



Memo

To: Board of Directors
From: Larrie Ann Davis
Date: August 21, 2018
Subject: Health Benefits Plan Maximum

The Health Benefits Plan pays 100% of an employee's health insurance premiums up to a maximum amount of \$1,535 per month per employee. The Board last adjusted the maximum amount for premiums in January 2018 based on 3.99% of the average percentage increase in premiums that occurred since the last adjustment in 2017.

The Health Benefits program covers medical, dental and vision insurance for the employees, retirees and surviving family members. Retirees premiums are calculated on a prorated basis, based on the number of years the retiree/employee worked at the District. A retiree hired prior to September 21, 2005 is required to be employed 20 years to be fully vested in the Health Benefits program. Employees hired after September 21, 2005 are required to be employed 40 years to be fully vested.

For calendar year 2019, premiums have increased at an average rate of 0.34%% over 2018 rates. The premium changes are effective January 1, 2019. We have included the "Change in Insurance Premiums" chart for your reference. This chart shows 2019 premiums, 2018 premiums, dollar amount of monthly change, and percentage of monthly change.

Recommendation: Based on the history of action taken by the Board to share the increase/decrease in premiums with the employees and to adjust the maximum monthly benefit by $\frac{1}{2}$ of the average percent increase/decrease in premiums, we recommend that the maximum be increased by 0.17% (\$3.00), from \$1,535 to \$1,538 per month per employee, effective January 1, 2019.

Fiscal Impact: A 0.17% increase (\$3) in the maximum benefit would cost the District approximately \$742 per year. This maximum amount would cover seven of the employees who have one or two people covered on their health insurance. The other five employees having two or more people covered on their health insurance would have the increased co-payment as indicated above. Currently four of the eight retirees/survivors exceed the maximum benefit amount; one because of years of service and three because of plan type chosen. Employee paid premium amounts will range from \$28.50 to \$594.80 per month based on insurance plan chosen.

Crestline Village Water District

Change in Insurance Premiums

ACWA Health Insurance Premiums

Current Premiums	Low	High	Avg.	
Employee	623.16	844.07	733.18	
Employee + 1	1,236.43	1,719.97	1,470.39	
Employee + 2 or more	1,745.45	2,220.48	1,972.32	4,175.89
Last Year Premiums	Low	High	Avg.	
Employee	607.82	836.61	725.58	
Employee + 1	1,204.96	1,704.69	1,454.81	
Employee + 2 or more	1,700.90	2,291.67	1,981.20	4,161.59
Change in Premiums (\$)	Low	High	Avg.	
Employee	15.34	7.46	7.60	
Employee + 1	31.47	15.28	15.58	
Employee + 2 or more	44.55	(71.19)	(8.88)	14.30
Change in Premiums (%)	Low	High	Ave.	
Employee	2.52%	0.89%	1.05%	
Employee + 1	2.61%	0.90%	1.07%	
Employee + 2 or more	2.62%	-3.11%	-0.45%	0.34%