



## **Executive Summary**

### **Proposed MSD Benefits**

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This report provides a recommendation from the Benefit Evaluation Committee based on a thorough analysis and evaluation of benefits. The committee has met several times to review options and to consider staff recommendations.

The committee's goal is to propose the most reasonable, sustainable and affordable benefit package that will attract new employees and retain employees for the Greater Salt Lake Municipal Services District (MSD) in planning and development, administration, finance and human resources.

Committee members researched the following:

- Health insurance options offered by PEHP;
- Benefits offered by other governmental entities and Salt Lake County;
- Benefits that would be highly prized in attracting and retaining employees of the MSD;
- Benefits paid for by the MSD;
- Benefits that entail "shared" expenses; and,
- Optional benefits.

**Synopsis.** A synopsis of the recommended benefits is as follows:

1. **Holidays.** The committee recommends keeping the same holiday schedule as currently adopted by Salt Lake County. The primary reason is so our customers and employees may access the County Government Center.

2. **Health Insurance.** PEHP forwarded a quote for available health insurance plans.

The option the committee recommends is Option 1, *Advantage and Summit*, for both the Traditional and HSA plans.

The committee recommend a 20 percent/80 percent split (employee/MSD) on the cost of the premium for the Traditional Plan.

For the HSA plan, the committee recommends the MSD fund the entire premium. However, the committee is unable to recommend an MSD-funded employee incentive of \$600 per year for the single plan and \$1200 per year for the double and family plans, due to increased premiums covered by the MSD. This is offset, however, by the lower out-of-pocket maximums for employees.

3. **Dental Insurance.** For the dental plan, the committee recommends allowing the employee to choose between the traditional and the premium plans, at a 20 percent/80 percent split (MSD/employee) for the cost of the premium.

4. **Retirement.** The MSD has been accepted into the Utah State Retirement System (URS). Employees will participate in either the Tier 1, or Tier 2 retirement system, based on the system employees qualify for (if hired before July 1, 2011, or after.)

In addition to participation in the URS, the committee recommends a contribution to the employee's URS 401(k) on a 1:1 match of an employee's contribution of up to a 3 percent total match of an employee's salary. The cost to the MSD is approximately \$34,181 the first year and \$68,255 in 2020 if each employee contributes 3 percent of their salary to their 401(k).

The employees have the *optional benefit* of contributing to their own retirement savings plans provided by the URS including:

- 401(k)
- Roth IRA
- Traditional IRA
- 457

5. **Life Insurance.** The committee recommends basic term life insurance offered through PEHP and funded through the MSD in the amount of \$50,000 or 12.2 cents per \$1,000 of coverage, or \$6.10 per employee per month.

Employees have the option of purchasing additional term life insurance coverage over the initial amount offered. Guaranteed life insurance is granted for up to \$150,000 for employees and up to \$50,000 for employees' spouses without additional underwriting or qualifying factors such as physicals or health assessments.

Employees who currently qualify for "additional life insurance" (more than \$150,000) as allowed by previous employers will continue to qualify without additional qualifying factors.

***Optional Accidental Death and Dismemberment.***

- Individual Plan-Employee-paid benefit that allows up to a maximum of \$250,000 in total coverage.
- Family Plan-allows up to \$250,000 of coverage for employee, spouse and dependents.
- Accidental Weekly Indemnity-Employee-paid benefit that pays a benefit if the employee misses work due to an accident that occurs off-the-job.
- Accident Medical Expense-Employee-paid benefit that pays a reimbursement up to \$2,500 per accident if an employee incurs medical costs due to an accident.

***PEHP Extra Term Life Benefits at no additional Charge***

- Accident Death Rider: pays the designated beneficiary an additional \$10,000 if death occurs due to an accident.
- Line-of Duty Death Benefit: pays the designated beneficiary an additional \$50,000 if death occurs due to outside force or violence while on the job.
- Long-Term Disability Waiver: waives the term life premium for any employee who is receiving an employer-sponsored Long-Term Disability benefit.

6. ***Long Term Disability insurance (LTD).*** The committee recommends LTD through PEHP as a core benefit. The cost is 0.5 percent of regular salary. This program is defined by Title 49 of the Utah Code, section 49-21-102.

LTD extra benefits at no additional charge include:

- Training, coordination and reporting to fit employee needs.
- \$10,000 psychological care benefit.
- Nurse case management to track employee’s rehabilitation plan.
- Vocational assistance.
- Rehabilitative employment provisions.

7. ***Vision Insurance.*** PEHP offers vision insurance plan options that are processed through an independent vision insurance provider. The committee recommends offering the Opticare of Utah “Exam + Eyeware” plan.

The committee recommends the District pay for the single rate as a core benefit. The quote rate for 2019 vision insurance is \$8.32 per month per employee.

Optional additional coverage for two-party or for family is to be covered by the employee.

8. ***Vacation/Sick Time.*** After examining comparable governmental entities, the committee recommends the following vacation and sick time benefits:

*Vacation and Sick time hours are accrued annually at a rate of:*

Years of Service:	0-4	5-10	11-20
Annual Hours:			
Vacation	96	120	144
Sick	96	96	96

Maximum accrual limit is 240 hours for sick time and 144 hours for vacation time.

