funded, rather than calculated with premium cost share
Dental	Benefit Maximum: \$1,500 IN & \$1,000 OUT	No change to current	Benefit Maximum: \$2,000 IN & \$1,500 OUT
Voluntary Vision	Frame Allowance \$130	No change to current	Enhanced Vision Frame Allowance of \$150
All Other Ancillary Lines		No change to current	No change to current
Employee Impact		Increase to employee contributions if current cost share percentage is to remain constant	Mix of enhancements and takeaways, with an intent to drive enrollment from Full HMO into the Trio HMO, and PPO enrollment into the HDHP Plan ¹

NOTE: All final rates are subject to medical underwriting approval.

¹Blue Shield has identified 30 employees enrolled with Scripps providers. If they shift from the Full Network to Trio, the annual premium savings is \$63,608.

²Value-Based Tier Drugs are specific preventive drugs taken when risk factors are present for a disease that has not manifested (or is asymptomatic), or to prevent the occurrence of a disease from which an individual has recovered. Value-Based Tier Drugs are select generic and brand name drugs that are FDA approved for hypertension, high cholesterol, diabetes and asthma. These drugs are covered at no charge, or at an otherwise reduced member cost share.

Medical Renewal Premium Cost Share

CURRENT						RECOMMENDED RENEWAL					EE Monthly Difference From Current
Monthly Premium	EE Monthly	EE %	ER Monthly	ER %	Monthly Premium	EE Monthly	EE %	ER Monthly	ER %		
Full Network HMO											
Employee Only	\$611.38	\$61.14	10.0%	\$550.24	90.0%	\$697.19	\$69.72	10.0%	\$627.47	90.0%	\$8.58
Employee + One Dep	\$1,277.78	\$299.88	23.5%	\$977.90	76.5%	\$1,457.13	\$341.97	23.5%	\$1,115.16	76.5%	\$42.09
Employee + Family	\$1,821.91	\$544.74	29.9%	\$1,277.17	70.1%	\$2,077.64	\$621.20	29.9%	\$1,456.44	70.1%	\$76.46
TRIO HMO											
Employee Only	\$521.49	\$52.15	10.0%	\$469.34	90.0%	\$614.62	\$61.46	10.0%	\$553.16	90.0%	\$9.31
Employee + One Dep	\$1,089.91	\$255.79	23.5%	\$834.12	76.5%	\$1,284.54	\$301.46	23.5%	\$983.08	76.5%	\$45.68
Employee + Family	\$1,554.04	\$464.65	29.9%	\$1,089.39	70.1%	\$1,831.55	\$547.62	29.9%	\$1,283.93	70.1%	\$82.97
PPO											
Employee Only	\$844.77	\$84.48	10.0%	\$760.29	90.0%	\$932.34	\$93.23	10.0%	\$839.10	90.0%	\$8.76
Employee + One Dep	\$1,765.59	\$414.37	23.5%	\$1,351.22	76.5%	\$1,948.61	\$457.32	23.5%	\$1,491.29	76.5%	\$42.95
Employee + Family	\$2,517.44	\$752.70	29.9%	\$1,764.74	70.1%	\$2,778.39	\$830.72	29.9%	\$1,947.67	70.1%	\$78.02
HDHP²											
Employee Only	\$775.83	\$77.58	10.0%	\$698.25	90.0%	\$820.98	\$82.10	10.0%	\$738.88	90.0%	\$4.51
Employee + One Dep	\$1,615.87	\$378.02	23.4%	\$1,237.85	76.6%	\$1,715.85	\$402.69	23.5%	\$1,313.16	76.5%	\$24.68
Employee + Family	\$2,250.72	\$663.70	29.5%	\$1,587.02	70.5%	\$2,446.50	\$731.49	29.9%	\$1,715.01	70.1%	\$67.79

Employee Wellness

Mission: SDCRAA's wellbeing program aim is to improve physical, emotional, financial, and social health while enhancing employee productivity

Biometric screening participation and incentives:

	2015	2016	2017
# of screenings (Employees + Spouse)	417	431	411
Change over prior YR		3.4%	(4.6%)
Employee screenings	344	365	350
Employee participation	90%	87%	87%

- 5% reduction in premium costs
 - Individual premium cost-share 10% Wellness
 - Individual premium cost-share 15% non-Wellness
- FSA/HSA deposit or 457 deferred comp plan election
 - Employees = \$250
 - Spouse/Domestic Partner = \$200



Retiree Renewal Analysis

Retiree Medical



Pre-Medicare

38 retirees

[same options & cost share as actives]



Medicare Enrolled

41 retirees & spouses

[coordinated supplemental]

UHC Medical Renewal
January 1, 2019 - December 31, 2019
MEDICARE RETIREES ONLY

UHC Medical Renewal							
January 1, 2019 - December 31, 2019							
MEDICARE RETIREES ONLY							
		CURRENT			RENEWAL		
Medicare Advantage PPO	Enrollment ¹	Monthly Premium	EE Monthly	ER Monthly	Monthly Premium	EE Monthly	ER Monthly
Medicare Retiree	30	\$478.82	\$47.88	\$430.94	\$469.25	\$46.93	\$422.33
Medicare Retiree & Spouse	11	\$957.64	\$215.47	\$742.17	\$938.50	\$211.16	\$727.34
Annual Total	41	\$298,784	\$45,679	\$253,104	\$292,812	\$44,766	\$248,046
\$ Difference from Current					(\$5,972)		
% Difference from Current					-2.0%		

¹Enrollment figures provided by SDCRAA in April 2018 census. Includes the following combination participants: 5 Retiree Only w/ spouse on Blue Shield and 1 Spouse Only w/ spouse on Blue Shield. Blue Shield enrollment captured on pre-Medicare retiree tab.

