

2016

EMPLOYEE BENEFITS SURVEY



Northern California Community Colleges

Keenan
Associates

CONFIDENTIAL

Innovative Solutions. Enduring Principles.

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Introduction

Executive Summary

Keenan's Employee Benefits Survey is conducted to provide California public agencies with benchmark data and analysis to assist in planning employee benefit strategy for 2016 and beyond. This year's survey includes the participation of 30 organizations throughout Northern California. We believe this is the most comprehensive survey specializing in the California public sector and it has been designed to give you actionable information for decision making.

The employee benefit program challenges for California Community Colleges are significant as we move into planning for 2017. The Affordable Care Act (ACA) provisions that most impact employers will go fully into effect for most organizations, including the Employer Mandate penalties. Controlling costs in the difficult economic environment is a primary consideration. Benefits represent the second largest expense for the typical public agency. Taking these factors as a whole, the Keenan Employee Benefits Survey presents a summary of what organizations like yours throughout Northern California are thinking and doing about benefit expenses and the ACA.

We add our perspective on "better practices" for organizations, identifying tools and strategies to equip agencies for the challenges ahead. Ultimately, Keenan's goal is to assist public agencies to maximize their available financial resources and offer the best value possible in their employee benefits program.

The 2016 Employee Benefits Survey includes an overview of the employee benefits programs, costs and policies the participating organizations have in place and a summary of the viewpoints on anticipated issues they will be facing in 2017 and beyond. The survey presents information on Current Medical Programs (Section 1), including plan design, program challenges, health care reform policies and health and wellness approaches. Current program information is also provided for Dental (Section 2), Ancillary Benefits (Section 3), Voluntary Benefits (Section 4) and Retiree Health Issues (Section 5).

We encourage you to utilize this survey to compare your own program to those offered by similar districts in California and to take this opportunity to discuss your situation with the Keenan consultant who is presenting this survey to you.

Key Challenges for Employee Benefits Planning

Community Colleges will face a number of strategic employee benefit decisions in the next several years and the most important considerations will include:

- The economic environment and financial impact of the ACA
- Policies for determining benefit eligibility and tracking variable hour employees
- Plan design in the post Health Care Reform era
- Health care delivery models and marketplace options
- Advance planning for the "Cadillac Tax" and the potential impact on upcoming collective bargaining
- New standards to GASB OPEB Guidelines

Introduction

Executive Summary (continued)

About Keenan

Founded December 2, 1972, Keenan & Associates is in our 43rd year of consulting to California Public Agencies. Statewide, we provide services to more than 950 public sector entities including 65 trusts and Joint Powers Authority (JPA) programs.

As a result of Keenan's niche focus on the unique requirements of public sector entities, we bring a comprehensive understanding of the select markets we serve. Our focus and expertise in the health care industry affords us solid relationships with health care providers, which translates into security for our clients.

Keenan Public Agency Division

Keenan's Public Agency Division focuses on the unique needs of California community colleges, public schools, cities, counties, and special districts. As the market segment Keenan was specifically founded to address, we have been focused for more than 40 years on developing innovative solutions for California public agencies. As the largest privately held insurance brokerage and consulting firm in California, Keenan's solutions provide high quality, cost-effective insurance, employee benefits, and financial services. Our expertise in employee benefits and web based technology consistently exceeds client expectations.

Background Information

Organizations Represented

The findings of this Employee Benefits survey are the result of 30 interviews with human resource / benefit managers from Northern California Community Colleges. Participants are not necessarily Keenan clients. Interviews were conducted face-to-face and telephonically in early 2016.

Organizations represented in the survey include:

