



# **ADDENDUM**

## **Meeting of the Connect Transit Board of Trustees**

### **MAY 24, 2016**

**Staff recommendation for:**

- F1. Employee Health Insurance Renewal



## MEMO

May 24, 2016

TO: Board of Trustees  
FROM: Jenifer Clark, Human Resources Director  
Subject: FY 2017 Health Insurance Renewal

**RECOMMENDATION:** That the contract with Connect Transit's current provider, Health Alliance be approved with an employee choice of one of three (3) plans: Health Alliance POS 1000 Rx7 NS1, Health Alliance POS HRA 2600 Rx12 NS3, or POS 1500b Rx8 NS1.

**BACKGROUND:** The current Employee health insurance policy with Health Alliance is set to renew on July 1, 2016. Staff received renewal responses from Health Alliance. Other vendors declined to quote a policy to Connect Transit. Connect Transit employees will have the option to select one (1) of the following plans.

1. The POS 1000 Rx 7 NS1: This plan has a \$1,000 individual and a \$3,000 family deductible. This plan offers 80% coinsurance. (Current Employee Option)
2. POS HAS 2600 NS3: This plan is a high deductible HSA. This plan offers a \$2,600 individual and a \$5,200 family deductible. 100% of coinsurance is offered with this plan once the deductible is met. Connect Transit will contribute \$1,200 annually to the HSA per employee.
3. POS 1500b Rx8 NS1: This is a new option for employees this year. It has a \$1,500 individual and a \$3,000 family deductible. This plan offers 80% coinsurance.

**FINANCIAL IMPACT:** The Health Alliance renewal was 48.2%. The increase is due to a disparate number of catastrophic claims experienced by Connect Transit. There were five (5) claims categorized as "catastrophic" in nature. Health Alliance showed an \$839,011 net loss on our policy in the last year.

Connect Transit has a three (3) year loss ratio that is nearly double industry average. Assurance Agency, Connect Transit's insurance broker sent our group out for bid and most insurers declined to quote. The only bid received was from Land of Lincoln and the quote was a 63.40% increase.

The additional increase is due to projected additional employees. The three (3) plans options have been approved by the Amalgamated Transit Union, Local 752 (ATU) executive board and will be presented to the ATU membership for ratification at its next monthly meeting. The Board has already approved the FY 16/17 budget.