2019 Prescription Plan Changes

	2018	2019
Catastrophic Phase Begins	\$5,000 TrOOP	\$5,100 TrOOP
Standard Catastrophic Member Cost Share	The greater of \$3.35 or 5% coinsurance for generic drugs	The greater of \$3.40 or 5% coinsurance for generic drugs
	The greater of \$8.35 or 5% coinsurance for brand name drugs	The greater of \$8.50 or 5% coinsurance for brand name drugs

Brand over generic approach for Advair & Vesicare

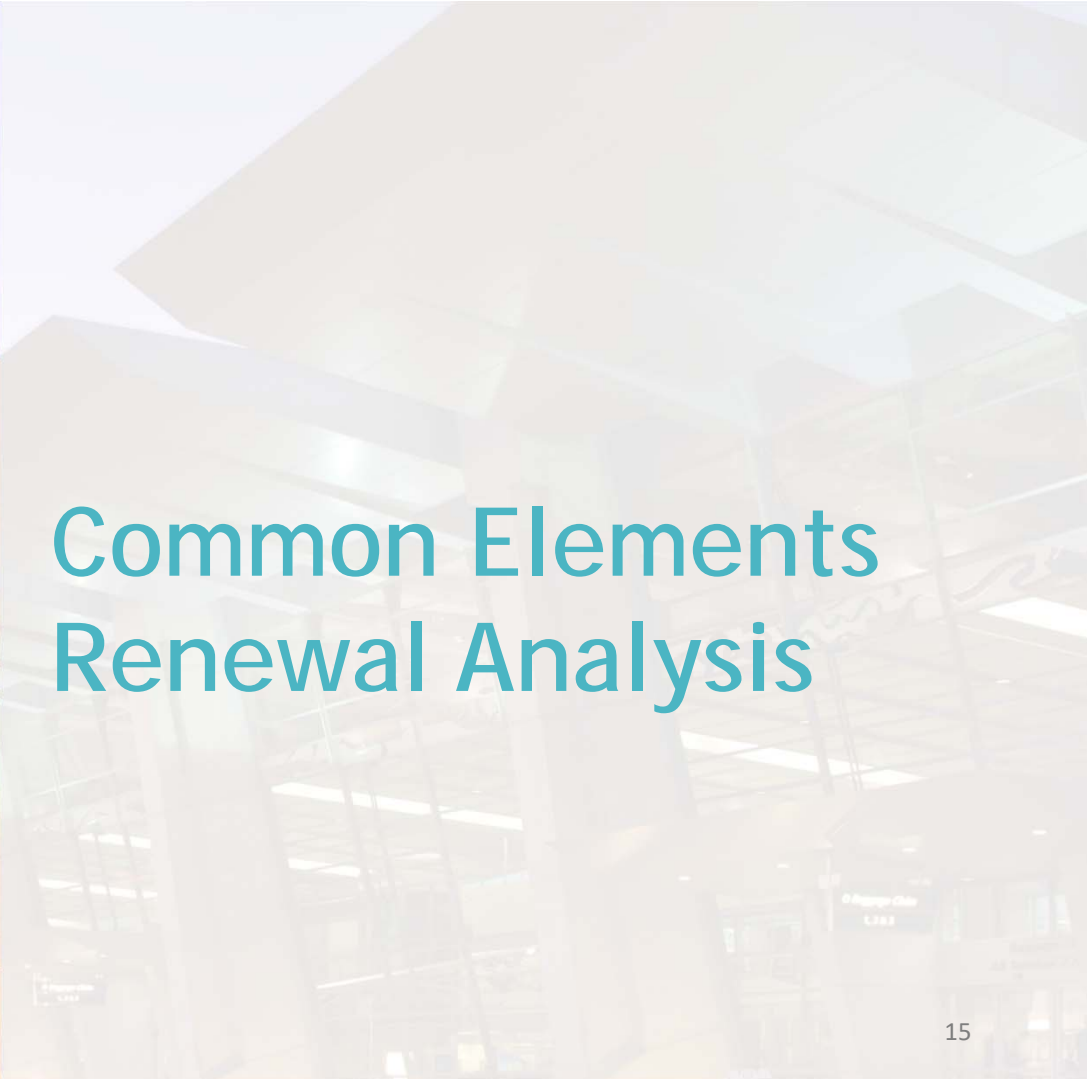
Pharmacy Saver program with Walgreens, Kroger and HEB ending 12/31/2018

Opioid Changes:

- o The first fill of opioid prescriptions for individuals new to therapy will be limited to a 7-day supply as required by CMS.
- o The day supply the plan will cover on retail claims will be limited to a one-month supply. OptumRx Home Delivery will apply a 30-day supply limit when dispensing opioid medications.
- o UHC will be lowering the threshold on our cumulative morphine milligram equivalents (MME) per day edit (formerly called MED). The MME is calculated based on the number of opioid medications prescribed over a period of time. This cumulative limit is required by CMS and is designed to monitor safe dosing levels of opioids.
- o UHC will be establishing a "lock-in" capability for at-risk individuals to limit coverage for frequently abused drugs to certain prescribers and pharmacies.