Organization	County	Benefit Eligible
Butte-Glenn Community College District	Butte	1,070
Cabrillo Community College District	Santa Cruz	561
Chabot-Las Positas Community College District	Alameda	1,260
College of the Sequoias	Tulare	667
Contra Costa Community College District	Contra Costa	2,058
Feather River Community College District	Plumas	173
Gavilan Joint Community College District	Santa Clara	422
Hartnell Community College District	Monterey	552
Lake Tahoe Community College District	El Dorado	105
Los Rios Community College District	Sacramento	2,500
Marin Community College District	Marin	350
Mendocino-Lake Community College District	Mendocino	168
Merced Community College District	Merced	865
Monterey Peninsula Community College District	Monterey	552
Napa Valley Community College District	Napa	291
Ohlone Community College District	Alameda	729
Peralta Community College District	Alameda	1,400
Redwoods Community College District	Humboldt	490
San Francisco Community College District	San Francisco	2,193
San Joaquin Delta College	San Joaquin	967
San Mateo County Community College District	San Mateo	1,552
Shasta-Tehama-Trinity Joint Community College District	Shasta	338
Sierra Joint Community College District	Placer	1,153
Siskiyou Joint Community College District	Siskiyou	198
Solano Community College District	Solano	625
Sonoma County Community College District	Sonoma	1,780

Background Information

Organizations Represented

Organization	County	Benefit Eligible
West Hills Community College	Fresno	295
West Valley-Mission Community College District	Santa Clara	1,004
Yosemite Community College District	Stanislaus	1,150
Yuba Community College District	Yuba	608

Section 1

Current Medical Programs

A. CAP

1. Organizations Offering a CAP

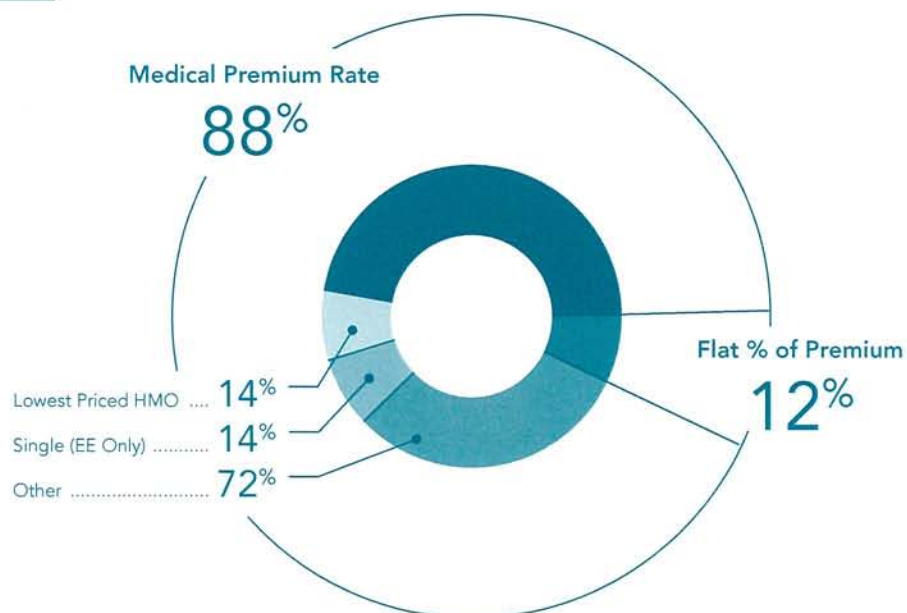
A Hard CAP is a specific negotiated / bargained dollar amount. CAPS that are based on a percentage of coverage or on a specific carrier rate are not considered to be fixed CAPS.

FIGURE 1.1



Types of Soft CAP offered.

FIGURE 1.2



Section 1

Current Medical Programs (continued)

A. CAP

2. Organizations Offering a Fixed CAP

FIGURE 1.3

Organization	Negotiated Benefit CAP			
	Tiered CAP			Fixed
	EE	EE + 1	EE + Family	
Cabrillo Community College District • All Employees	\$10,429	\$19,979	\$28,016	
College of the Sequoias • All Employees				\$17,037
Contra Costa Community College District • All Employees*	\$10,380	\$21,798	\$31,140	
Feather River Community College District • All Employees*				\$13,680
Lake Tahoe Community College District • All Employees				\$18,456
Los Rios Community College District • Certificated*/Classified/SEIU* • Confidential*/Management*				\$13,562 \$13,218
Marin Community College District • All Employees*				\$21,417
Merced Community College District • Classified/Management • Faculty				\$21,305 \$20,748

* Medical Only

Section 1

Current Medical Programs (continued)

FIGURE 1.3 (continued)

