



Memo

To: Board of Directors
From: Larrie Ann Davis
Date: October 20, 2016
Subject: Health Benefits Plan Maximum

The Health Benefits Plan pays 100% of an employee's health insurance premiums up to a maximum amount of \$1,411 per month per employee. The Board last adjusted the maximum amount in January 2016 based on 0.53% of the average percentage decrease in premiums that occurred since the last adjustment in 2015.

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 2017, premiums have increased at an average rate of 9.17% over 2016 rates. The premium changes are effective January 1, 2017. We have included the "Change in Insurance Premiums" chart for your reference. This chart shows 2017 premiums, 2016 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 4.59% (\$65), from \$1,411 to \$1,476 per month per employee, effective January 1, 2017.

Fiscal Impact: A 4.59% increase (\$65) in the maximum benefit would cost the District approximately \$5,304 per year. This maximum amount would cover six 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 two of the seven retirees/survivors exceed the maximum benefit amount; one because of years of service and one because of plan type chosen. Employee paid premium amounts will range from \$193.82 to \$267.42 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	538.43	801.01	672.21	
Employee + 1	1,066.97	1,631.70	1,347.74	
Employee + 2 or more	1,505.65	2,193.41	1,833.99	3,853.94
Last Year Premiums	Low	High	Avg.	
Employee	526.05	716.25	616.00	
Employee + 1	1,042.22	1,457.94	1,233.90	
Employee + 2 or more	1,470.64	1,959.46	1,680.30	3,530.20
Change in Premiums (\$)	Low	High	Avg.	
Employee	12.38	84.76	56.21	
Employee + 1	24.75	173.76	113.84	
Employee + 2 or more	35.01	233.95	153.69	323.74
Change in Premiums (%)	Low	High	Ave.	
Employee	2.35%	11.83%	9.13%	
Employee + 1	2.37%	11.92%	9.23%	
Employee + 2 or more	2.38%	11.94%	9.15%	9.17%