

SUMMARY STATEMENT

ITEM NO.: DRPA-17-058

**SUBJECT: Active Benefit-Eligible
Employees/Under Age 65 Retiree, and Eligible
Dependents - Health Benefits 2018
(DRPA/PATCO)**

COMMITTEE:

Finance

COMMITTEE DATE:

August 2, 2017

BOARD DATE:

August 16, 2017

PROPOSAL: Staff seeks authorization to accept the renewal submitted by AmeriHealth to provide medical and prescription drug coverage to the Authority's active benefit-eligible employees, eligible retirees under the age of 65, and their respective eligible dependents.

PURPOSE: To continue to provide a quality healthcare benefits package for active benefit-eligible DRPA/PATCO employees, eligible retirees under the age of 65, and their respective eligible dependents, including appropriate cost-sharing among plan participants.

BACKGROUND: Costs associated with healthcare benefits comprise a substantial portion of DRPA/PATCO's annual operating budget. In 2017, the DRPA and PATCO will spend approximately \$13,115,950 to provide medical and prescription drug coverage for its benefit-eligible employees, under age 65 retirees, and their respective eligible dependents.

The benefit-eligible employees include the following: all non-represented employees at DRPA and PATCO, FOP-represented and IBEW-represented.

Currently retirees, who are under the age of 65 and their eligible dependents receive their medical and prescription benefits through the Authority. Employees hired on or after January 1, 2007 are no longer eligible to receive health benefits upon retirement.

Benefits are provided to employees represented by the IUOE and Teamsters as prescribed by the Collective Bargaining Agreements with those Unions. The medical, prescription, dental and vision benefits are provided to IUOE and Teamster-represented employees by their respective health and welfare plans.

Our broker, Gallagher Benefits Services, "Gallagher", requested a preliminary renewal from our current carrier, AmeriHealth of New Jersey.

- **Based on our combined medical/prescription loss ratio of 73.3% and the previously negotiated Target Cost Ratio Renewal Guarantee, AmeriHealth released a 4% renewal increase. That increase would have resulted in a +\$523,896 over current for a total of \$13,639,846.**

During negotiations for Plan Year 2018, AmeriHealth offered the following:

- **to reverse its renewal from 4% to 0% if the Authority agreed not to market the coverage;**
- **to continue its annual \$25,000 wellness budget; and**
- **to maintain the Target Cost Ratio Renewal Guarantee for 2018 for the 2019 Plan Year renewal**

Staff seeks Board authorization to work with our broker, Gallagher, to accept the 0% renewal submitted by AmeriHealth for medical and prescription drug coverage to the Authority's active benefit-eligible employees, eligible retirees under the age of 65, and their respective eligible dependents at a flat renewal of \$13,115,950. The flat renewal is significantly below the estimated medical trend (5.2%) and estimated prescription trend (9.3%) based on Gallagher's actuarial forecast as of the second quarter of 2017.

SUMMARY:

Amount: Flat Renewal – based on current census, estimated to be \$13,115,950

This covers both DRPA and PATCO.

The annual rate is based upon our current census of active benefit-eligible employees and under age 65 retirees, and is subject to change as our census changes

Source of Funds:	Revenue Fund, General Fund
Capital Project #:	N/A
Operating Budget:	DRPA/PATCO Employee Services Expense
Master Plan Status:	N/A
Other Fund Sources:	N/A
Duration of Contract:	1/1/-2018-12/31/2018
Other Parties Involved:	AmeriHealth

RESOLUTION

- RESOLVED:** That the Board of Commissioners of the Delaware River Port Authority authorizes staff to accept the flat (0%) renewal proposed by AmeriHealth for the provision of medical and prescription drug benefits for active benefit-eligible DRPA/PATCO employees, retirees under age 65, and their respective eligible dependents for Plan Year 2018 for an estimated annual premium \$13,115,950. The flat renewal is significantly below the estimated medical trend (5.2%) and estimated prescription trend (9.3%) for 2018; and be it further
- RESOLVED:** That the Board of Commissioners of the Delaware River Port Authority recognizes that the estimated annual premium of \$13,115,950 is based upon our current DRPA/PATCO census of active benefit-eligible employees, and is subject to change as our census increases or decreases; and be it further
- RESOLVED:** That the Board authorizes staff to accept the \$25,000 annual wellness budget, which continues the current \$25,000 annual wellness budget offered by AmeriHealth; and be it further
- RESOLVED:** That the Board of Commissioners authorizes staff to work with the Authority's broker, Gallagher Benefit Services, to finalize the terms of the 2018 Healthcare renewal with AmeriHealth; and be it further
- RESOLVED:** That staff is authorized to work with DRPA/PATCO's Third Party Administrator, Benefit Harbor in November 2017, to begin the 2018 Open Enrollment Process, and be it further
- RESOLVED:** The Chair, Vice Chair and the Chief Executive Officer must approve and are hereby authorized to approve and execute all necessary agreements, contracts, or other documents on behalf of the DRPA/PATCO. If such agreements, contracts, or other documents have been approved by the Chair, Vice Chair and Chief Executive Officer, and if thereafter, either the Chair or Vice Chair is absent or unavailable, the remaining Officer may execute the said document(s) on behalf of the DRPA/PATCO, along with the Chief Executive Officer. If both the Chair and Vice Chair are absent or unavailable, and if it is necessary to execute the said document(s), while they are absent or unavailable, the

Chief Executive Officer shall execute such document(s) on behalf of the DRPA/PATCO.

SUMMARY: Amount: Flat Renewal – based on current census, estimated to be \$13,115,950

This covers both DRPA and PATCO.

The annual rate is based upon our current census of active benefit-eligible employees and under age 65 retirees, and is subject to change as our census changes

Source of Funds:	Revenue Fund, General Fund
Capital Project #:	N/A
Operating Budget:	DRPA/PATCO Employee Services Expense
Master Plan Status:	N/A
Other Fund Sources:	N/A
Duration of Contract:	1/1/-2018-12/31/2018
Other Parties Involved:	AmeriHealth