Organization	Negotiated Benefit CAP			
	Tiered CAP			Fixed
	EE	EE + 1	EE + Family	
Ohlone Community College District				
• Classified				\$17,913
• Confidential				\$9,000
• Management				\$11,700
• Certificated*				\$6,600
San Joaquin Delta College				
• All Employees				\$19,581
San Mateo Community College District				
• Administrators*	\$8,868	\$13,944	\$18,228	
• AFSCME*/Board Members*	\$9,168	\$15,744	\$20,604	
• Certificated*	\$9,048	\$13,224	\$17,208	
• Classified*	\$9,168	\$15,324	\$20,064	
• Confidential*	\$8,868	\$14,844	\$19,404	
Shasta-Tehama-Trinity Joint Community College District				
• All Employees*	\$4,908	\$9,816	\$13,740	
Sierra Joint Community College District				
• All Employees*	\$6,296	\$11,395	\$16,495	
Siskiyou Joint Community College District				
• All Employees*		\$13,020	\$19,836	
Sonoma County Community College District				
• Certificated*	\$9,386	\$20,016	\$27,766	
• Classified*/Management*	\$7,824	\$16,680	\$23,136	

* Medical Only

Section 1

Current Medical Programs (continued)

FIGURE 1.3 (continued)

Organization	Negotiated Benefit CAP			
	Tiered CAP			Fixed
	EE	EE + 1	EE + Family	
West Hills Community College				
• Certificated				\$17,445
• Classified/Confidential/Management				\$17,790
West Valley-Mission Community College District				
• Administrators/Classified	\$9,942	\$18,367	\$23,422	
• Certificated				\$18,050
Yosemite Community College District				
• All Employees*				\$17,040
Yuba Community College District				
• All Employees*				\$14,700

* Medical Only

Section 1

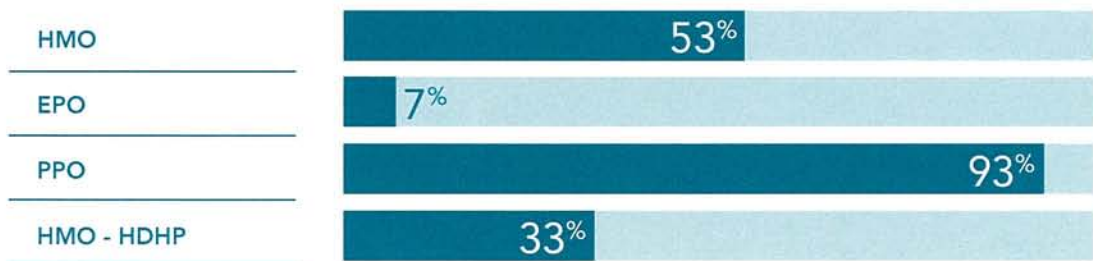
Current Medical Programs (continued)

B. Product Mix

1. Plan Types Offered

The organizations surveyed primarily offer conventional designs (i.e., HMO and PPO) for their medical program. Below are the most common plan types offered.

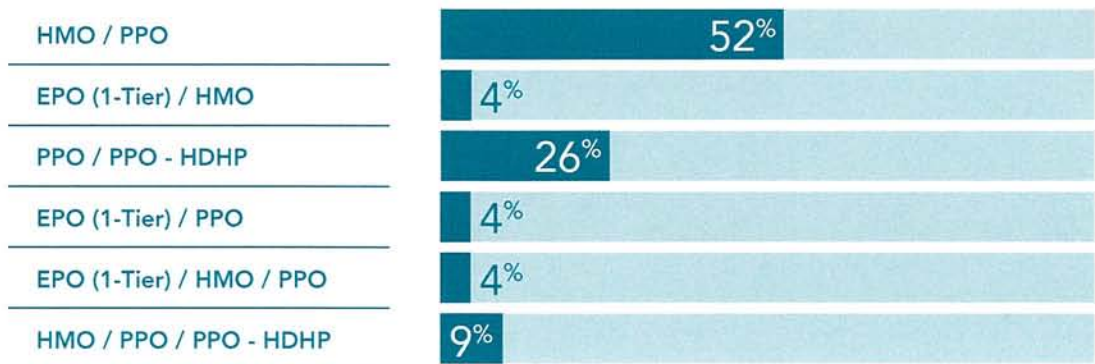
FIGURE 1.4



Plan Combinations Offered

The organizations surveyed generally offer a combination of medical plan options. The most common plan combinations offered are represented below:

FIGURE 1.5



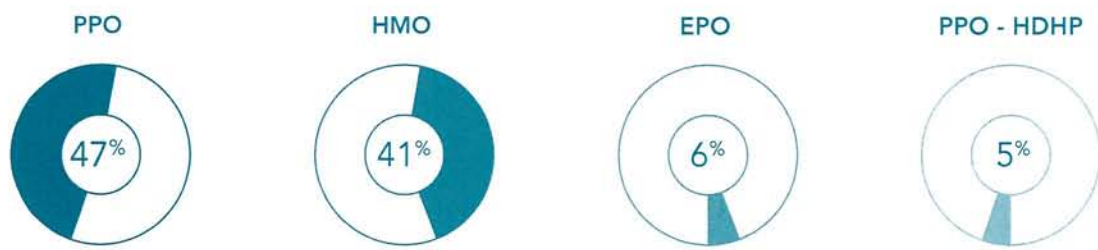
Section 1

Current Medical Programs (continued)

2. Plan Types Selected

Organizations try to offer as much choice as possible in their plan offerings. The figures below are based on enrollment by plan type.

FIGURE 1.6



Section 1

Current Medical Programs (continued)

C. Financing

1. Medical Cost Increase

Medical cost increases varied by plan type. The majority of plans had an increase between 0% – 5%.

FIGURE 1.7

	HMO	PPO
Below 0%	19%	6%
0% - 5%	50%	47%
5.1% - 10%	19%	18%
10.1% - 15%	0%	29%
15.1% - 20%	6%	0%
20.1% - 25%	0%	0%
Over 25%	6%	0%

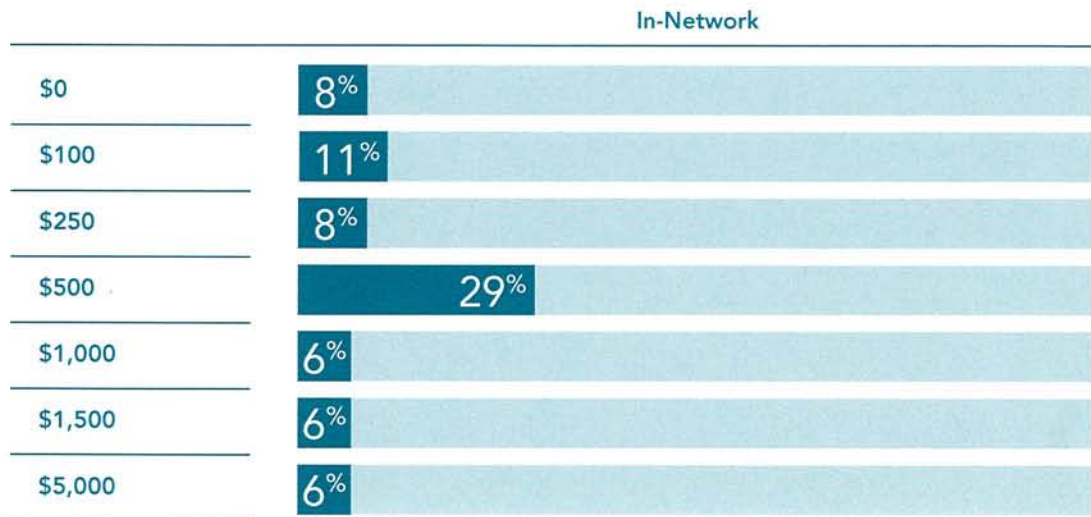
Section 1

Current Medical Programs (continued)

3. General Deductible for PPO

A general deductible of \$500 for In-Network services is most common for organizations with PPO plans.