Common Elements Renewal Analysis



Dental Renewal Plan Design Recommendation

Delta Dental PPO Plan Options
January 1, 2019 - December 31, 2019

Plan	Description of Option	Current Benefit	Proposed Option	FINANCIAL IMPACT TO THE PLAN	% IMPACT
PPO	Plan Design Changes	Benefit Maximum: \$1,500 IN & \$1,000 OUT	Benefit Maximum: \$2,000 IN & \$1,500 OUT	\$40,069	9.44%

Savings shown are estimated based on current enrollment in the plans. Final rates require underwriting approval.

Red = takeaways, Green = enhancements

Dental Premium Cost Share

	Delta Dental Current			Dental Dental Negotiated Renewal				Dental Dental Negotiated Renewal OPTION			
	Monthly Premium	EE Monthly	ER Monthly	Monthly Premium	EE Monthly	EE Monthly Difference	ER Monthly	Monthly Premium	EE Monthly	EE Monthly Difference	ER Monthly
Dental PPO											
Employee Only	\$58.83	\$0.00	\$58.83	\$58.83	\$0.00	\$0.00	\$58.83	\$64.38	\$0.00	\$0.00	\$64.38
Employee + One Dep	\$105.63	\$21.06	\$84.57	\$105.63	\$21.06	\$0.00	\$84.57	\$115.60	\$23.05	\$1.99	\$92.55
Employee + Family	\$143.63	\$38.16	\$105.47	\$143.63	\$38.16	\$0.00	\$105.47	\$157.19	\$41.76	\$3.60	\$115.43
Waive Credit	(Credit)	-\$4.84	\$4.84	(Credit)	-\$4.84	N/A	\$4.84	(Credit)	-\$4.84	N/A	\$4.84
Dental HMO											
Employee Only	\$18.86	\$0.00	\$18.86	\$18.86	\$0.00	\$0.00	\$18.86	\$18.86	\$0.00	\$0.00	\$18.86
Employee + One Dep	\$31.16	\$5.53	\$25.63	\$31.16	\$5.53	\$0.00	\$25.63	\$31.16	\$5.53	\$0.00	\$25.63
Employee + Family	\$46.03	\$12.23	\$33.80	\$46.03	\$12.23	\$0.00	\$33.80	\$46.03	\$12.23	\$0.00	\$33.80
Waive Credit	(Credit)	-\$4.84	\$4.84	(Credit)	-\$4.84	N/A	\$4.84	(Credit)	-\$4.84	N/A	\$4.84

¹Enrollment figures provided by SDCRAA in April 2018 census. 29 active employees have waived. 32 budgeted in PPO employee only plan.

The Hartford Life & Disability Renewal
January 1, 2019 - December 31, 2019

	Volume ¹	Current	Renewal	Negotiated Renewal
Life/AD&D				
Basic Life (per \$1,000 of benefit) - EE only	\$40,815,000	\$0.180	\$0.180	\$0.171
Basic AD&D (per \$1,000 of benefit) - EE only	\$40,815,000	\$0.020	\$0.020	\$0.019
Annualized Premium		\$97,956	\$97,956	\$93,058
\$ Change from Current		\$0	\$0	-\$4,898
% Change from Current			0.0%	-5.0%
Retiree Life/AD&D				
Basic Life (per \$1,000 of benefit) - EE only	\$734,556	\$0.180	\$0.180	\$0.171
Basic AD&D (per \$1,000 of benefit) - EE only	\$601,000	\$0.020	\$0.020	\$0.019
Annualized Premium		\$1,731	\$1,731	\$1,644
\$ Change from Current		\$0	\$0	-\$87
% Change from Current			0.0%	-5.0%
STD				
STD (per \$10 of benefit)	\$319,837	\$0.360	\$0.360	\$0.342
Annualized Premium		\$138,170	\$138,170	\$131,261
\$ Change from Current		\$0	\$0	-\$6,908
% Change from Current			0.0%	-5.0%
LTD				
Voluntary LTD (per \$100 of payroll)	\$1,036,594	\$0.530	\$0.530	\$0.530
Annualized Premium		\$65,927	\$65,927	\$65,927
\$ Change from Current		\$0	\$0	\$0
% Change from Current			0.0%	0.0%
LOA				
Per employee	442	\$2.150	\$2.150	\$2.150
Annualized Premium		\$11,404	\$11,404	\$11,404
\$ Change from Current		\$0	\$0	\$0
% Change from Current			0.0%	0.0%
TOTAL Estimated Annual Premium		\$315,188	\$315,188	\$303,295
\$ Change from Current		\$0	\$0	-\$11,893
% Change from Current			0.0%	-3.8%
Estimated Annual Active & Budgeted Premium		\$313,457	\$313,457	\$301,650
\$ Change from Current		\$0	\$0	-\$11,806
% Change from Current			0.0%	-3.8%
Estimated Annual Retiree Premium		\$1,731	\$1,731	\$1,644
\$ Change from Current		\$0	\$0	-\$87
% Change from Current			0.0%	-5.0%
Rate Guarantee			Through 12/31/2020	Through 12/31/2020

¹Volumes pulled from SDCRAA March 2018 billing statement.

