



HR Standing Committee Meeting

Steven C. Klika, Chairman
Daniel Serda, Gary Mallory, Melissa Bynum, and David Bower

There will be a meeting of the Kansas City Area Transportation Authority HR Standing Committee on Friday, September 23, 2016 at 2:00 p.m. in the Breen Building Large Conference Room, 1200 E. 18th Street, Kansas City, Missouri.

Agenda

- I. Call to Order by Committee Chair
- II. Contracts/Board Items
 - Modification to the KCATA 457 Plan – Unforeseen emergency Withdrawals
- III. Other Items
 - Health Insurance Renewal
 - Dental Insurance Renewal
- IV. Adjourn by Committee Chair
- VIII. Executive Session

Closed session to discuss any issues relating to personnel, and/or litigation, contracts, services and any public business as directed by the Revised Statutes of Missouri (Sunshine Law), Section 610.021, subsections (1), (2), & (3).
- IX. Reconvene to Regular Session
- x. Adjourn by Committee Chair

**TO: Human Resources Committee Chairman
Committee Members**

FROM: CEO/President

SUBJECT: 457 Plan Modification – Unforeseen Emergency Withdrawals

Background: The KCATA established a 457 Plan that allows employees to contribute up to \$18,000 per year income tax free to a retirement account. A 457 plan is similar to a 401k, but there are differences. KCATA has two service providers (Voya and ICMA-RC) handling the investment of employee contributions.

Currently, the Plan document allows participating employees to withdraw their contributions for unforeseen emergencies consistent with IRS regulation 26 CFR 1.457-6(c) and the KCATA approves or disapproves any such request. Since employees pay the cost of the 457 plan, the KCATA proposes a Plan document modification for the two service Providers to make the initial determination any such request complies with IRS regulations. Employees may not use their 457 account as a saving account. Any denial may be appealed to KCATA. ICMARC currently provides this service and Voya will begin early next year. The Plan document must allow for the Providers to review employee requests for withdrawals due to unforeseen emergencies before they can take over this function.

The KCATA seeks an amendment modifying ICMA-RC plan document to the extent necessary to move the handling of employee requests for withdrawals due to unforeseen emergencies to the service providers to create a consistent application of the IRS regulations with secondary review and oversight by KCATA. This move also reduces the burden on KCATA staff.

Review: Human Resource Committee, Legal Counsel

Recommendation: Authorize KCATA to modify the ICMA-RC plan as needed

Robbie Makinen, President/CEO

TO: Human Resources Committee Chairman
Committee Members

FROM: President/CEO

2017 HEALTH INSURANCE

Background: KCATA provides health care benefits to employees, employee dependents, and retirees. Over the past several years, through wellness focused programs and initiatives, health risk assessments, and the addition of a full-time Health Enhancement Coordinator funded entirely by the wellness fund, the overall health of the KCATA population has resulted in a positive change. Consequently, health care premiums have stabilized. The current contract with Blue Cross and Blue Shield of Kansas City (BCBSKC) to provide health insurance for employees, retirees and dependents expires December 31, 2016.

Process: The employee benefits broker, CBIZ, issued a request for proposals to **five** insurance carriers; Aetna, Blue Cross Blue Shield of Kansas City, Cigna, United Healthcare and Humana.

It is important to note the current five plan options are “grandfathered” as to the Affordable Care Act and, as such, cannot effectively be duplicated by another insurer. Any material change to a plan since the Affordable Care Act became law in March 2010 will cause a plan to lose grandfathered status and be subject to additional mandates.

KCATA and the Union have worked in partnership with BCBSKC and our CBIZ consultants for the past several years to explore and enact ways to reduce healthcare costs and to improve/maintain the health of the covered population.

Proposals: Aetna proposed cost is a 17% increase over current which provides for a single plan option. Blue Cross Blue Shield of Kansas City, Humana, and United Healthcare proposed total insured cost quotes for comparable plan designs, based on enrollment selections and participation. Cigna declined participation in the process and Humana did not respond. As a result three firms provided the following cost:

Blue Cross Blue Shield of Kansas City	\$8,508,291
Aetna	\$10,643,834
United Health Care	\$8,800,298

These wellness efforts have resulted in the ability to continue the current BCBSKC program with no change to the rates and no benefit reductions for calendar 2017. A continuation of the existing plan options also retains the current health care provider networks with no disruption to the covered members.

