SUMMARY STATEMENT

ITEM NO.: DRPA-19-077

SUBJECT: Active Benefits-Eligible Employees/Under Age 65 Retiree, and Eligible Dependents - Health Benefits 2020 (DRPA/PATCO)

COMMITTEE: Finance

COMMITTEE DATE: September 11, 2019

BOARD DATE: September 18, 2019

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

PURPOSE: To continue to provide quality healthcare benefits package for active benefits-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 2020, the DRPA and PATCO will spend approximately $13,499,128.00 to provide medical and prescription drug coverage for its benefits-eligible employees, under age 65 retirees, and their respective eligible dependents.

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

Current 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.
AmeriHealth released an initial 5% renewal increase. That increase would have resulted in approximately +$675,000.00 over current for a total of $14,174,084.00.

During negotiations by our broker, Gallagher, for the Plan Year 2020, AmeriHealth offered the following:

- to reduce its renewal from 5% to 0%; and
- to renew its annual wellness budget of $35,000.00

No plan design changes are proposed for either the medical or the prescription benefit.

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 benefits-eligible employees, eligible retirees under the age of 65, and their respective eligible dependents.

**SUMMARY:**

- Amount: 0% Renewal – based on current census, estimated to be $13,499,128.00
- This covers both DRPA and PATCO.
- The annual rate is based upon our current census of active benefits-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: Plan Year 1/1/2020-12/31/2020
Other Parties Involved: AmeriHealth
RESOLUTION

RESOLVED: That the Board of Commissioners of the Delaware River Port Authority authorizes staff to accept the 0% renewal proposed by AmeriHealth for the provision of medical and prescription drug benefits for active benefits-eligible DRPA/PATCO employees, retirees under age 65, and their respective eligible dependents for Plan Year 2020 for an estimated annual premium $13,499,128.00. The renewal is significantly below the combined medical and prescription trend (5.3%) based on Gallagher’s actuarial forecast as of the second quarter of 2019; and be it further

RESOLVED: That the Board of Commissioners of the Delaware River Port Authority recognizes that the estimated annual premium of $13,499,128.00 is based upon our current DRPA/PATCO census of active benefits-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 $35,000.00 annual wellness budget; 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 2020 Healthcare renewal with AmeriHealth with no changes; and be it further

RESOLVED: That staff is authorized to work with DRPA/PATCO’s Third Party Administrator, Benefit Harbor in November 2019, to begin the 2020 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: 0% Renewal – based on current census, estimated to be $13,499,128.00.

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: Plan Year 1/1/2020-12/31/2020
Other Parties Involved: AmeriHealth