Includes 406 Active, 36 budgeted (ER Paid Plans), and 64 retirees. Budgeted assumes average salary of \$80,985 and Class 3 life.

VSP Voluntary Vision Renewal
January 1, 2019 - December 31, 2019
Active & Budgeted Employees

	Enrollment ¹	VSP		
		Current	Renewal	Renewal Option 1
Vision PPO				
Employee Only	175	\$10.71	\$9.75	\$10.24
Employee + Dependent	74	\$16.64	\$15.15	\$15.90
Employee + Family	65	\$26.40	\$24.04	\$25.23
Total Annual Cost	314	\$57,859	\$52,679	\$55,303
\$ Increase From Current			(\$5,180)	(\$2,557)
% Increase From Current			-9.0%	-4.4%
Rate Guarantee			Through 12/31/2020	Through 12/31/2020

¹Enrollment figures provided by SDCRAA in April 2018 census. 128 active employees waived. 32 budgeted in PPO employee only plan.

Employee Assistance Program

January 1, 2019 - December 31, 2019

Costs	Anthem Current/Renewal
Enrollment ¹	506
Monthly Cost Per Employee	\$2.14
Annualized Premium	\$12,994
Annualized Active & Budgeted Premium	\$11,351
Annualized Retiree Premium	\$1,644
Rate Guarantee	Through 12/31/2019

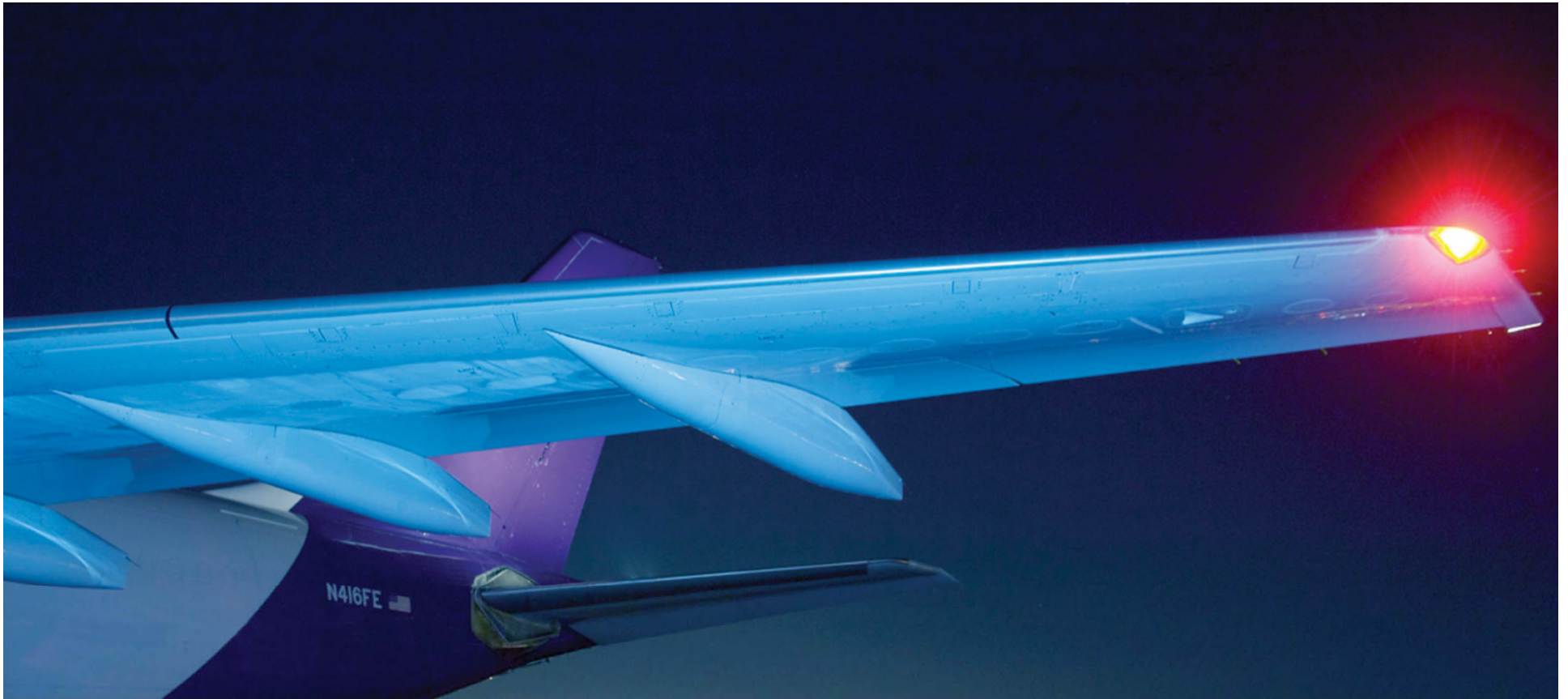
¹Enrollment includes active and budgeted employees, as well as eligible retirees.

