

Metrorail Safety Commission

Draft Employee Benefit Package

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Briefing Purpose

Share staff suggestions on developing a comprehensive package of employee benefits and coverage for organization

Respond to questions and seek feedback to help finalize various elements of the benefit package and coverage for the organization



Briefing Outline

- Paid Time Off Benefits
- Health & Welfare Plans
- Retirement Plans
- Voluntary Benefits
- Employee Benefit Program Contributions
- Services of a Professional Employer Organization
- Property Casualty Insurance
- Employee Background Screening
- Next Steps



Paid Time Off Benefits

- 10 Federal Holidays, plus Inauguration Day
 - Decisions on floating holidays and rules on pay when a holiday is worked to be made
- 5 weeks of combined sick and vacation time
 - granted upon January 1 or prorated upon hire
 - up to a week to be carried over each year
 - total allowable bank at 6 weeks with no payout at termination



Health & Welfare Plans - Medical

- Three options:
 - DC Health Link
 - Health Care Coalition
 - Enroll in a Professional Employer Organization (PEO) medical plan

Funding estimates of employer contributions for a recommended plan will be developed once a contribution philosophy is decided by the Commission. This will be discussed a bit later in this presentation.



Medical Plans – Option 1 Health Care Coalition

- Health Care Coalition
 - Can participate in MWCOG’s HC Coalition
 - 2 plans - with United Healthcare (Choice and Choice Plus)
 - A fee to join the coalition
 - The plans are an HMO and a PPO from United Healthcare
 - The plans renew this Spring so new rates will be available soon



Medical Plans – Option 2 DC Health Link

- DC Health Link
 - Can join DC health exchange
 - Many, many plans depending on how MSC chooses to comply with ACA exchange rules, for example they could offer all the plans in the CareFirst health plan family or all the plans of a certain medal level.
 - For a group of this size the plans will be based on the census of the members themselves based on age.



Medical Plans – Option 3 PEO Plan

- Health Plans offered via a Professional Employer Organization (PEO)
 - Some PEOs offer health insurance as a part of their platform, some do not
 - Regardless of whether the PEO offers a plan or not, MSC will be free to choose to go with the exchange or the health coalition.



Group Welfare Plans Under Consideration

- Dental and Visions Plans
- Section 125 Plan, including Medical and Dependent Care FSAs
- Commuter benefits
- MSC sponsored basic life insurance, short and long term disability programs
- Funding estimates of any employer contributions for a recommended plan will be developed to support the Commissioners' directives



Additional Benefits to Consider

- In addition to group plans featuring a combination of employer sponsored and employee paid programs, the Commission may wish to offer nongroup benefits to augment the package
- These are employee paid and generally portable
- Offerings normally include what is not covered under group or supplementary coverages



Additional Benefits to Consider

- Employers with robust benefits packages may choose to offer things like cancer care or illness programs that offer employees the chance to receive cash payouts in addition to core illness coverages
- Employers with limited benefits budgets may offer these plans in lieu of the group benefits mentioned above, for example, Short term disability, dental or vision coverages
- Depending on the nature of the program, the coverages may or may not be eligible for pre-tax premium treatment



Voluntary Benefits – Example from AFLAC



Accident¹

Aflac accident insurance pays cash benefits to help provide peace of mind during the different stages of accident care and recovery. Benefits can be used to help pay for emergency treatment, as well as for treatment-related transportation and lodging.



Aflac Plus Rider²

The Aflac Plus Rider helps protect employees, for a small additional premium, from costs associated with serious illnesses such as heart attacks, strokes, Type 1 diabetes, and advanced Alzheimer's and Parkinson's disease.



Dental³

Aflac dental insurance provides benefits for periodic checkups and cleanings, X-rays, fillings, crowns and much more.



Disability⁴

Aflac short-term disability insurance offers income replacement benefits to help with the loss of income due to a covered illness or injury.



Cancer/Specified-Disease⁵

Aflac cancer insurance pays employees a defined benefit for covered cancer treatments and also helps cover costs that do not fall under major medical insurance such as travel and accommodations, home and family care, deductibles and copayments, and other miscellaneous expenses.



Critical Illness/Specified Health Event⁶

Aflac critical illness insurance can help with the treatment costs of life-changing illnesses and health events like heart attacks or strokes, among others, so your employees can stay focused on recuperation.