FIGURE 1.10

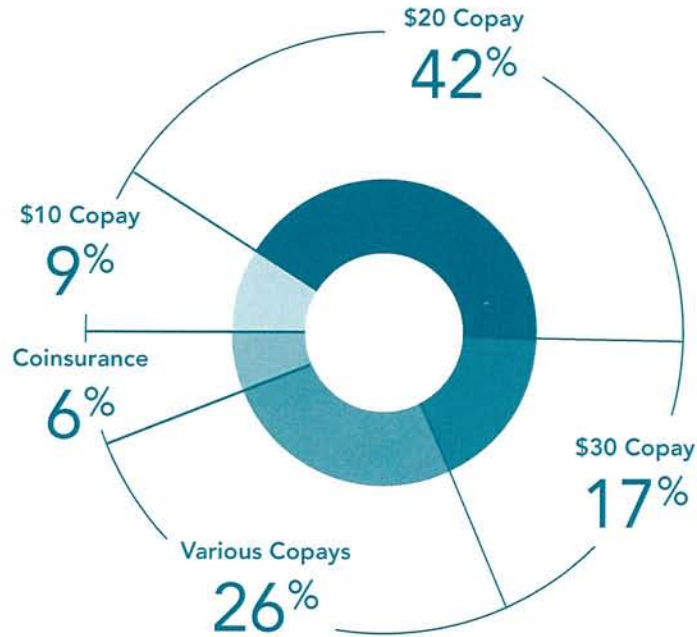


Section 1

Current Medical Programs (continued)

4. Physician Services (In-Network) for PPO

FIGURE 1.11



5. Emergency Room Copay for PPO

FIGURE 1.12



Section 1

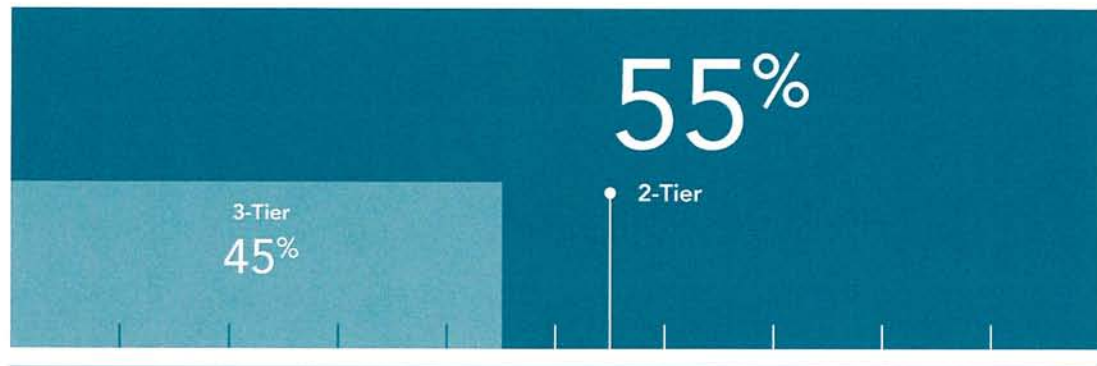
Current Medical Programs (continued)

E. Prescription (Rx) Copays

1. All Organizations

The 2-Tier approach to prescription drug plan design is the most popular approach.

FIGURE 1.13



The most common copays for the 2-tier prescription plans in place are represented below.

FIGURE 1.14

	2-Tier Generic	2-Tier Brand
\$0.00 - \$9.99	64%	0%
\$10.00 - \$19.99	30%	19%
\$20.00 - \$29.99	5%	46%
\$30.00 - \$39.99	0%	6%
\$40.00 - \$49.99	0%	0%
\$50.00 - \$59.99	0%	0%
\$60.00 - \$69.99	0%	0%
\$70.00 +	0%	0%
Coinsurance Only	1%	21%

Section 1

Current Medical Programs (continued)

F. Current Environment

1. Eligibility – Medical Benefits Waiver

FIGURE 1.15

Organizations offering the Ability to Waive Coverage

20%

Of the 30 organizations surveyed, 27% offer Cash in Lieu of benefits and 18% give cash back for unused Employer Contribution.

FIGURE 1.16

	Yes	No
Benefits on Salary Schedule	7%	93%
Cash Back / Unused Employer Contributions	18%	82%
Offer Cash-in-Lieu	27%	73%

Section 1

Current Medical Programs (continued)

2. Programs in Place – Benefit Management Systems

As represented below, many of the organizations surveyed are using one or more ways to manage benefits enrollment and eligibility.