Health Advocate/Wellness

January 1, 2019 - December 31, 2019

Costs	Health Advocate
Enrollment ¹	506
PEPM Advocacy Cost	\$1.05
PEPM Wellness Cost	\$1.50
Annualized Premium	\$14,332
Annualized Active & Budgeted Premium	\$13,525
Annualized Retiree Premium	\$806

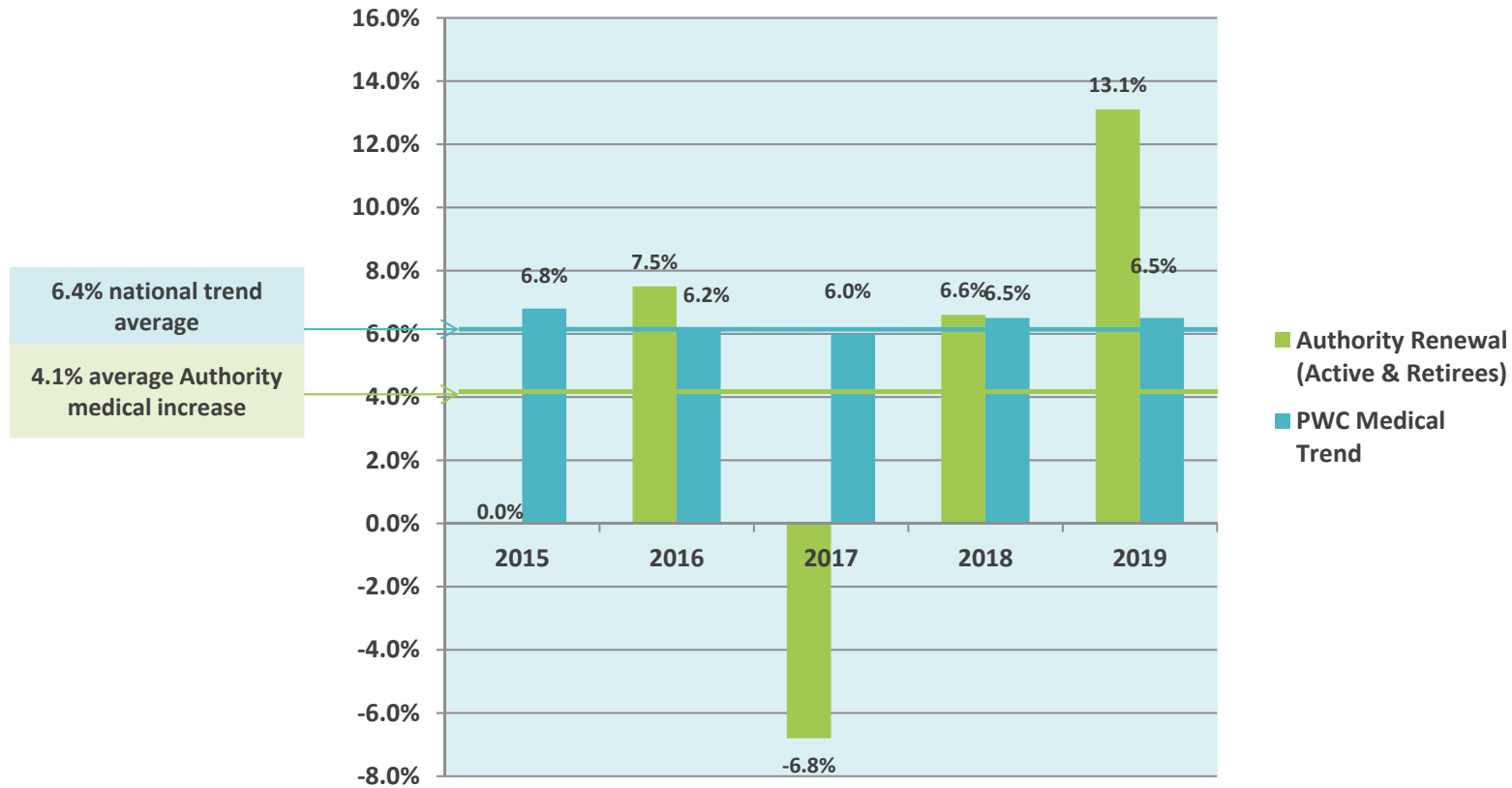
¹Enrollment includes active and budgeted employees, as well as eligible retirees.