Hospital⁷

Aflac hospital insurance can help your employees be better prepared for unexpected hospital expenses not covered by their major medical coverage.



Life⁸

Aflac life insurance will see your family through the tough times with funds to help pay the bills if something happens to you.



Vision⁹

Aflac vision insurance helps with the costs of eye exams, treatments and vision correction materials.

Retirement Plans

- MSC can offer a 403b, 457b, a 401k plan or even a SIMPLE IRA. Most PEOs offer a 401k.
- 401k safe harbor contributions
 - non-elective employer contribution of 3%
 - could be 1:1 match on the first 3%, plus a 50% match on deferrals between 3 and 5% not to exceed a total 4% employer contribution
 - Auto enrollment feature is available for plans with matching contributions
- Funding estimates of employer contributions for a recommended plan will be developed



Employee Benefit Program Contributions

Suggested Contribution Philosophy

MSC budget for employer contributions:

- At least 90% of employee-only coverage across tiers for medical and dental plans
- Full employer contribution for basic life, short and long term disability
- 401k safe harbor nonelective employer contribution of 3% OR a 1:1 match on the first 3%, plus a 50% match on deferrals between 3 and 5%, not to exceed a 4% employer contribution
- All other benefits employee-paid



Property Casualty Insurance

For the Commission

- Anticipate recommending plans for workers compensation, general liability, EPL/E&O and umbrella coverage
- Anticipate full quote by early April, very competitive based on ongoing engagement by insurance group in understanding MSC and working with the right insurers
- Expect a low worker's compensation premium at or around \$0.55 per \$100 payroll to compare with PEO option



Property Casualty Insurance

Additional Directors & Officers Coverage

- This coverage has been requested and will be proposed for procurement as soon as possible
- This request includes all Commissioners and alternates and 4 officers
- The Commission compact indemnifies the entire commission, including employees, resulting in the need for little additional coverage
- CLA has requested a best-practice recommendation and price quotes with several carriers for optimal rates
- More detail on this along with proposed coverages and rates will be made available for consideration as soon as the quotes are final



Employee Background Screening

- AccuSource has been procured as the MSC screening vendor and is being implemented now to be ready for the Executive Director hire
- Per FTA and DOT guidelines, candidates should be screened, current screens will include
 - Criminal background check
 - Sex offender check
 - FTA OIG exclusion list check
 - Driving record and license check
 - Education check
 - Employment verification
 - References



Employee Background Screening

- Anticipate that the Commissioners will need to decide the level of drug screening: pre-hire only, pre-hire and reasonable suspicion or pre-hire and random.
- Costs
 - Cost is approximately \$149.50 per hire for all of the above
 - Pre-employment DOT physicals are an additional \$23 each
 - One-time account set up fees total \$229
 - Total projected cost if all hires are made and all checks run, with no international addresses (includes reserves for multiple checks): \$3,400
 - Cost per screen can vary depending on number and locations of applicant residences and complexity of pre-employment physicals



What is a PEO And Why Use Them

- Professional Employer Organizations designed to take some of the administrative burden off organizations
- Assists with
 - HR Compliance, Payroll, Administration and Reporting
 - Benefits offerings and administration
- Advantages to using PEOs include:
 - centralized administration of variety of tasks and associated cost savings when organization is new and small
 - Ability to enroll in employee benefits programs not otherwise available until the workforce grows
 - can move to another model easily later if desired



Why a PEO is a Good Fit for the MSC

- Employee Benefits Programs are offered and administered by PEO.
- Ability to have various employee programs administrated by a single entity
- MSC is not required to take all the benefits and can add benefits as needed
 - If selected PEO does not offer Medical Plan MSC can still offer it and administer the plan directly
- Affords a small organization access to benefit programs that would not otherwise have been on offer
- Finalist PEOs included: Adams Keegan, Alcott HR and Emplicity
 - Specialize in government entities; have good past performance and IRS and ESAC certifications



Programs PEOs Would Administer Include

- **Administrative**
 - Payroll Including payroll tax filings
 - Online Enrollments for payroll and benefits, including employee portals
 - Time and attendance tracking & reporting
 - HR-specific training modules (in person or virtual)
 - Employer & Employee Help Desk support
- **Insurance Program**
 - Employer Practices Liability Insurance (EPLI)
 - Workers' Compensation (administration and claims support)
 - State required Disability and Unemployment
- **Other Benefits**
 - Health & Welfare
 - Retirement



