11445 RESOLUTION 18-44 – RESOLUTION BY THE DELAWARE RIVER AND BAY AUTHORITY AUTHORIZING MODIFICATIONS TO THE BENEFITS PLAN DESIGN

WHEREAS, the Delaware River and Bay Authority (the "Authority") is committed to providing its employees and retirees with a comprehensive core benefits program; and

WHEREAS, the Authority is responsible for the prudent financial governance with respect to the core benefits program; and

WHEREAS, the Authority is responsible for taking appropriate action to control escalating core benefits costs; and

WHEREAS, the Personnel Committee has reviewed the proposed recommendations to the Authority to change its health (medical and prescription) plan and recommends approval thereof to the Commissioners.

NOW, THEREFORE, BE IT RESOLVED that the Authority hereby approves the following modifications to be designed in 2019 for implementation effective January 1, 2020 (as described in detail in Exhibit A which is incorporated herein by reference):

Add a Qualified High Deductible Health Plan with Health Savings Account (HDHP/HSA) as a third medical plan option

EXHIBIT A

Proposed Benefit Plan Changes for 2020	
Qualified High Deductible Health Plan with Health Savings Account (HDHP/HSA)	
Benefit Outline	Cost Neutral
Deductible (Individual (Ind) / Family (Fam))	$2,700 / $5,400
Non-network Deductible (Ind / Fam)	$5,400 / $10,800
Deductible Embedded / Non-embedded	Embedded
Out-of-Pocket Maximum (Ind / Fam)	$5,000 / $10,000
Non-network OOP Max (Ind / Fam)	$10,000 / $20,000
Coinsurance (In / Out)	100% / 80%
Primary Care Office Visit	$15 copay after Deductible
Specialist Office Visit	$20 copay after Deductible
Urgent Care Visit	No charge after Deductible
Emergency Room	$150 copay after Deductible
Outpatient Surgical Facility	No charge after Deductible
Inpatient Hospital Facility	No charge after Deductible
Retail Prescription Drug Copays	$10 / $20 / $35
Mail Order Prescription Drug Copays	1x retail
DRBA HSA Contribution (Ind / Fam)	$750 / $1,500
HSA Maximum Contribution (EE & DRBA)	2019: $3,500 (Ind)/ $7,000 (Fam) + $1,000 Catch-up for age 55+ (will be updated 2020 based on IRS changes)

A motion to approve Resolution 18-44 was made by Commissioner Ransome, seconded by Commissioner Decker, and approved by a roll call vote of 11-0.

Resolution 18-44 Executive Summary Sheet

Resolution: Authorizing Modifications to the Authority Benefits Plan Design

Committee: Personnel Committee

Committee Date: November 20, 2018

Board Date: November 20, 2018

Purpose of Resolution: To approve the proposed recommendations to core benefits plans to add new medical plan option for active and pre-65 retirees.

Background for Resolution: The Authority is committed to the health and well-being of its employees and retirees.

During annual renewals, the Authority reviews administration and plan costs to determine if changes should be made in plan designs and/or vendor/carriers to better control escalating costs. Annual reviews include an analysis of employee and retiree populations plan utilization and comparisons to industry trends.

New hires to the Authority have inquired about a Qualified High Deductible Health Plan option with a Health Savings Account (HDHP/HSA). Many of these new hires were enrolled in HDHP/HSA plans with prior employers and are coming to the Authority with funds in their existing HSAs. Because the Authority does not currently offer such a plan, these employees are unable to make additional contributions to the HSA from their prior employer.

HDHP/HSAs are becoming a standard health plan offering in both private and public employer benefits programs.

The premium equivalent cost of the recommended HDHP/HSA plan design is approximately 60% less than the Authority's current PPO plan design and approximately 19% less than the current EPO plan design. Addition of the HDHP/HSA plan will provide employees and pre-65 retirees (those hired after December 31, 2014) with another lower cost option.

Although the HDHP/HSA plan will result in lower employee contributions compared to the PPO and EPO plans, it will increase an individual's cost of health care at the point of service. However, unlike many employers who are adopting these health plans, the Authority will make contributions to each HSA as shown in Exhibit A to help members defray the higher out-of-pocket expenses and build up a reserve for future years. The Authority will continue to make contributions to each HSA, consistent with the fiscal responsibility of contributions to all benefit programs.

The HSAs are owned by the individual and account balances follow the individual after they leave the Authority. In addition to the Authority's contributions, the employees and pre-65 retirees who enroll in the plan can contribute additional funds on a pre-tax basis up to IRS limits which are reviewed annually. Contributions in the accounts will earn interest, and possible earnings due to mutual fund investments. Interest and earnings on the account grow tax-free so long as the funds are withdrawn only to cover medical expenses.

Industry experts agree that an effective communications strategy is key to implementing a HDHP/HSA option. Most suggest that the communications should begin six (6) to eight (8) months in advance of the implementation date and include visual as well as text communication resources.

The Authority plans to invest time and resources to identify subject matter experts to assist in designing a successful communications campaign, including print, mobile, and web based materials. The Authority will begin to communicate to employees in 2019 well in advance of the benefits open enrollment period for 2020.