FIGURE 1.17

Benefits Information & Education Portal	Electronic Eligibility	Manual Enrollment	Online Enrollment
33%	43%	62%	19%

Section 1

Current Medical Programs (continued)

G. Health Care Reform

The Affordable Care Act (ACA) passed by Congress has a significant impact on organizations.

1. 95% Coverage Rule

Under Health Care Reform, employers with 100* or more employees must offer affordable coverage to 95% of their eligible full-time employees. Failing to meet this requirement may result in penalties.

* Starting January 2016, number will be lowered to 50.

Of the organizations that responded; 7% will be making one or more changes to their workforce to meet the 95% rule.

FIGURE 1.18

Organizations Making Changes	Reduced Hours for Variable Employees	Consolidate / Convert PT to Benefits
7%	67%	33%

Section 1

Current Medical Programs (continued)

2. Lookback and SafeHarbor

Beginning in 2014, the Affordable Care Act (ACA) requires large employers to offer “affordable” health care coverage to every full-time equivalent (FTE) or pay a penalty. Employee FTE status and any associated penalties for not offering coverage is determined on a monthly basis. However, there is a “look-back” safe harbor that allows employers to use periods longer than a month to determine if an employee has FTE status and should be offered coverage.

The organizations surveyed expected to use the following Lookback and SafeHarbor methods.

FIGURE 1.19



Section 1

Current Medical Programs (continued)

3. Tracking Variable hour Employees

Under the Look-Back Measurement Method, a variable hour employee is one who, based on the facts and circumstances at their start date, an employer cannot determine if the employee is reasonably expected to work an average of at least 30 hours of service per week. Hours for these employees will need to be tracked during an initial measurement period in order to determine their full time status. Due to the complexity for tracking these types of employees, many of the organizations surveyed have looked into different ways to accomplish this task.

Below are a few of the resources they have used:

FIGURE 1.20

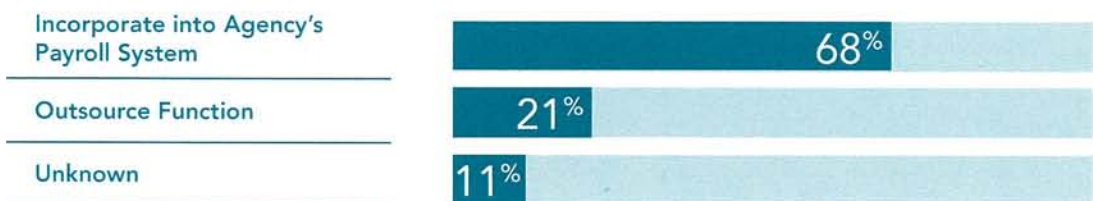
Developed Own Tracking System	Incorporate into Agency's Payroll System	Outsource Function	N/A
67%	14%	14%	5%

4. IRS Reporting

IRS reporting by Applicable Large Employers – ACA requires each Applicable Large Employer (ALE) subject to the Employer Shared Responsibility requirements of IRC Section 4980H to report on their employer-sponsored coverage and to whom it is offered. The regulations provide for a general reporting method, as well as simplified alternative reporting methods.

Results from survey respondents are listed below:

FIGURE 1.21



Section 1

Current Medical Programs (continued)

5. HCR ACA Potential Tax – Modifications

Many of the respondents surveyed are taking one or more measures to avoid the liability of potential taxes and penalties under the Affordable Care Act (ACA).

Below are some of the measures being taken:

FIGURE 1.22



Section 1

Current Medical Programs (continued)

H. Health and Wellness

1. Engagement

There are number of tools to begin employee engagement in health management. The charts below show the practices used more frequently by organizations.

FIGURE 1.23

	Have in Place	Plan to Implement	Will Consider	N/A
Clubs / Support Groups	18%	6%	0%	76%
Health Coach	22%	0%	0%	78%
Health Fairs	32%	0%	5%	63%
Healthy Food Choices	33%	6%	0%	61%
Nutrition Counseling	12%	0%	6%	82%
Online Wellness	24%	0%	0%	76%
On-Site Fitness Facility	22%	0%	6%	72%
Organized Walking on Campus	24%	6%	0%	71%
On-Site Participation Permitting Employees	29%	0%	0%	71%
Smoking Cessation	6%	0%	0%	94%
Wellness Challenges	22%	6%	0%	72%
Other - Better Practices	0%	0%	0%	100%

Section 2

Current Dental Programs

A. Dental Benefits

1. Options Selected

All organizations surveyed offer a dental program. Dental PPOs are the most popular plan designs currently in place.