Efficiency & Budget Considerations

5 Year Review

% Health Benefit Renewal Increase vs. Trend



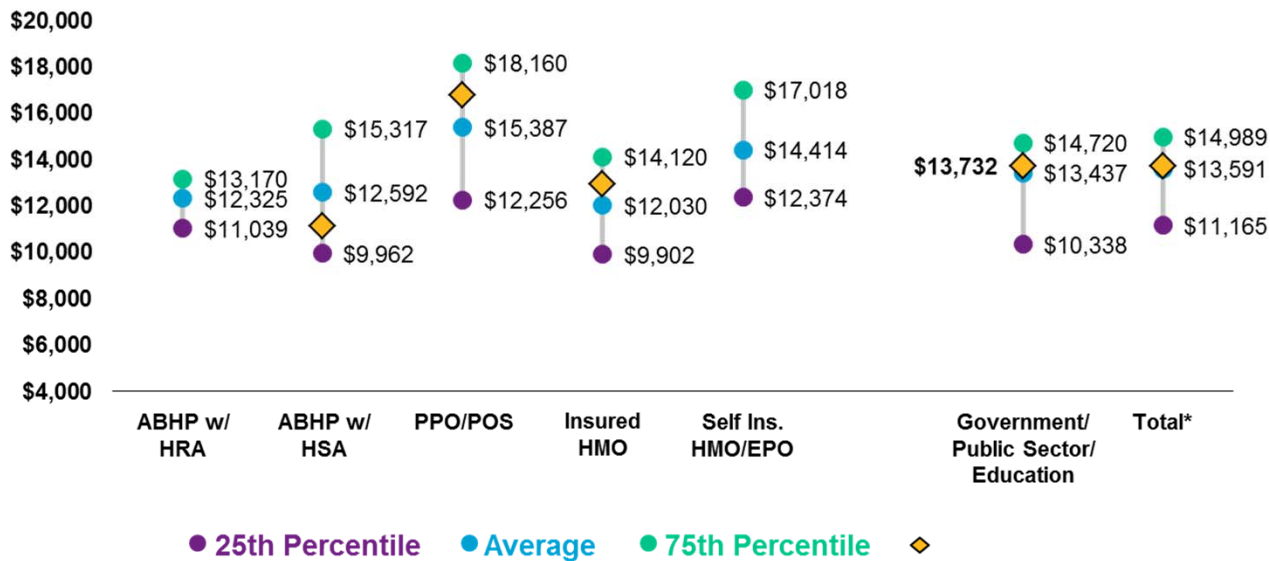
Source: U.S. Medical trend data provided by PWC Health Research Institute

Medical Cost Benchmarks

Total Cost per Covered Employee per Year (unadjusted)



How do your plan costs compare? How does enrollment across plan type impact the average cost? Even if total plan costs are favorable, are some plans more exposed to the excise tax?



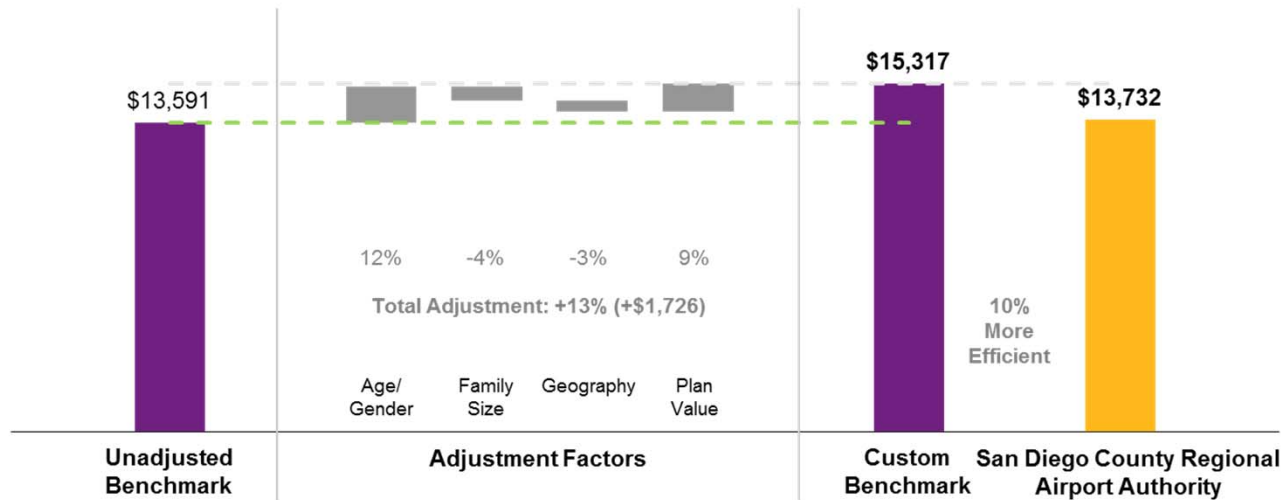
Your actual costs are 1% above the benchmark average, 2% above average for your industry.

*Total costs represent an enrollment weighted average of all plan types.

Medical Cost Benchmarks Overall Program Efficiency



After adjustments, how efficient is your total plan overall?
What is the financial impact of moving to benchmark performance?



Your total program is 10% more efficient than the average database performance. This translates into a current savings of \$0.6 million. Relative to top quartile performers, your total program is 3% less efficient, translating into a potential cost avoidance of \$0.2 million.

