



# 2006-07 Employee Benefit Renewal

---

Public Utility District #1 of Chelan County  
Board of Commissioners Meeting  
June 12, 2006



# PERS Update - Legislation

---

- New legislation changes PERS contribution rates effective July 1, 2006
- Rate Changes:
  - Plan 2 employee contributions increase from 2.25% to 3.50%
  - Plan 1 employee contributions remain at 6%
  - Plan 3 remain at elected amounts

# PERS Update – Effect on Deferred Contribution Plan

---

- PERS Employer contribution rates also increase July 1
- For all PERS plans, employer contribution increases from 2.44% to 3.69%
  - Employer match for 457 deferred contribution plan is 7.5%, minus the PERS employer rate
  - Maximum match the PUD makes will decrease from 5.06% to 3.81%, effective Jan. 1, 2007.



# 2006-07 Employee Benefit Renewals

---

- Plans renew August 1 each year
- Open enrollment: June 26 - July 21
- During open enrollment, employees review and can change elections for:
  - Medical
  - Dental
  - Life Insurance
  - Long-Term Care



# 2006-07 Employee Benefit Renewals

---

- No significant medical insurance plan design changes
- WDS dental plan will be changing the annual deductible amount effective 1/1/2007.
  - Annual **\$50** family deductible will no longer apply to Class 1 procedures including Diagnostic and Preventive Care.
  - The **\$50** family deductible will become **\$50** individual and **\$150** family for Class 2 and Class 3 procedures.
  - Change is cost-neutral; intended to encourage preventive care

# 2006-07 Changes in Total Cost

---

<i>Coverage</i>	<i>2005-06 Rates</i>	<i>2006-07 Rates</i>	<i>\$ Change</i>	<i>% Change</i>
Claims Funding	\$5,857,778	\$7,259,818	\$1,402,040	23.9%
Stop Loss Coverage (estimated renewal)	\$311,601	\$411,314	\$99,713	32%
Administration Fee (includes commission)	\$567,719	\$577,692	\$9,973	1.8%
Life / AD&D	\$128,553	\$128,553	\$0	0%
Dental	\$981,366	\$887,879	(\$93,487)	-9.5%
LTD – base	\$175,001	\$175,001	\$0	0%
<b>Total</b>	<b>\$8,022,018</b>	<b>\$9,440,257</b>	<b>\$1,418,239</b>	<b>17.7%</b>

# 2006-07 Employee Benefit Renewals

---

- Over all, the District pays 90% of the weighted average cost of benefits (\$912.87 per employee per month)
- District pays 88.1% of Plan 1, 93.7% of Plan 2 and 97.5% of Plan 3 costs

<b>2006-2007</b>	<b># of Employees</b>	<b>Employer Cost</b>	<b>Employee Cost</b>	<b>Total Cost</b>
<b>PPO Plan 1</b>	373	\$912.87	\$123.69	\$1,036.56
<b>PPO Plan 2</b>	203	\$912.87	\$61.40	\$974.27
<b>PPO Plan 3</b>	137	\$876.01	\$22.61	\$898.62

# 2006-07 Employee Benefit Renewals

---

- In 2006-07, our employees will enjoy an out-of-pocket benefits cost advantage compared to other Central Washington utilities, whose 2006-07 costs are reported below

## **Chelan County PUD:**

<b>2006-2007</b>	<b>Employer Cost</b>	<b>Employee Cost</b>	<b>Total Cost</b>
PPO Plan 1	\$912.87	\$123.69	\$1,036.56
PPO Plan 2	\$912.87	\$61.40	\$974.27
PPO Plan 3	\$876.01	\$22.61	\$898.62

## **Other Central Washington utilities:**

<b>2006-2007</b>	<b>Employer Cost</b>	<b>Employee Cost</b>	<b>Total Cost</b>
PPO Plan 1	\$901.79	\$249.85	\$1,151.64
PPO Plan 2	\$901.79	\$128.57	\$1,030.36
PPO Plan 3	\$901.79	\$39.29	\$941.08

# 2006-07 Employee Benefit Renewals

---

## Historical Employee Contributions

	# of Employees	2003/2004	2004/2005	2005/2006*	2006/2007
PPO1	373	\$95.67	\$95.67	\$104.78	\$123.69
PPO2	203	\$45.14	\$45.14	\$54.25	\$61.40
PPO3	137	\$22.61	\$22.61	\$22.61	\$22.61

\* 2005/2006: 0% cost increase; Employer contribution changed from 89% to 88% pursuant to the collective bargaining agreement.

# Retiree Medical Funding Subsidy

---

- CCPUD Retiree Medical Plan experience was better in 2005-06 than in 2004-05
- 29.43% of total cost retained for retiree subsidy
- Value of subsidy increased 18.1%

<b>2006/2007</b>	<b>Total Retiree</b>	<b>Retiree</b>	<b>Chelan</b>
<b><u>Retirees - PPO</u></b>	<b><u>Rates</u></b>	<b><u>Pays</u></b>	<b><u>Subsidy</u></b>
Retiree Under 65	\$705.61	\$497.95	\$207.66
Retiree Over 65	335.40	236.69	98.71
Spouse Under 65	575.61	406.21	169.40
Spouse Over 65	335.32	236.64	98.68
Children	482.81	340.72	142.09
<b>Rate Increase:</b>	<b>18.0%</b>	<b>18.0%</b>	<b>18.1%</b>

<b>2005/2006</b>	<b>Total Retiree</b>	<b>Retiree</b>	<b>Chelan</b>
<b><u>Retirees - PPO</u></b>	<b><u>Rates</u></b>	<b><u>Pays</u></b>	<b><u>Subsidy</u></b>
Retiree Under 65	\$597.74	\$421.84	\$175.90
Retiree Over 65	284.13	200.52	83.61
Spouse Under 65	487.61	344.12	143.49
Spouse Over 65	284.06	200.47	83.59
Children	409.00	288.64	120.36



# Questions?

---