The collective bargaining agreement requires mutual agreement between the Union and the Authority on the plan provider and design. The Union is in agreement with maintaining BCBSKC as the health insurance carrier at the current benefit levels.

Budget Impact: The cost for the health care premium is covered by participant contributions and the company portion is included in the operating budget.

Review: Finance Committee, Human Resource Committee, Finance and Human Resources.

Recommendation: Approve the \$8,747,265 one-year contract for health insurance to Blue Cross and Blue Shield of Kansas City effective January 1, 2017.

Robbie Makinen, President/CEO

RWM/mg

TO: Human Resources Committee Chairman
 Committee Members

FROM: President/CEO

2017 DENTAL INSURANCE

Background The authority's \$345,000 contract with Delta Dental of Missouri for employee and retiree dental insurance will expire December 31, 2016.

Process The KCATA's employee benefit broker, CBIZ, issued a Request for Proposal for dental insurance to four vendors. The bids were to include a buy-up option which would allow employees to increase their level of benefits by purchasing or "buying up" for more expensive coverage, such as orthodontia coverage for children. The buy-up portion of the coverage is entirely funded by the employee/retiree at no additional cost to the Authority.

Proposals Delta Dental was viewed as the best value for the Authority due to its very competitive pricing, no increase in 2017 premiums over 2016, large national network and because it results in no disruption in established employee/dentist relationships. In addition, the Delta Dental response included a 2018 rate guarantee based on the loss ratio. The current loss ratio is 79.48%. By the table below if the loss ratio continues under 80% for 2017, the 2018 premiums would be held at current the current rate. See table below for rate guarantee:

IF Last 12 months incurred Loss Ratio is....., then rate increase is as follows:
<80% = 0%,
80% to <85% = 4.0%,
85% to <90% = 8.0%,
90% to <100% = 12.0%,
≥100% = 15.0%
Based on Incurred Claims/(Gross Premiums - Commissions)

Budget Impact The premiums are funded by participant contributions and the company portion is included in the operating budget.

Review Finance Committee, Human Resources Committee; Finance and Human Resources

Recommendation Approve the \$366,703 one-year contract for dental insurance to Delta Dental to begin January 1, 2017.

Robbie Makinen, President/CEO

RM/mg

***Kansas City Area Transportation Authority
Human Resources Standing Committee Meeting
September 23, 2016***

*Steven C. Klika, Chairman
Daniel Serda, Gary Mallory, Melissa Bynum, David Bower*

Executive Session Agenda

I. Call Meeting to Order - Chairman Klika

II. Personnel Matter:

2-a. Personnel Contract

Adjournment of Executive Session: - Chairman Klika

A number of matters need to be discussed in open meeting. The Board of Commissioners should adjourn the Executive Session and reconvene in a regular meeting to discuss procurements, contracts, services, and any other public business as directed by the Revised Statutes of Missouri (Sunshine Law), Section 610.021, subsection (1), (2), & (3).

TO: Board of Commissioners
FROM: Chairman
SUBJECT: CEO Employment Agreement

Background: Earlier this year Mr. Robbie Makinen assumed the position of President/CEO. Mr. Makinen's contract is set to expire in January of 2017. As a result, the Chairman was authorized to negotiate a new employment agreement for three years with Mr. Makinen. To provide an opportunity for comment and/or modifications, you have been provided under separate cover, the proposed Agreement. Notably, the Agreement is similar to former CEO employment contracts, but includes being vest in the salaried pension plan and an annual deferred compensation payment. Mr. Makinen's new employment contract also includes goals to be completed for 2017. Mr. Makinen's new employment will take effect on October 1, 2016. The agreement is for three years with a one year optional extension at which time the Board will determine next steps. For obvious reasons, there will not be an automobile allowance, however, a driver and vehicle have been provided by KCATA to Mr. Makinen.

Review: Human Resource Committee, Legal Counsel

Recommendation: Approve the Agreement

Steven C. Klika, Chairman