



Memo

To: Board of Directors
From: Larrie Ann Davis
Date: October 15, 2015
Subject: Health Benefits Plan Maximum

The Health Benefits Plan pays 100% of an employee's health insurance premiums up to a maximum amount of \$1,429 per month per employee. The Board last adjusted the maximum amount in January 2015 based on $\frac{1}{2}$ of the average percentage increase in premiums that occurred since the last adjustment in 2014.

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 2016, premiums have decreased at an average rate of 1.05% over 2015 rates. The premium changes are effective January 1, 2016. We have included the "Change in Insurance Premiums" chart for your reference. This chart shows 2016 premiums, 2015 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 in premiums with the employees and to adjust the maximum monthly benefit by $\frac{1}{2}$ of the average percent increase in premiums, we in turn would recommend that the maximum be decreased when rates have decreased. One half of the average percent decrease in premiums is 0.53% (\$18.00), decreasing the maximum monthly allowance from \$1,429 to \$1,411 per month per employee, effective January 1, 2016.

We would ask that the Board consider maintaining the monthly allowance at the current level of \$1,429 and defer the -0.53% change until next year when it would be added to next year's adjustment. For example, if next year's calculated adjustment is 3.00%, it would be adjusted by -0.563% for a net adjustment of 2.47% at that time.

Fiscal Impact: A 0.53% decrease (\$18.00) in the maximum benefit would save the District approximately \$1,469 per year.

This maximum amount would cover six of the employees who have one or two people covered on their health insurance. The other six employees having more than two people covered on their health insurance would actually have an increased co-payment (\$35.00 - \$61.00 per month), as their insurance choice did not have a decrease in premium amount and choosing another insurance carrier would only increase the monthly premium more. Employee paid premium amounts will range from \$223.81 to \$742.39 per month based on insurance plans chosen.

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.

Crestline Village Water District

Change in Insurance Premiums

ACWA Health Insurance Premiums

Current 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
Last Year Premiums	Low	High	Avg.	
Employee	515.29	695.68	622.83	
Employee + 1	1,020.70	1,415.76	1,247.21	
Employee + 2 or more	1,440.19	1,902.68	1,697.63	3,567.67
Change in Premiums (\$)	Low	High	Avg.	
Employee	10.76	20.57	(6.83)	
Employee + 1	21.52	42.18	(13.31)	
Employee + 2 or more	30.45	56.78	(17.33)	(37.47)
Change in Premiums (%)	Low	High	Ave.	
Employee	2.09%	2.96%	-1.10%	
Employee + 1	2.11%	2.98%	-1.07%	
Employee + 2 or more	2.11%	2.98%	-1.02%	-1.05%