On an annual basis, once 120 hours of accrued sick time has been accumulated the employee may “cash-out” up 20 hours of additional sick time.

9. ***Employee Assistance Program (EAP).*** The committee recommends an EAP for employees. Generally, these programs are available for minimal cost and provide short-term counseling on issues such as job-related stress, family issues, child or adolescent issues, anger management, etc. If approved, staff will seek proposals for this service.

10. **Additional Benefits.** Current Salt Lake County employees enjoy various additional benefits. The committee proposes the following, similar benefits:

UTA Services:

- UTA Van Pool. The MSD will cover 50% of the cost of a Van Pool.
- Passes (Bus, Trax and FrontRunner.) The MSD will cover 50% of the cost.
- Tokens. MSD will not offer discount tokens as a benefit.

Child Care. The MSD will request proposals to find a qualified child care provider. MSD will cover a percentage of the cost of the child care, to be determined after we receive quotes.

Health Clinic. PEHP offers participants:

- Specific clinics along the Wasatch Front that offer lower copays to PEHP members.
- PEHP has partnered with IHC connect Care to offer a telemedicine option to PEHP members.
- Healthy Utah is a proven wellness program where your employees can earn rebates and incentives by completing health screenings and assessments or improving health by lowering their risk factors.
- WeeCare is PEHP's prenatal program. It gives expectant mothers piece of mind during and after pregnancy.
- All benefit employees are likely eligible for PEHP Medicare Supplement Plans upon retirement. Medicare Supplement eligibility is tied to Utah Retirement Systems benefits.

11. **Compensation Plan.** The has received proposals from consultants to develop a compensation plan and market-based analysis for positions, to use as a guide in developing a compensation plan and pay structure.

## 12. Other leave.

**Family Medical Leave Act (FMLA).** FMLA is granted as non-paid leave up to 12 workweeks with no threat of job loss. Employees may elect to use accrued paid vacation leave or paid sick leave for some or all the FMLA period. Employees retain health benefits as if they were working.

**Funeral (Bereavement) Leave.** Employees are granted up to:

- 40 hours of funeral leave for *immediate family*: spouse, adult designee, child, ward, dependent child of adult designee, parent, legal guardian, brother, sister, grandparent, grandchild, mother/father-in-law.
- 24 hours of funeral leave for *other family*: aunt, uncle, nephew, niece, brother-in-law, sister-in-law, son-in-law, daughter-in-law.

**Jury Duty.** Employee are to remit jury duty pay in order to be paid their regular compensation by the MSD each day of jury duty.

**Parental Leave.** Governed by the FMLA as outlined above.

**13. Tuition Reimbursement.** Tuition reimbursement up to the IRS allowable tax-exempt amount. For education reimbursement to qualify as a working condition fringe benefit, the education must be job-related, to maintain or improve job skills. To be excludable from taxes, the education course must not:

- Be needed to meet the minimum education requirements of the current job, or
- Qualify the employee for a new trade or business. Reg. Sec. 1.162-5 (b)(s); Reg. Sec 1.162-5 (5)(3). For 2018 that is \$5250. (IRS Publication 970.)

**14. Years of Service Awards.** Salt Lake County offers Years of Service Awards to recognize employees who have been here for a prescribed time. The committee recommends a similar program for MSD employees. The amounts are fifty dollars (\$50) for each five (5) years of service. Individuals employed by the MSD for five (5) years receive fifty dollars (\$50); ten (10) years receive one hundred dollars (\$100) and so forth; as a taxable benefit.

**15. *Optional Benefits.*** The committee proposes offering various optional, voluntary benefits to employees to be funded by the employees through payroll deductions. To get the word out about these and other employee benefits, we recommend hosting a “benefits fair” where employees can learn about their benefit options. We will invite benefits vendors to participate. We hope to qualify for group-rates. The optional, employee-paid benefits include:

- Additional Life Insurance
- Long-term Care options
- AFLAC insurance
- Costco or Sam’s Club membership
- Short-Term Disability
- Pre-paid Legal Insurance
- Home Insurance
- Identity Theft Insurance
- Critical Illness Insurance
- Accident Insurance
- Hospital Indemnity Insurance.

**16. Next Steps:**

- Recommend pharmacy benefits.
- Contract with a compensation and policy consultant and begin the compensation and market placement study.
- Recommend personnel policies to the Board.
- Work with UTA to determine contract options.
- Issue RFPs for child care services and EAP services.
  - Determine the percentage of employer coverage for Child Care.
- Explore optional benefits.

- Determine whether to offer autism benefits, which are available to the group at \$1,000 per participant per month. This cost would only apply to the individuals using the benefit.

The committee continues to work and will bring forward additional recommendations.

Thank you for allowing the Benefits Committee to forward recommendations.

Documents provided:

- MSD Benefits Committee Recommendations 3-18-2019 (this document)
- Insurance - MSD vs SLCo Comparison
- Comparison of Other Entities' Leave Amounts – Districts
- Comparison of Other Entities' Leave Amounts – Cities
- PEHP Proposal Letter
- PEHP Life & Accident