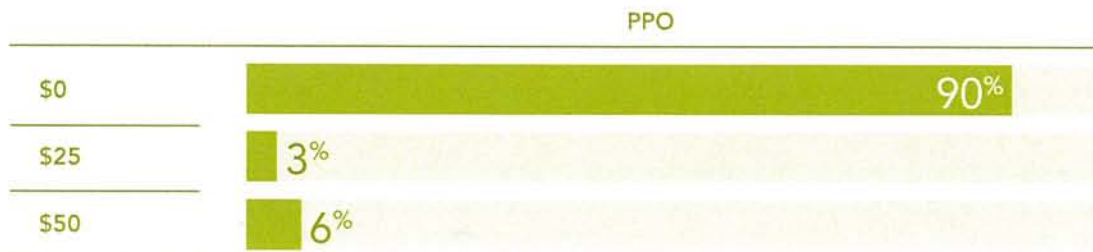
FIGURE 2.1



2. Annual Deductible for PPO

A \$0 deductible is most common for dental PPO plans, followed by a \$50 deductible.

FIGURE 2.2



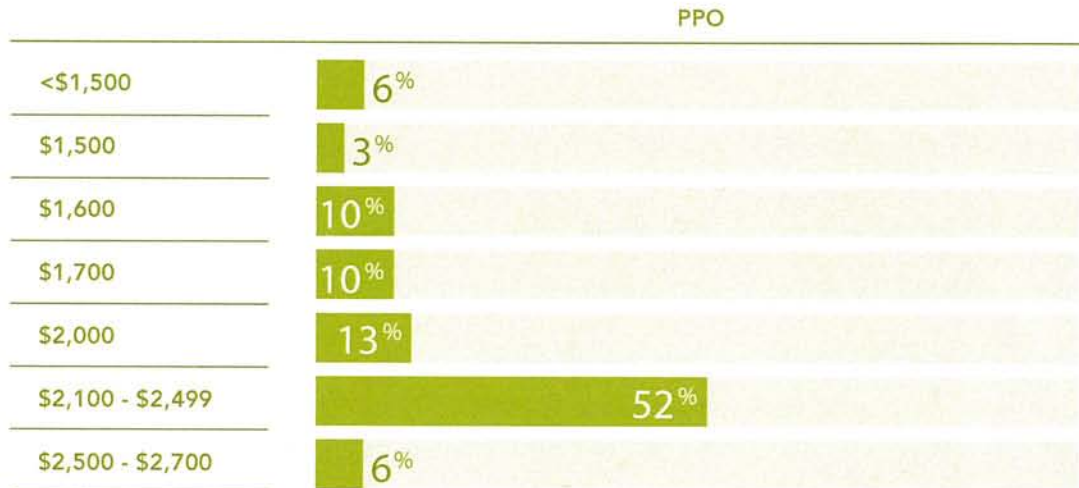
Section 2

Current Dental Programs (continued)

3. Annual Maximum for PPO

Annual Maximums from \$2,100 - \$2,499 are the most common for dental PPO plans.

FIGURE 2.3



4. Orthodontia

Of the organizations offering orthodontia, 52% cover orthodontia for children and adults.

