

RESOLUTION 19-43 – AUTHORIZING AMENDMENTS TO THE AUTHORITY’S FULL-TIME EMPLOYEES’ HEALTH CARE COST SHARING

WHEREAS, The Delaware River and Bay Authority (the “Authority”) is a bi-state Authority of the State of Delaware and the State of New Jersey that owns, operates and controls the Delaware Memorial Bridge, the Cape May-Lewes Ferry, the Forts Ferry and five (5) regional airports; and

WHEREAS, the Authority is committed to providing its employees and retirees a comprehensive core benefit program, in order to attract and retain a high quality work force; and

WHEREAS, the Authority is responsible for prudent financial governance with respect to those core benefit programs; and

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

WHEREAS, the Authority comprehensively reviewed employee cost recovery in 2007 and increased employee contribution percentages for 2008 to 2011 with percentage increments to reach overall 10% employee contribution under Resolution 07-48; and

WHEREAS, the Authority last adjusted employee contributions to health care in 2015 incrementally through 2019 under Resolution 15-28; and

WHEREAS, the Authority has instituted comprehensive reviews of health care costs and benefits on a biennial basis (2017 for 2018 and 2019; 2019 for 2020 and 2021) and will continue these reviews in the future, in order that there be a proper balance between the need to attract and retain a quality work force and prudent fiscal management; and

WHEREAS, the Personnel Committee has reviewed the proposed changes to the employee contribution rates and recommends approval thereof to the Commissioners;

NOW, THEREFORE, BE IT RESOLVED that the Authority hereby approves the following employee premium cost share changes for all permanent full-time employees to be implemented effective January 1, 2020 as follows:

| DRBA PLANS | % EMPLOYEE CONTRIBUTION |
|--|--------------------------------|
| PPO (Highmark PPO) | 14% |
| EPO (Highmark EPO) | 8% |
| HDHP (Highmark HDHP/EPO with Health Savings Account (HSA)) | 6% |

Resolution 19-43 Executive Summary Sheet

Resolution: Authorizing Amendments to the Authority’s Full-Time Employees’ Health Care Cost Sharing

Committee: Personnel Committee

Committee Date: October 15, 2019

Board Date: October 15, 2019

Purpose of Resolution:

To make changes to health care contributions by all permanent full-time employees and continue a biennial review of health care costs and benefits for Authority employees.

Background for Resolution:

The Authority altered employee contributions to health care in 2007 under Resolution 07-48, adopting a revised schedule of employee contributions for the years 2007 through 2011 as follows:

| Year | % EMPLOYEE CONTRIBUTION |
|-------------|--------------------------------|
| 2008 | 7% |
| 2009 | 8% |
| 2010 | 9% |
| 2011 | 10% |

From 2011 through 2015, the employee contribution percentages remained at 10% for all full-time employees.

Through Resolution 15-28, the Authority implemented changes to the employee contributions for the years 2016-2019 based on salary bands according to the following schedule:

| | 2016 | 2017 | 2018 | 2019 |
|-------------------------|------|------|------|------|
| Up to \$50,000 | 9% | 10% | 11% | 16% |
| \$50,001 and \$75,000 | 10% | 12% | 15% | 20% |
| \$75,001 and \$100,000 | 11% | 14% | 18% | 23% |
| \$100,001 and \$125,000 | 12% | 16% | 21% | 26% |
| \$125,001 or more | 13% | 18% | 24% | 30% |

Through the same resolution, the Authority has committed to re-evaluating health care costs and benefits according to the following schedule:

2017: evaluation to determine costs and benefits for years 2018 and 2019

2019: evaluation to determine costs and benefits for years 2020 and 2021

2021: evaluation to determine costs and benefits for years 2022 and 2023

The Human Resources Department with its Benefits Consultant has completed a comprehensive analysis of benefit costs and best practices and have reviewed the results with the Executive Director and the Sr. Leadership Team. This information in summary format has been presented to the Personnel Committee for review and comment. Highlights of this review are as follows:

Facts:

- J DRBA has its own health care plans for active employees and retirees (separate from the State of NJ and State of DE)
- J DRBA health care plans are self-funded and re-insured with both Specific and Aggregate stop-loss coverage
- J DRBA health care plans are NOT funded by revenue from either the States of NJ or DE (plan costs including claims and administration fees are funded out of the DRBA's annual Operating Budget)
- J DRBA has implemented Health Care Best Practices, as appropriate, to manage costs through annual review of benefit plan designs and vendor/carrier services
- J According to DRBA Finance, DRBA spends less for benefit costs than it did 10 years ago; accomplished through managing/controlling health care costs
- J DRBA currently offers two (2) health plan options -- the PPO and EPO -- and will add a third (3rd) plan option the High Deductible Health Plan (HDHP) with Health Savings Account (HSA) for 2020 as approved in Resolution 18-44
- J DRBA anticipates funding the HSA for participants who elect the HDHP option in 2020 in the flat amount of \$750
- J Rates for each health plan are differentiated based on the relative plan design differences between the plans
- J The 2020 health plan options offered by DRBA are comparable in design to plans currently offered by the States of NJ and DE
- J DRBA like the States of NJ and DE requires contributions from active employees toward each health plan
- J State of Delaware requires contributions for comparable health plan options based on a ***percentage (%) of the total plan costs***

| DE PLANS | % EMPLOYEE CONTRIBUTION |
|---|-------------------------|
| PPO (Highmark Comprehensive PPO) | 13.25% |
| EPO (Aetna HMO) | 6.5% |
| HDHP (Aetna CDH Gold Plan with no Health Savings Account (HSA)) | 5.0% |

State of New Jersey requires contributions for comparable health plan options **based on each employee's salary tier plus level of coverage**

| NJ PLANS | SALARY TIERS | COVERAGE LEVELS |
|---|--|--|
| PPO (Aetna Freedom PPO) | 17 salary tiers based on increments of \$5k each from (<\$20k) to (\$95k-\$100k) plus 9 additional bands based on either random salary tiers or salary maximums = 26 salary tiers | 3 coverage tiers: Single – ranges from 4.5% up to 35% based on salary tier Member & Spouse or Parent & Child – ranges from 3.5% up to 35% based on salary tier Family – ranges from 3.0% up to 35% based on salary tier |
| EPO (Aetna HMO) | | |
| HDHP (Aetna Value HDHP with unfunded Health Reimbursement Account(HRA)) | | |

- DRBA currently requires contributions for comparable health plan options **based on each employee's salary tier or bargained status {salary tiers were implemented at NJ insistence in 2016 in concert with NJ's implementation of Chapter 78}**

| DRBA PLANS | SALARY TIERS |
|--|---------------------------------|
| PPO (Highmark PPO) | Bargained – 15% |
| EPO (Highmark EPO) | <\$50k – 16% |
| HDHP (Highmark HDHP/EPO with Health Savings Account (HSA)) | \$50k < \$75k – 20% |
| | \$75k < \$100k – 23% |
| | \$100k < \$125k – 26% |
| | >\$125k – 30% |

Note: Prior to 2016, DRBA required the same flat percentage (%) contribution for PPO or HMO plan options

- State of Delaware employs more than 15,000 Full-Time Employees (FTEs), State of New Jersey employs more than 75,000 FTEs, and the DRBA employs **415 FTE positions** (of which 376 are currently filled and 39 are vacant)
 - **Current filled positions: 254 located in DE and 122 located in NJ**
 - **Average Age: 46**
 - **Average Years of Service: 10**
 - **Average Annual Salary: \$67,581**

Proposal:

Effective 1/1/2020, DRBA wishes to implement a contribution strategy similar to the State of Delaware

- Continuing the current contribution structure is administratively burdensome for DRBA based on the number of FTE workforce/positions
 - Current level of contributions appears to be adversely impacting DRBA's ability to attract and retain new workers to fill vacant positions

| DRBA PLANS | % EMPLOYEE CONTRIBUTION |
|--|-------------------------|
| PPO (Highmark PPO) | 14% |
| EPO (Highmark EPO) | 8% |
| HDHP (Highmark HDHP/EPO with Health Savings Account (HSA)) | 6% |