

Date: August 25, 2010
To: Chair J.J. McCament and members of the Board of Trustees
From: Holly Gorski, Human Resources Director
Subject: Health Benefits at PCLS, 2001-2010 – for Board study session

This is a summary of Pierce County Library System's employee health coverage over the last nine years. I will be available at the study session to answer any questions you may have.

In 2001, the Library System paid the entire cost of employee-only medical and full-family dental for a monthly premium of \$349.75 per employee. At this time we were purchasing coverage from Regence Blue Shield and Group Health Cooperative through a benefits broker as a stand-alone group.

In 2002, the Library System's cost increased to \$397.19 per employee per month and employees who chose the more expensive plan paid \$6.45 a month for their own medical coverage. This was the first time PCLS employees had been required to contribute to employee-only coverage. (Dependent medical coverage has always been at the employee's expense.)

Proposed 2003 renewal increases of nearly 25% prompted the Library to look for employer groups with which to partner to reduce costs. From 2003 to the present, PCLS has purchased medical insurance through the Public Employees Benefits Board (PEBB) and dental and life insurance through Washington Counties Insurance Fund (WCIF). This continues to provide more comprehensive coverage at better rates than the Library could get as a stand-alone group.

In 2004, the Library's Collective Bargaining Agreement with Local 3787 was changed to establish a maximum employer contribution amount for employee-only medical, dental, and life insurance which increased up to 10% each year, with the employee paying any premium increase over 10%. Dependent medical and dental coverage continued to be at the employee's expense.

Employees continued to pay a premium-share of the more expensive plans' premiums through 2007. Employee cost peaked in 2006 with \$83.89 per month for the most expensive medical plan. The Library has always worked to provide at least one no-cost medical option for employee health care. PEBB manages its benefits costs by dropping plans that become too expensive and/or increasing employee out-of-pocket amounts. Their decisions have kept costs down relative to our contractually-obligated increase in recent years.