BOARD OF DIRECTORS MEETING
WEDNESDAY, JUNE 1, 2016
General Session: 1:30 p.m.
Closed Session: Immediately Following
The meeting is expected to end by or
Before 3:00 p.m.

ACCESS SERVICES HEADQUARTERS
Council Conference Room, 3rd Floor
3449 Santa Anita Avenue
El Monte, CA 91731

MISSION STATEMENT
Access Services promotes access to all modes of transportation and provides quality and safe ADA paratransit service on behalf of public transit agencies in Los Angeles County.

DISPOSITION
1. CALL TO ORDER
   ACTION
2. GENERAL PUBLIC COMMENT
   INFORMATION
3. EMPLOYEE HEALTH AND BENEFIT INSURANCE (page 4)
   PRESENTATION/
   ACTION
   [Staff Recommendation: Approve the Kaiser Renewal option as detailed below for a start date on July 1, 2016. The employee contribution will be 10% of the total cost of health insurance 1) Authorize staff to obtain health care insurance pricing for both current employees and Access retirees from the California Public Employees’ Retirement System (CalPERS). The CalPERS information should be presented to the Board at a future meeting, 2) In addition, approve the purchase of dental, vision, life]
and long term disability and other insurance policies as outlined below.

4. CONSIDERATION TO APPROVE RENEWAL OF INSURANCE PRIMARY AUTOMOBILE (page 8)

   [Staff Recommendation: Authorize the Executive Director to 1) Enter into a one-year policy agreement extension with James River Insurance Company from June 21, 2017 until June 21, 2018 for an amount not to exceed $2,800,000 for the provision of Primary Automobile Liability coverage, 2) Approve the financing of $2,800,000 of the cost of the Agency’s premiums at an annual percentage rate of 1.88%. The Agency will incur a finance charge of up to $52,640.00.]

5. REAL PROPERTY NEGOTIATIONS – ELIGIBILITY CENTER

6. CLOSED SESSION

   A) CALIFORNIA GOV. CODE §54956 – REAL PROPERTY

      1. Conference with Real Property Negotiators
         Property: Eligibility Center
         Agency Negotiator: Shelly Verrinder
         Negotiating Parties: Access Services - Prologis & Jones Lang La Salle
         Under Negotiation: price and terms

   B) CALIFORNIA GOV. CODE §54957 (b)

      Consideration of Third Party Complaint/Charges Against Public Employee

7. NEW BUSINESS SUBSEQUENT TO THE POSTING OF THE AGENDA

8. ADJOURNMENT

Access Services does not discriminate on the basis of disability. Accordingly, Access Services seeks to ensure that individuals with disabilities will have an equal opportunity to participate in the range of Access Services events and programs by providing appropriate auxiliary aids and services to facilitate communication. In determining the type of auxiliary aids and services for communication that will be provided, primary consideration is given to the request of the individual with disabilities. However, the final decision belongs to Access Services. To help ensure availability of those auxiliary aids and services you require, please make every effort to notify Access Services of your
request at least three (3) business days (72 hours) prior to the meeting in which you wish to utilize those aids or services. You may do so by contacting (213) 270-6000.

Note: Access Services board meetings are held pursuant to the Ralph M. Brown Act [Cal. Gov. Code §54950] and are open to the public. The public may view and obtain all written information supporting this agenda provided to the board both initially and supplementally prior to the meeting at the agency’s offices located at 3449 Santa Anita Avenue, El Monte, California and on its website at http://accessla.org. Documents, including Power Point handouts distributed to Board Members by staff or Board members at the meeting will simultaneously be made available to the public. Three opportunities are available for the public to address the board during a board meeting: (1) before closed session regarding matters to be discussed in closed session, (2) before a specific agendized item is debated and voted upon regarding that item and (3) general public comment. The exercise of the right to address the board is subject to restriction as to time and appropriate decorum. All persons wishing to make public comment must fill out a yellow Public Comment Form and submit it to the Secretary to the Board. Public comment is generally limited to three (3) minutes per speaker and the total time available for public comment may be limited at the discretion of the Chairperson. Persons whose speech is impaired such that they are unable to address the board at a normal rate of speed may request the accommodation of a limited amount of additional time from the Chair but only by checking the appropriate box on the Public Comment Form. Granting such an accommodation is in the discretion of the Chair.

The Board of Directors will not and cannot respond during the meeting to matters raised under general public comment. Pursuant to provisions of the Brown Act governing these proceedings, no discussion or action may be taken on these matters unless they are listed on the agenda, or unless certain emergency or special circumstances exist. However, the board may direct staff to investigate and/or schedule certain matters for consideration at a future Board of Directors Meeting and the staff will respond to all public comment in writing prior to the next board meeting.

