

# COW Presentation

## 2019 Benefit Considerations



### Agenda

- 2019 Benefit Considerations
  - Health Care Increase Recommendation
  - Onsite Childcare Center Increase
  - Pharmacy Benefit
  - 401(k) Auto-Enrollment Request
  - Other Benefit Requests

# **2019 BENEFIT CONSIDERATIONS**

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# 2019 Benefit Considerations

- National Health Care Projections- 6.5%\*
- Current Medical Trend- 4.99%
- Pharmacy Cost Projections- 13.5%

## **Currently, the ESR Fund Reserves are (12/31/17):**

- Unrestricted Reserves: \$1,561,040
- Health Insurance Reserves: \$6,602,760

## **Recommendation:**

6.5% overall increase due to increasing pharmaceutical costs and to solidify ESR reserves

\* PwC's Health Research Institute (HRI)

# 2019 Benefit Considerations

**Traditional PPO Plan**—Increase premiums by 6.5%. County sees an increase on 80% and employee sees an increase on 20%

❖ EE:	\$7/mo. / \$84/year
❖ EE+1:	\$16/mo. / \$192/year
❖ EE+2 or more:	\$21/mo. / \$252/year

# 2019 Benefit Considerations

## Other Health Care Recommendations:

### HDHP

- Continue offering plan at zero cost for full-time employees with continuing the HSA seed (\$600 and \$1,200) and wellness incentive (\$275 and \$550).
- Continue with employee education with increasing enrollment from **74% to 77% participation**

**Dental**—No increase proposed

# 2019 Benefit Considerations-Other Requests

## Onsite Childcare Center

- From 2014 – 2018, typical annual tuition rate increases were between 2% - 3%. The Childcare Center has proposed **an increase of 3%, starting on 1/1/19.**

	Current rates		Proposed rates	
	Full-Time	Part-Time	Full-Time	Part-Time
	(24-50 Hours/Week)	(1-23 Hours/Week)	(24-50 Hours/Week)	(1-23 Hours/Week)
Infants/Toddlers	\$ 265.00	\$ 195.50	\$ 273.00	\$ 201.50
2 Year Olds	\$ 234.50	\$ 183.00	\$ 241.50	\$ 189.00
Preschool/Pre-K	\$ 229.00	\$ 165.00	\$ 236.00	\$ 170.00

- The entire amount will fund a 6.0% increase to teacher salaries

# 2019 Benefit Considerations-Other Requests

## **Onsite Childcare Center**

- Approval to contract to add internet county connection to south building childcare site and the ability to utilize county washer and dryer

# 2019 Benefit Considerations-Other Requests

## **Pharmacy Benefit**

- HR recently discovered that SelectHealth and PEHP were paying for brand-name drugs rather than generic equivalents when certain codes appeared on a prescription
- In 2019, SelectHealth and PEHP will continue to pay for allowed generic medications, but will require the member to pay the difference in cost between a generic and brand-name medication if they or their provider prefer the brand-name



# 401(k) Open Enrollment Proposal

# 2019 Benefit Considerations-401(k) Automatic Enrollment

## **Auto-enroll new benefits-elig. employees at 5%**

- Employees can choose to opt-out
- Amount employees would have saved if auto enroll were in place:

	Combined Total Actually Saved	Combined Total Would Have Saved
New Employees	\$178,260	\$424,915
URS Tier 2 Employees	\$1,583,415	\$2,748,400

Amounts reflected from June 2017 through June 2018

# 2019 Benefit Considerations-401(k) Automatic Enrollment

- Middle-income participant auto-enrolled at 5% will have almost a half million dollars over a 40-year career (URS estimate)

## Effect of Automatic Enrollment



*Assumes a starting annual salary of \$40,000 with yearly salary increases of 2% and 6.5% growth*

## SAMPLE POLICY

1. A benefit eligible employee hired on or after \_\_\_\_\_ will have 5% of their gross salary automatically deferred into the employee's URS 401(k) Plan. An employee may elect to stop, decrease, or increase these deferrals at any time. These deferrals and employer matching contributions are vested immediately and may only be withdrawn according to plan provisions.
2. All employees will be required to sign a disclosure that they have received information about how to access, enroll in, and change their eligible retirement plans and systems, prior to or on their first day of employment.

## SAMPLE DISCLOSURE FORM: Employee Defined Contribution Plan Certification

By signing below I certify that I have read and understand the policies and procedures defining retirement savings plan contributions.

In particular, I certify that I understand that if I am a benefit eligible employee:

- I will have 5% of my gross salary automatically deferred into my Utah Retirement Systems 401(k) Plan.
- If I want to stop, decrease, or increase this automatic deferral now or at any time in the future, I must change or opt out of the deferral by accessing my URS account online, or by submitting an investment contract to URS.
- I understand that the Human Resources Department and URS are available to clarify information or answer my questions about the Defined Contribution Plans, including the automatic deferral.

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Employee Name (Please Print)

\_\_\_\_\_  
Date

# 2018 Benefit Considerations

## **Retirement**

- Rates for both tiers are anticipating to be flat for next year

## **Other**

- Approve 20% Employee Discount Card
- Approve Workplace CSA (Community Supported Agriculture) Benefit Offering

Questions