FIGURE 2.4



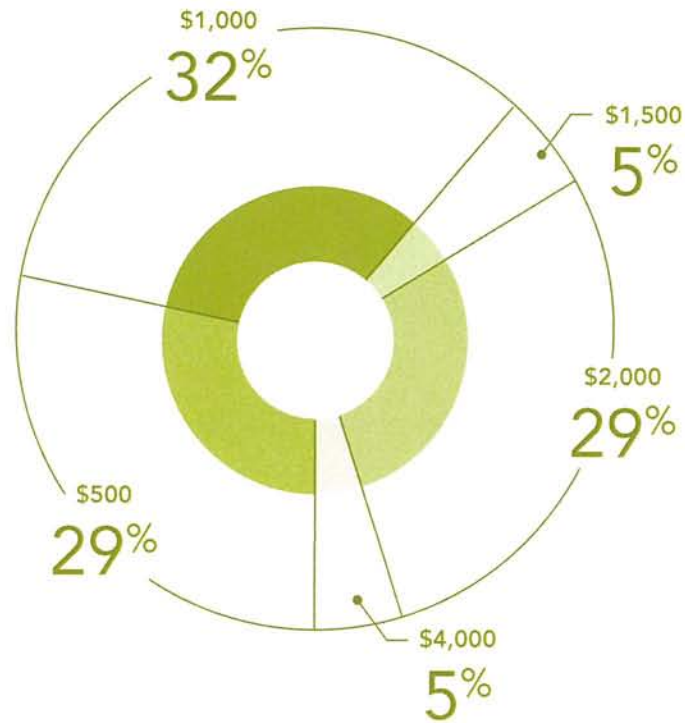
Section 2

Current Dental Programs (continued)

5. Orthodontia Maximum (Lifetime Benefit)

A \$1,000 lifetime maximum for orthodontia is most common for dental PPO plans.

FIGURE 2.5



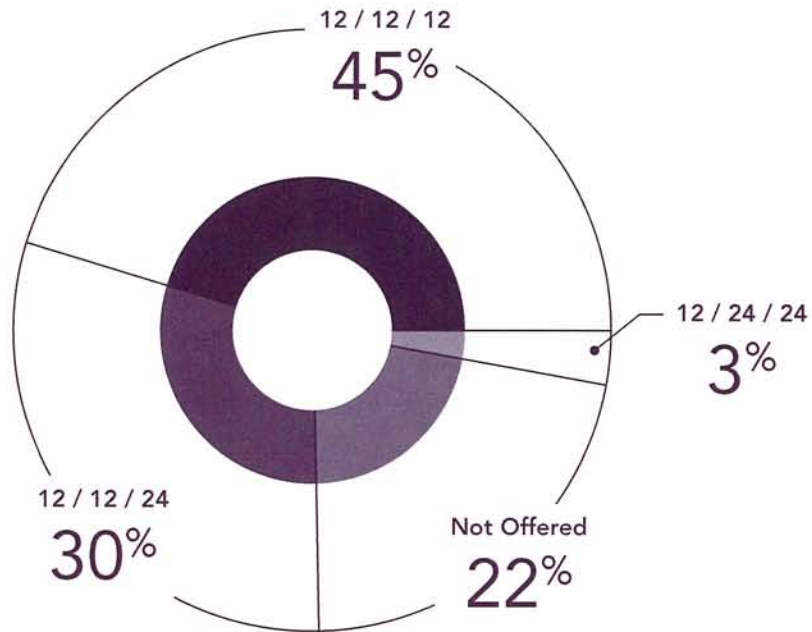
Section 3

Current Ancillary Benefits

A. Vision Benefits

The most commonly offered Vision plan provides employees with an eye exam and lenses every 12 months, with frames every 12 months.

FIGURE 3.1



B. Life Plans

The most common coverage amounts are listed below:

FIGURE 3.2



Section 3

Current Ancillary Benefits (continued)

C. Long Term Disability

FIGURE 3.3



Section 4

Voluntary Benefits

A. Voluntary Benefits

1. Most Popular

Voluntary benefits are becoming increasingly important as organizations are cutting back on what they provide. A well-designed voluntary program can help round out the financial plan of an employee and their family.

Below are the 3 most popular Voluntary Benefits organizations are offering:

FIGURE 4.1

	Ranking
Life	1
Cancer	2
Critical Illness	3

B. Section 125

77% of the organizations surveyed offer a Section 125 plan to their employees. Of that, 100% have a Health Care Reimbursement Account; 100% include a Dependent Care Account, with 100% offering a POP Account.

FIGURE 4.2

Offer a Section 125 Plan	Health Care Reimbursement Account	Dependent Care Account	Premium Only Plan (POP)
77%	100%	100%	100%

Section 5

Retiree Benefits

A. Retiree Medical

1. Coverage Offered

Retiree medical is an important benefit for many organizations, active employees and their retirees.

Many Community Colleges provide different coverage to different groups of retirees, dependent upon hire date.

FIGURE 5.1

