

10591.RESOLUTION 12-45 - RESOLUTION BY THE DELAWARE RIVER AND BAY AUTHORITY AUTHORIZING AMENDMENTS TO THE BENEFITS PLAN DESIGN

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

WHEREAS, the Budget & Finance Committee has reviewed the recommendation to outsource the benefits administration for retirees age 65 and over that will help to contain the OPEB costs for this group and recommends approval thereof to the Commissioners.

NOW, THEREFORE, BE IT RESOLVED that the Delaware River and Bay Authority hereby approves the following modifications to be implemented January 1, 2013 as follows (as described in detail on Exhibit A, which is incorporated herein by reference):

1. The Authority shall change the benefits administration for retirees age 65 and over from Highmark Blue Cross Blue Shield of DE to AMWINS in an effort to provide lower costs to the Authority than current Medicfil Plan for the same health care coverage afforded to active employees; and provide the retirees advantages such as large retiree pool of over one (1) million members; government network discounts; coordination of Medicare benefits; and Medicare education and enrollment support.

Exhibit A

DRBA Retiree >65 Administration

	Current	Proposed AMWINS Solution
Medical Lives	237	237
Per “employee” per month (PEPM)	\$536	\$416
Total Annual Premium	\$1,525,095	\$1,183,075
Employer Contributions	100%	100%
Annual Savings	N/A	\$342,019

A motion to approve Resolution 12-45 was made by Commissioner Dorn, seconded by Commissioner Traynor, and approved by a roll call vote of 10-0.

Resolution 12-45 Executive Summary Sheet

Resolution:	Authorizing Amendments to the Authority's Benefit Plan Design
Committee:	Budget & Finance Committee
Committee Date:	November 13, 2012
Board Date:	November 13, 2012
Purpose of Resolution:	To approve recommended benefits administration for retirees age 65 and over (as described in detail on Exhibit A, which is incorporated herein by reference) as presented by the Chief Financial Officer and Chief Human Resources Officer.
Background for Resolution:	<p>The Delaware River and Bay Authority is committed to the health and well-being of our employees and retirees.</p> <p>During annual renewals, the Authority reviews administration and costs of benefits to determine any changes such as vendor/carrier changes and/or benefit plan design changes.</p> <p>For 2013, a recommendation is being made to the Budget & Finance Committee to move the benefits administration of the retirees over the age of 65 to a new carrier. Advantages will be: (1) lower cost than current Medicifil Plan for the same health care coverage afforded to active employees, which may positively impact the OPEB liability; (2) large retiree pool of over one (1) million members; (3) government network discounts; (4) coordination of Medicare Benefits; and (4) Medicare Education and Enrollment Support. This would impact the current 237 lives over the age of 65 enrolled in the Authority's benefits plans (which represents 34% of the population). The advantage to the Authority will be the complete administrative outsourcing and estimated cost savings of \$342,000 (as described in detail on Exhibit A, which is incorporated herein by reference).</p> <p>AMWINS is an Employer Group Waiver Plan (EGWP). EGWPs are the fastest growing retirement subsidization programs initiated by the Center of Medicare and Medicaid Services (CMS). Employers and Union groups with large Medicare eligible populations find this program to be financially superior to the traditional retirement drug subsidization (RDS) program. Subsidies represent approximately 15%-25% of gross CMS approved drug costs under RDS compared to up to 19%-35% under EGWP (depending on the plan design). There is minimal disruption to the membership by utilizing/maintaining the current pharmacy plan design. AMWINS handles all administrative functions which lead to some of the cost savings. EGWPs provide greater reductions in GASB 43/45 liability.</p>