



Memo

To: Board of Directors
From: Larrie Ann Davis
Date: September 16, 2014
Subject: Health Benefits Plan Maximum

The Health Benefits Plan pays 100% of an employee's health insurance premiums up to a maximum amount of \$1,385 per month per employee. The Board last adjusted the maximum amount in January 2014 based on $\frac{1}{2}$ of the average percentage increase in premiums that occurred since the last adjustment in 2013.

The Health Benefits program covers medical, dental and vision insurance for the employees, retirees and surviving family members 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 2015, premiums have increased at an average rate of 2.53% over 2014 rates. The premium increases are effective January 1, 2015. We have included the "Change in Insurance Premiums" chart for your reference. This chart shows 2015 premiums, 2014 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 recommend that the maximum be increased by 1.27% (\$44), from \$1,385 to \$1,429 per month per employee, effective January 1, 2015.

Fiscal Impact: A 1.27% increase (\$44) in the maximum benefit would cost the District approximately \$4,118 per year.

This maximum amount would cover three of the employees who have one or two people covered on their health insurance. Three additional employees would be covered because they have dropped health insurance on part or all of their family members. The other six employees having more than two people covered on their health insurance would have the increased co-payment as indicated above. Employee paid premium amounts will range from \$189.26 to \$681.51 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	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
Last Year Premiums	Low	High	Avg.	
Employee	524.11	674.78	603.63	
Employee + 1	1,038.33	1,437.99	1,230.14	
Employee + 2 or more	1,465.14	1,845.07	1,645.83	3,479.60
Change in Premiums (\$)	Low	High	Avg.	
Employee	(8.82)	20.90	19.20	
Employee + 1	(17.63)	(22.23)	17.07	
Employee + 2 or more	(24.95)	57.61	51.80	88.07
Change in Premiums (%)	Low	High	Ave.	
Employee	-1.68%	3.10%	3.18%	
Employee + 1	-1.70%	-1.55%	1.39%	
Employee + 2 or more	-1.70%	3.12%	3.15%	2.53%