Authority Budget Summary

Active & Budgeted

Description	Current CY 2018**	Recommended Renewal CY 2019 */**	% Change	CY Budgeted 2019 Costs***	\$ Difference Between Recommended and Budgeted	% Difference Between Recommended and Budgeted
Medical	\$4,156,564	\$4,701,185	+13.1%	\$4,521,187	+\$179,998	+4.0%
Dental	\$330,950	\$359,904	+8.7%	\$344,256	+\$15,648	+4.5%
Other lines (Life, Disability, HealthAdvocate)	\$261,055	\$249,248	-4.5%	\$272,923	-\$23,675	-8.7%
TOTAL	\$4,748,569	\$5,310,337	+11.8%	\$5,138,365	+\$171,972	+3.3%

* Includes vacant positions all CY 2019

** Includes employees that waive insurance

*** Wellness is included in current, renewal and budget

A photograph of a modern airport terminal building with a teal overlay containing the text "Questions?". The building features a complex, multi-level design with large glass windows and concrete structures. The sky is bright blue with some light clouds. In the foreground, a sign for "Ticketing" and "U S Airways" is visible. The overall scene is brightly lit, suggesting a sunny day.

Questions?

● Ticketing
U S Airways

Appendix

Active & Budgeted Medical Plan Designs

Line of Coverage	CURRENT	NEGOTIATED RENEWAL	ALTERNATIVE 1 RENEWAL
Medical Trio HMO Plan	IP Hospital: \$200 ER: \$100 Enhanced Rx \$10/25/40 Retail / \$20/50/80 MOD with \$0 Pharmacy Deductible	No change to current	OV: \$20 copay ER: \$150 Enhanced Rx \$10/30/50 Retail / \$20/60/100 MOD with \$0 Pharmacy Deductible Value Based Drug Benefit ²
Medical Full HMO Plan	OV: \$20 copay IP Hospital: \$200 ER: \$100 Enhanced Rx \$10/25/40 Retail / \$20/50/80 MOD with \$0 Pharmacy Deductible	No change to current	OV: \$30 copay (Full HMO Only) ER: \$150 Enhanced Rx \$10/30/50 Retail / \$20/60/100 MOD with \$0 Pharmacy Deductible
Medical PPO Plan	OV: \$20 IN & 40% OUT Deductible: \$250 Indiv / \$750 Fam OOP Max: \$2,500 Indiv / \$5,000 Fam IN \$6,500 Ind / \$13,000 Fam OUT Enhanced Rx \$10/25/40 Retail / \$20/50/80 MOD with \$0 Pharmacy Deductible	No change to current	OV: \$30 IN & 40% OUT OOP Max: \$3,000 Indiv / \$6,000 Fam IN \$8,000 Ind / \$16,000 Fam OUT Enhanced Rx \$10/30/50 Retail / \$20/60/100 MOD with \$0 Pharmacy Deductible
Medical HDHP Plan		No change to current	Value Based Drug Benefit ²
HSA Employer Fund	HSA Fund included in premium cost share calculations	No change to current	Update funding to 100% SDCRAA Funded, rather than calculated with premium cost share
Dental	Benefit Maximum: \$1,500 IN & \$1,000 OUT	No change to current	No change to current
Voluntary Vision	Frame Allowance \$130	No change to current	Enhanced Vision Frame Allowance of \$150
All Other Ancillary Lines		No change to current	No change to current
Employee Impact		Increase to employee contributions if current cost share percentage is to remain constant	Mix of enhancements and takeaways, with an intent to drive enrollment from Full HMO into the Trio HMO, and PPO enrollment into the HDHP Plan ¹

NOTE: All final rates are subject to medical underwriting approval.

¹Blue Shield has identified 30 employees enrolled with Scripps providers. If they shift from the Full Network to Trio, the annual premium savings is \$63,608.

Authority Budget Summary

Active & Budgeted

Description	Current CY 2018**	ALTERNATIVE 1 RENEWAL CY 2019 */**	% Change	CY Budgeted 2019 Costs***	\$ Difference Between Recommended and Budgeted	% Difference Between Recommended and Budgeted
Medical	\$4,156,564	\$4,701,185	+13.1%	\$4,521,187	+\$179,998	+4.0%
Dental	\$330,950	\$330,950	+0.0%	\$344,256	-13,306	-3.9%
Other lines (Life, Disability, HealthAdvocate)	\$261,055	\$249,248	-4.5%	\$272,923	-\$23,675	-8.7%
TOTAL	\$4,748,569	\$5,281,383	+11.2%	\$5,138,366	+\$143,017	+2.8%

