ORANGE WATER AND SEWER AUTHORITY

A public, non-profit agency providing water, sewer and reclaimed water services to the Carrboro-Chapel Hill community.

MEMORANDUM

TO: **Human Resources Committee**
Will Raymond, Chair
Michael Hughes
Dana Raborn
John Young
Alan Rimer, (ex-officio)

THROUGH: Ed Kerwin

FROM: Stephanie S. Glasgow

DATE: November 15, 2013

SUBJECT: **HUMAN RESOURCES COMMITTEE MEETING WEDNESDAY, NOVEMBER 20, 2013 at 5:30 PM IN THE OWASA BOARDROOM**

AGENDA

1. **Human Resource Policy change regarding the Use of Leave**
   Information provided in Attachment #1.

2. **Evaluate competitiveness of Health Insurance**
   Information provided in Attachment #2.

Thank you,

Stephanie S. Glasgow, MESH, PHR
Director of Human Resources and Safety

Attachments
c: Board of Directors
Robert Epting

Attachment #1

STAFF RECOMMENDATION TO CHANGE THE HUMAN RESOURCE POLICY TO ALLOW ANNUAL LEAVE TO BE USED IN HALF HOUR INCREMENTS AFTER ONE HOUR

BACKGROUND

Until 2007, employees earning Sick and Annual Leave had the ability to use the leave in increments of one hour and thereafter in increments of 30 minutes upon proper advance notice and approval. Since 2007, employees have had the ability to use leave only in one hour increments.

Through the Employee Human Resource Team, employees have requested that the policy revert back to providing employees the option of using leave in increments of 30 minutes after the first hour.

STAFF RECOMMENDATION

Since there is no additional cost associated with the request, staff recommends providing employees the ability to use leave in increments of 30 minutes after the first hour upon proper advance notice and approval.

Should the Human Resource Committee agree and recommend to the full Board this request, the Human Resource Policy would require modification. Below is an excerpt from the current Human Resource Policy showing the recommended change.

B. Accumulating Annual Leave

Full-time permanent employees will earn Annual Leave on a bi-weekly basis. Earned Annual Leave may be accumulated without a maximum until December 31 of each year. On that date, any accumulated Annual Leave in excess of 240 hours is converted to Sick Leave. Employees are encouraged to use Annual Leave during the year in which earned to the extent possible. Annual Leave will be granted in increments of one hour and thereafter in increments of 30 minutes upon proper advance notice and approval by the employee's supervisor.

ACTION REQUESTED

Staff requests that the Human Resource Committee recommend to the full OWASA Board of Directors the above change to the Human Resource Policy. If the Committee agrees, this could be on the Board's December 12, 2013 agenda for discussion and possible action.

Attachment #2

STAFF TO PROVIDE INFORMATION REGARDING THE

COMPETITIVENESS OF THE HEALTH INSURANCE PLAN

BACKGROUND

At the April 26, 2013 Human Resource Committee meeting, the Committee requested information regarding the last time OWASA used a competitive process to select a health insurance provider. Staff's response was provided to the full Board in an e-mail dated May 24, 2013.

In summary, OWASA solicited competitive quotes in 2006 and selected United Health Care as the provider for January 1, 2007 through June 30, 2008. At renewal effective July 1, 2008, United Health Care quoted a significant increase. At that time, OWASA requested quotes from Blue Cross Blue Shield of North Carolina (BCBSNC) and the North Carolina League of Municipalities, the other two insurance groups that had responded during the 2006 bid process. On April 24, 2008, the Human Resource Committee met and their recommendation to the full Board was to accept the BCBSNC proposal. Since that time, OWASA has had coverage with BCBSNC and our employees have been extremely pleased with their services.

OWASA has partnered with BCBSNC for the past two years regarding employee Healthy Outcomes Wellness Goals. Employees have responded favorably and met the goals set forth resulting in substantial cost savings.

With BCBSNC, our average medical premium rate increase over the past three years is 2.26%. We consider this outstanding given the medical and prescription trend increases in the marketplace. See below for additional data:

	2013	2012	2011
Annual Medical Trend	6.3%	8.5%	10.7%
Healthy Outcomes Credit off Medical Premiums	$55,311	$40,422	n/a
Medical Premium	6.4% Increase	1.7% Decrease	2.1% Increase
Dental Premium	6.8% Increase	8.8% Decrease	11.1% Decrease
High Claimants	Two ($242,663 and $64,555)	One ($85,784)	One ($106,853)
Gross Incurred claims Per Member Per Month	26.7% Increase	.6% Increase	2.2% Increase

BCBSNC is known to offer access to many primary care providers, specialists and hospitals throughout the state, across the nation and around the world. In North Carolina alone, they provide access to 115 of the 116 hospitals, 93% of all Primary Care Providers and 91% of all Specialists.

Additionally, in 2011 OWASA began using BCBSNC for employee Life Insurance, Long Term Disability Insurance and Accidental Death and Dismemberment Insurance. In 2012 OWASA began using the free administration services of BCBSNC for our Flexible Spending Account program.

STAFF RECOMMENDATION

Employees and staff are extremely satisfied with BCBSNC as an insurance carrier. Staff believes that premiums have been within or below medical trend each year and it is in the best interest of OWASA to continue to partner with BCBSNC for the upcoming renewal period. Staff recommends continuing the relationship with Blue Cross Blue Shield of North Carolina.

ALTERNATIVE

An alternative is to request detailed proposals from additional insurance carriers. In such a case, it would be prudent to employ a third party, such as a brokerage firm, to assist in the analysis and comparison of carriers. Should the Human Resource Committee and full Board choose the competitive bid process; Staff would begin collecting information such as third party costs, project timeline expectations, etc.

ACTION REQUESTED

The Human Resource Committee inform the Board of Directors that detailed information has been provided to and reviewed by the Committee and that Blue Cross and Blue Shield of North Carolina is an excellent selection for employee benefits.