"Alternative accessible formats available upon request."
MAY 27, 2016

TO: BOARD OF DIRECTORS
FROM: FAYE MOSELEY, DEPUTY EXECUTIVE DIRECTOR, HUMAN RESOURCES
RE: EMPLOYEE HEALTH AND BENEFIT INSURANCE

ISSUE:
The current Access Services employee benefit insurance policies for medical, dental, vision, life and long term disability will expire on June 30, 2016. The Board must approve a benefit plan so that employee benefits are in place for the next fiscal year starting July 1, 2016.

RECOMMENDATION

- Approve the Kaiser Renewal option as detailed below for a start date on July 1, 2016. The employee contribution will be 10% of the total cost of health insurance.
- Authorize staff to obtain health care insurance pricing for both current employees and Access retirees from the California Public Employees’ Retirement System (CalPERS). The CalPERS information should be presented to the Board at a future meeting.
- In addition, approve the purchase of dental, vision, life and long term disability and other insurance policies as outlined below.

IMPACT TO BUDGET

The costs for these policies are included in the proposed FY 17 budget.

Kaiser Renewal (HMO/PPO)
The total estimated cost would be $843,244. Assuming a 10% employee contribution, Access would see a $672 annual increase in its health care costs compared to the prior fiscal year.

Other Employee Benefits
The total estimated cost would be $133,122.
BACKGROUND

Current Employee Health Care Choices

Currently, 65 employees are enrolled in the Kaiser HMO option while 6 are enrolled in the Kaiser POS option.

Employee Survey

The results of an employee healthcare survey with 63 respondents, conducted in early May, were as follows:

- 85% of employees are satisfied/somewhat satisfied with our current Kaiser HMO/PPO offering;
- 7% were neither satisfied/or dissatisfied;
- 8% were dissatisfied/somewhat dissatisfied;
- 88% said that they would like to renew with our current Kaiser HMO/PPO; 8% said no and 3% were opting out;
- 52% are not interested in having multiple carrier options; 48% are interested;
- 82% said that both costs and the benefit plan were very important to them; 13% said benefits were more important and 5% said costs were more important.

Health Plan Information

In addition to seeking pricing for the Kaiser Renewal option, quotes were obtained from CalChoice, Anthem, Blue Shield, Covered CA, United Healthcare, Aetna, and Health Net. The Kaiser Renewal option along with CalChoice were forwarded to staff for consideration. In addition, staff began research on joining the CalPERS health care plan.

Kaiser Renewal (HMO/PPO)

Major changes from current year benefits are as follows:

- Kaiser replaced its own POS plan (which is part of Access’ current benefits) with a PPO plan. The Kaiser PPO plan allows an individual the choice to use a network provider or a non-network provider. This will give employees who prefer to keep their current doctors the option to do so.
- There are benefit differences between FY 16 and FY 17 for both the HMO and PPO plan which are discussed in the accompanying presentation.
- All medical plans will now include pediatric dental and vision benefits which are automatically embedded in the plans/rates and apply to dependents up to age 19. Employees may elect to remove dependents from dental and vision plans. This change is required to comply with health care reform legislation.
CalChoice

- The advantage of the CalChoice proposal is that it offers 23 different HMO and PPO options of varying cost and benefit levels.
- One issue is that the Kaiser HMO plan offered through CalChoice includes out-of-pocket cost increases in most major areas compared to the Kaiser Renewal option.
- The plan differences for the Anthem Gold PPO also include out-of-pocket cost increases in all major areas.

Essentially, employees are offered more choices but will be responsible for more out of pocket costs when comparing similar plans for the Kaiser Renewal option. Despite the advantage of offering additional choice in health plans and a slightly lower cost to the Agency (approx. $37,499), staff did not recommend CalChoice because of the increase in potential costs to employees along with the overall satisfaction with Kaiser as reflected in the employee survey.

CalPERS

Staff has been able to obtain preliminary pricing for health insurance through CalPERS and is in the process of obtaining a quote for retiree health insurance. This option would present a projected annual cost increase of $72,241 for active members (benchmarking available Kaiser options and assuming a 4% cost increase as of 1/1/17 based upon calendar year rates). The projected costs do not include the cost of retiree benefits. CalPERS does require participating Agencies to offer retiree health benefits to the existing workforce and to retirees. Employees separated from the agency, other than by retirement, are eligible for COBRA benefits. Under our existing CalPERS contract, Board Members are excluded from participating.

Other Employee Benefits

- Dental: We have negotiated a 3.8% increase, $2,129, for our DHMO and DPPO dental renewal from Guardian assuming our current contribution strategy.
- Vision: Our VSP vision plan rates are guaranteed and will not change until 7/1/18.
- We were able to effectively negotiate a zero rate increase for our Basic Life/AD&D, Voluntary Life/AD&D and LTD plans.
- We have a zero rate and benefit increase for our Chubb Business Travel Accident, Lifelock Identify Theft and Nationwide/VPI Pet Insurance plans.
- Overall, the proposed costs are well below market expectations and have collectively held the cost to Access Services relatively flat for the coming year.