* Includes vacant positions all CY 2019

** Includes employees that waive insurance

*** Wellness is included in current, renewal and budget

Active & Budgeted Medical Plan Designs

Line of Coverage	CURRENT	NEGOTIATED RENEWAL	ALTERNATIVE RENEWAL
Medical Trio HMO Plan	IP Hospital: \$200 ER: \$100 Enhanced Rx \$10/25/40 Retail / \$20/50/80 MOD with \$0 Pharmacy Deductible	No change to current	OV: \$30 copay IP Hospital: \$500 ER: \$150 Enhanced Rx \$10/30/50 Retail / \$20/60/100 MOD with \$0 Pharmacy Deductible
Medical Full HMO Plan	OV: \$20 copay IP Hospital: \$200 ER: \$100 Enhanced Rx \$10/25/40 Retail / \$20/50/80 MOD with \$0 Pharmacy Deductible	No change to current	OV: \$30 copay IP Hospital: \$500 ER: \$150 Enhanced Rx \$10/30/50 Retail / \$20/60/100 MOD with \$0 Pharmacy Deductible
Medical PPO Plan	OV: \$20 IN & 40% OUT Deductible: \$250 Indiv / \$750 Fam OOP Max: \$2,500 Indiv / \$5,000 Fam IN \$6,500 Ind / \$13,000 Fam OUT Enhanced Rx \$10/25/40 Retail / \$20/50/80 MOD with \$0 Pharmacy Deductible	No change to current	OV: \$30 copay & 40% OUT Deductible: \$500 Indiv / \$1,000 Fam OOP Max: \$3,500 Indiv / \$7,000 Fam IN \$10,500 Ind / \$21,500 Fam OUT Enhanced Rx \$10/30/50 Retail / \$20/60/100 MOD with \$0 Pharmacy Deductible
Medical HDHP Plan		No change to current	No change to current
HSA Employer Fund	HSA Fund included in premium cost share calculations	No change to current	No change to current
Dental	Benefit Maximum: \$1,500 IN & \$1,000 OUT	No change to current	Benefit Maximum: \$2,000 IN & \$1,500 OUT
Voluntary Vision	Frame Allowance \$130	No change to current	Enhanced Vision Frame Allowance of \$150
All Other Ancillary Lines		No change to current	No change to current
Employee Impact		Increase to employee contributions if current cost share percentage is to remain constant	Mix of plan enhancements and takeaways

NOTE: All final rates are subject to medical underwriting approval.

¹Blue Shield has identified 30 employees enrolled with Scripps providers. If they shift from the Full Network to Trio, the annual premium savings is \$63,608.

Authority Budget Summary

Active & Budgeted

Description	Current CY 2018**	ALTERNATIVE 2 RENEWAL CY 2019 */**	% Change	CY Budgeted 2019 Costs***	\$ Difference Between Recommended and Budgeted	% Difference Between Recommended and Budgeted
Medical	\$4,156,564	\$4,678,023	+12.5%	\$4,521,187	+\$156,836	+3.5%
Dental	\$330,950	\$359,904	+8.7%	\$344,256	+\$15,648	+4.5%
Other lines (Life, Disability, HealthAdvocate)	\$261,055	\$249,248	-4.5%	\$272,923	-\$23,675	-8.7%
TOTAL	\$4,748,569	\$5,287,175	+11.3%	\$5,138,365	+\$148,809	+2.9%

* Includes vacant positions all CY 2019

** Includes employees that waive insurance

*** Wellness is included in current, renewal and budget

Medical Renewal Premium Cost Share

CURRENT						ALTERNATIVE RENEWAL					EE Monthly Difference From Current
	Monthly Premium	EE Monthly	EE %	ER Monthly	ER %	Monthly Premium	EE Monthly	EE %	ER Monthly	ER %	
Full Network HMO											
Employee Only	\$611.38	\$61.14	10.0%	\$550.24	90.0%	\$695.90	\$69.59	10.0%	\$626.31	90.0%	\$8.45
Employee + One Dep	\$1,277.78	\$299.88	23.5%	\$977.90	76.5%	\$1,454.42	\$340.75	23.4%	\$1,113.67	76.6%	\$40.87
Employee + Family	\$1,821.91	\$544.74	29.9%	\$1,277.17	70.1%	\$2,073.77	\$619.46	29.9%	\$1,454.31	70.1%	\$74.72
TRIO HMO											
Employee Only	\$521.49	\$52.15	10.0%	\$469.34	90.0%	\$593.58	\$59.36	10.0%	\$534.23	90.0%	\$7.21
Employee + One Dep	\$1,089.91	\$255.79	23.5%	\$834.12	76.5%	\$1,240.58	\$281.68	22.7%	\$958.90	77.3%	\$25.89
Employee + Family	\$1,554.04	\$464.65	29.9%	\$1,089.39	70.1%	\$1,768.86	\$519.41	29.4%	\$1,249.45	70.6%	\$54.76
PPO											
Employee Only	\$844.77	\$84.48	10.0%	\$760.29	90.0%	\$923.03	\$92.30	10.0%	\$830.73	90.0%	\$7.83
Employee + One Dep	\$1,765.59	\$414.37	23.5%	\$1,351.22	76.5%	\$1,929.16	\$448.57	23.3%	\$1,480.59	76.7%	\$34.20
Employee + Family	\$2,517.44	\$752.70	29.9%	\$1,764.74	70.1%	\$2,750.66	\$818.24	29.7%	\$1,932.41	70.3%	\$65.54
HDHP²											
Employee Only	\$775.83	\$77.58	10.0%	\$698.25	90.0%	\$872.70	\$87.27	10.0%	\$785.43	90.0%	\$9.69
Employee + One Dep	\$1,615.87	\$378.02	23.4%	\$1,237.85	76.6%	\$1,818.33	\$448.81	24.7%	\$1,369.52	75.3%	\$70.79
Employee + Family	\$2,250.72	\$663.70	29.5%	\$1,587.02	70.5%	\$2,539.39	\$773.29	30.5%	\$1,766.10	69.5%	\$109.59