



Memo

To: Board of Directors
From: Larrie Ann Davis
Date: September 17, 2019
Subject: Health Benefits Plan Maximum

The Health Benefits Plan pays 100% of an employee's health insurance premiums up to a maximum amount of \$1,538 per month per employee. The Board last adjusted the maximum amount for premiums in January 2019 based on 0.34% of the average percentage increase in premiums that occurred since the last adjustment in 2018.

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 2020, premiums have increased at an average rate of 3.49%% over 2019 rates. The premium changes are effective January 1, 2020. We have included the "Change in Insurance Premiums" chart for your reference. This chart shows 2020 premiums, 2019 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 1.75% (\$27.00), from \$1,538 to \$1,565 per month per employee, effective January 1, 2020.

Fiscal Impact: A 1.75% increase (\$27) in the maximum benefit would cost the District approximately \$4,248 per year. This maximum amount would cover eight 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 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 \$135.43 to \$412.67 per month based on insurance plan chosen. The 2019-20 budget included the possibility of a 6.0% increase in health benefits.

Crestline Village Water District

Change in Insurance Premiums

ACWA Health Insurance Premiums

Current Premiums	Low	High	Avg.	
Employee	640.65	845.14	760.96	
Employee + 1	1,264.30	1,690.28	1,516.25	
Employee + 2 or more	1,781.93	2,239.62	2,044.61	4,321.82
Last Year 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
Change in Premiums (\$)	Low	High	Avg.	
Employee	17.49	1.07	27.78	
Employee + 1	27.87	(29.69)	45.86	
Employee + 2 or more	36.48	19.14	72.29	145.93
Change in Premiums (%)	Low	High	Ave.	
Employee	2.81%	0.13%	3.79%	
Employee + 1	2.25%	-1.73%	3.12%	
Employee + 2 or more	2.09%	0.86%	3.67%	3.49%