Effects of federal health care reform

Beginning in 2016 federal health care reform legislation changed the definition of Small Group to “those who had, on average, 1 - 100 employees in the preceding
calendar year.” There are many differences between Large Group and Small Group, but here are a few of the most notable to Access:

- Change from Composite Rating to Member Level Rating
  - Each covered person (employee or dependent) generates a rate based on his/her age.
  - There are only 4 rating factors:
    - Carrier/Plan
    - Covered Person’s Age
    - Effective Date
    - Zip Code
- State approved rates and plan designs
  - Rates cannot be negotiated and plan designs cannot be altered.
  - Your group’s experience will no longer directly affect rates.
- All Medical Plans include Pediatric Dental and Vision benefits
  - The benefits are automatically embedded in the plans and rates.
  - Benefits apply to dependents up to age 19.
  - Employees may elect to remove dependents from Dental and Vision plans.
- Metallic Tiers
  - In an effort to make comparing plans easier, ACA requires plans to be measured and labeled according to the percentage of medical expenses the plan is expected to pay. The measurement algorithm changes slightly each year and therefore plans will likely change each year.
    - Platinum plans are expected to pay 90% of medical expenses.
    - Gold plans are expected to pay 80% of medical expenses.
    - Silver plans are expected to pay 70% of medical expenses.
    - Bronze plans are expected to pay 60% of medical expenses

Access continues to closely monitor trends in the health care industry, incorporate the required changes due to health care reform and proactively address areas in which we can have a positive impact on health care premiums. We have continued to encourage healthy lifestyle choices with our employee population with a focus on educating our employees about the comprehensive benefit package we offer. Mindful of our obligation to keep administrative costs as low as possible, our goal has been to make a significant impact on cutting the cost of health care coverage using a variety of methods such as aggressive price negotiations, “bundling” coverage, while maintaining comprehensive benefits and our rich company contribution strategy.
MAY 27, 2016

TO: BOARD OF DIRECTORS

FROM: HECTOR RODRIGUEZ, DIRECTOR OF FINANCE

RE: CONSIDERATION TO APPROVE RENEWAL OF INSURANCE PRIMARY AUTOMOBILE

ISSUE:

The Access Self-Insured Retention (SIR) program requires insurance policies consisting of Excess Business Auto for revenue service vehicles, Commercial General Liability, Commercial Umbrella Liability, and Aggregate Stop Loss Coverage. Last year the Board approved Primary Automobile and First Excess Layer Liability coverages for a two-year agreement (through June 21, 2017). The Board approved one-year agreements on May 23, 2016 for the Second, Third, and Fourth Excess Layer Liability coverages for a one-year agreement (through June 21, 2017). While in negotiation to extend the Second, Third and Fourth Layers, Access’ insurance broker, SullivanCurtisMonroe, was able to secure an agreement to extend the Primary Automobile layer for an additional year with no increase in rates. This extension requires Board approval.

RECOMMENDATION:

Authorize the Executive Director to:

- Enter into a one-year policy agreement extension with James River Insurance Company from June 21, 2017 until June 21, 2018 for an amount not to exceed $2,800,000 for the provision of Primary Automobile Liability coverage.

- Approve the financing of $2,800,000 of the cost of the Agency’s premiums at an annual percentage rate of 1.88%. The Agency will incur a finance charge of up to $52,640.00.

IMPACT ON BUDGET:

While insurance costs will be appropriately budgeted for FY2016/17, the payment and financing of the FY2017/18 Primary will need to occur in FY2016/17. There is funding related to Map 21, over the next two years, that can be swapped out with Prop C funds that will allow for sufficient funds to pay the FY2017/18 insurance costs.
BACKGROUND:

Last year there were significant changes made to the insurance programs backing the Agency’s SIR program. The program was changed to have a $100,000 SIR, instead of a $50,000 SIR, provisions for Uninsured/Underinsured Motorist Coverage (UM/UIM) were removed, and the policies began to specifically cover activities related to Beyond the Curb service, which began July 1, 2015. These factors, including a loss experience of $4.9 million dollars above the SIR for the previous three years, led to an increase of policy rates of almost 35%.

While the exposure and the experience over the last year related to the above changes has been good, there is still some uncertainty with the insurance underwriters on potential additional claims as well as Access’ service providers increased use of taxis. These factors, including our Broker’s research that the market for “people mover” accounts like Access is still hardening for the foreseeable future and rates will likely go up. It is prudent to lock in the Primary Layer of coverage for another year at the same rate.

The choice of an insurance carrier is based on a number of factors, i.e. financial strength, the ‘A. M. Best Guide’ industry rating, policy limits, potential covered losses and cost. Sullivan Curtis Monroe, the Access insurance broker, has been instructed to obtain competitive bids in the placement of our insurance policies. Insurance companies have traditionally been very selective in bidding on the insurance Access Services currently carries and as part of their process conduct a detailed assessment of potential exposures to risk.

The amount requested for approval is an estimate based on information obtained from our insurance broker at the time of preparation of this board item. Since quotes are generally not available until the date of the actual policy renewal, it is possible that the actual cost of the premiums will be lower than the stated estimate.