

**11194. RESOLUTION 16-36 – AUTHORIZING AMENDMENTS TO THE AUTHORITY’S PERSONNEL MANUAL**

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, in 2008, the Authority instituted a pilot program to provide an opt-out incentive payment equal to two (2) months’ of premium costs to employees who can prove they have other insurance and do not enroll in the Authority’s plan; and

WHEREAS, this opt-out incentive pilot program has continued unchanged since 2008; and

WHEREAS, the opt-out incentive program is a cost savings measure that substantially saves the Authority approximately \$900,000.00 annually in avoided health care costs; and

WHEREAS, the Authority wishes to make this a permanent benefits program beginning in 2017; and

WHEREAS, the Authority wishes to ensure that the renewed opt-out incentive program complies with the provisions of the Affordable Care Act (the “ACA”); and

WHEREAS, the Personnel Committee has reviewed the proposed changes to the Authority’s Personnel Manual and recommends approval thereof to the Commissioners;

NOW, THEREFORE, BE IT RESOLVED that the opt-out incentive program adopted in 2008 shall become a permanent benefits program effective January 1, 2017.

AND BE IT FURTHER RESOLVED, that the Authority hereby approves the following employee opt-out incentive program for all permanent full-time employees and retirees under the age of 65 to be implemented as a permanent benefit program effective January 1, 2017 as follows:

Upon an active permanent full-time employee's or retiree's declination of the Authority's sponsored health care coverage (medical and/or dental) and upon proof of reasonable evidence that the employee and the expected tax family (individuals for which the employee can claim a personal exemption under his/her tax return) have minimum essential medical coverage other than individual coverage (whether or not obtained in the Marketplace), any active permanent full-time employee or retiree who would otherwise be eligible to enroll in the Authority's sponsored health care coverage shall receive annual opt-out medical incentives as follows:

Employee:	\$1,300.00
Employee plus Child(ren):	\$2,080.00
Employee plus Spouse:	\$2,600.00
Family:	\$3,120.00

Dental will be an annual flat \$130 reimbursement (employees will not be required to show proof of other dental coverage to receive the opt-out incentive payment). These payments shall be paid over 26 pay periods during the year. Employees must provide proof of the appropriate coverage each year.

This opt-out incentive program shall not apply in cases where both spouses are employed and/or are retirees of the Authority and who are eligible for health care benefits through the Authority.

AND, BE IT FURTHER RESOLVED that the Authority hereby authorizes the Executive Director, with the consent of the Personnel Committee to modify or terminate this permanent opt-out incentive program at any time, including any future change in the opt-out incentive amounts.

A motion to approve Resolution 16-36 was made by Commissioner Downes, seconded by Commissioner Smith. Resolution 16-36 failed with a roll call vote of 8-3, with Vice Chairman Hogan, Commissioner Van Sant and Commissioner Bennett voting No.

## Resolution 16-36 Executive Summary Sheet

**Resolution:** Authorizes Amendments to the Authority's Personnel Manual

**Committee:** Personnel Committee

**Committee Date:** December 20, 2016

**Board Date:** December 20, 2016

**Purpose of Resolution:**

To allow continuation of a pilot opt-out health care incentive to active permanent full time employees and retirees under the age of 65 who chose not to enroll in the Authority's health plans (medical and/or dental) on a permanent basis.

**Background for Resolution:**

During a Personnel Committee Meeting of the Delaware River and Bay Authority on October 21, 2008, the Acting CFO presented a cost savings proposal to the Board. The program was established to reimburse employees who did not participate in the Authority's health care plan. The reimbursement would be for two (2) months' premiums payable to the employee over 26 pay periods.

That presentation resulted in an agreement of the Board to implement this opt-out incentive as a pilot program for two (2) years to determine if this should be continued as a benefit offered to our employees. While the program has continued unabated since 2008, no formal action was taken for its continuance. It is the desire of the current Board to continue with an opt-out incentive program on a permanent basis and to modify the opt-out incentive program so that it will comply with the Affordable Care Act (the "ACA").

Historically, employees and retirees were afforded reimbursement for medical coverage based on level of coverage (single, employee and spouse, employee and children, or family). Reimbursements were based on a premium developed in 2008 and remained unchanged. Dental reimbursement was a flat amount of \$130 per year.

There is a change in this resolution for continuation of the opt-out incentive program. Each year, employees who provide evidence of other medical coverage other than individual medical coverage will be permitted to opt out of the level of medical coverage for which they would otherwise be eligible to enroll (i.e. family, employee/spouse, employee/children or single) and receive annual opt-out medical incentives as follows:

<b>Employee:</b>	<b>\$1,300.00</b>
<b>Employee plus Child(ren):</b>	<b>\$2,080.00</b>
<b>Employee plus Spouse:</b>	<b>\$2,600.00</b>
<b>Family:</b>	<b>\$3,120.00</b>

Dental will be an annual flat \$130 reimbursement (employees will not be required to show proof of other dental coverage to receive the opt-out incentive payment). The opt-out incentives will be paid over 26 pay periods.

The opt-out incentive program may be modified or terminated by the Executive Director with consent of the Personnel Committee at any time, including any future change in the opt-out incentive amounts.

The opt-out incentive program is a substantial cost savings measure that saves the Authority approximately \$900,000.00 annually in avoided health care costs.