Professional Employer Organization (PEO)

Pricing

Company A

The management fee is \$52.88 per employee per bi-weekly pay cycle

Enrollment & Implementation Fees

Implementation fee: \$1,750 for the initial group of employees

No charge for ongoing assistance



Professional Employer Organization (PEO)

Company A

Payroll Taxes

FICA, FUTA and SUTA billing are charged with every payroll. The SUTA rate(s) for the for the first calendar year will be: Washington DC: 4.0%

Workers Compensation – Estimate annual premium for full staffing of payroll at \$2M - \$7,210



Professional Employer Organization (PEO) Company A Sample Benefits

Benefit offerings	
Major medical	<ul style="list-style-type: none"> You can choose from multiple solutions to fit your employees' needs We can administer any contribution policy, but usually recommend using a defined contribution model where the employer offers a flat dollar amount which the employee can use when shopping for coverage Our plans are 100% compliant with current healthcare reform laws
Dental	<ul style="list-style-type: none"> We feature many plans from respected carriers You can also select a plan from the open market and let us handle administration
Vision	<ul style="list-style-type: none"> Plan from VSP offers affordable coverage
Life insurance	<ul style="list-style-type: none"> We offer a variety of group life insurance options and coverages
Short-term disability	<ul style="list-style-type: none"> Supplements state requirements Covers 60% of basic weekly earnings up to a maximum of \$1,000 per week Costs can be employee-paid or employer-paid
Long-term disability	<ul style="list-style-type: none"> Covers 60% of basic monthly earnings up to a maximum of \$10,000 per month Costs can be employee-paid or employer-paid
401(k)	<ul style="list-style-type: none"> We partner with Empower Retirement to offer one of the best performing and most affordable 401(k) options available from any PEO provider – all for a fraction of the cost it would take for an independent business to offer a comparable plan on its own You can also select a vendor from the open market and let us work with both parties
Ancillary benefits	<ul style="list-style-type: none"> We can provide a variety of other benefits to your employees, including: <ul style="list-style-type: none"> Employee assistance program Identity theft protection Employee savings Marketplace NY's 529 College savings program Sons & daughters scholarship program Adoption assistance Movie discount tickets Global Cash Card™ Direct deposit Employee of the month Credit Union affiliations Commuting & parking savings Flexible spending programs Generic RX program



Professional Employer Organization (PEO)

Pricing

Company B

Enrollment & Implementation Fees

- Admin Fee - \$95 per employee per month (PEPM) over 5 employees, first 5 covered at \$500
- Set up Fee - \$500
- Special plans – to add EAP and FSA, per member fee of \$3/month and \$6.50 per month respectively (will add parking/transit at minimal per member fee)
- Employee benefits – no additional fees, but must budget for chosen employer matches as with any PEO



Professional Employer Organization (PEO)

Company B

Payroll Taxes

FICA, FUTA and SUTA billing are charged with every payroll. The SUTA rate(s) for the for the first calendar year for Washington DC: 2.9%

Workers Compensation – Estimate annual premium for full staffing of payroll at \$2M - \$7,330



Professional Employer Organization (PEO) Company B Sample Benefits

Company B	
Medical	Not offered
Dental	Delta Dental, high and low option plans
Vision	VSP
Life Insurance	Unum term life/AD&D, basic and supplemental
Employee Assistance Program	Per capita cost if requested
Short Term Disability	60% or weekly income to max of \$1,000 per week, 14 day elimination period
Long Term Disability	60% or weekly income to max of \$5,000 per month
Section 125 Plan, including FSAs	Tasc
Section 132 plan – transit and parking	Tasc
401k	John Hancock lifestyle funds, no cost to employer for admin
Ancillary Benefits	Tickets at Work and other perks



Next Steps

- Finalize recommendations on all elements of employee benefit package and coverage for the organization
- Commission's action and adoption of above elements
- Implementation of approved solutions for HR in conjunction with other business operations



Other Upcoming Deliverables

- Employment Application
- Employee handbook
 - Establishment of Safety Culture
 - FTA compliant
 - Elements of SSA, DOT and MWCOG policy as requested
 - Compliant with federal OFCCP regs and with DC laws
 - Designed to be evergreen and to work with other policies and procedures
- Onboarding of Executive Director
- Assist is recruitment of other staff (as needed)

