



**ARAPAHOE COUNTY**  
COLORADO'S FIRST

## **Board Summary Report**

**Date:** August 1, 2019

**To:** Board of County Commissioners

**From:** Patrick L. Hernandez – Human Resources Director  
Dusty Sash – Total Compensation Manager  
Rachel Beck – Benefits Analyst  
Julie Weaver – Compensation Analyst

**Subject:** 2020 Total Compensation

### **Request for Direction**

The purpose of this Study Session is to provide information and receive direction for 2020 Total Compensation.

This includes specific direction for the following benefits: adding infertility and hearing aid coverage to the medical plan; adding a full Employee Assistance Program (EAP); and the 2020 holiday schedule.

It is also to provide compensation information for: 2020 salary structure adjustments; salary structure adjustments for Sheriff Step Program and Sworn Management; merit pay adjustments for performance / key talent; move the Communication Technicians and Supervisors to a step structure; and increase the sworn deputies supplemental pay.

### **Background and Information**

Human Resources has been operating Compensation and Benefits in accordance with the Total Compensation Philosophy statement: Arapahoe County will equitably and competitively pay our employees to our defined wage and salary market and adjust as needed in order to attract new talent and reward performance. While there are five components to Total Compensation (Compensation, Benefits, Work-Life Balance, Performance Recognition, and Development & Career Opportunity) we have applied the market 50<sup>th</sup> percentile to compensation and, less formally, to benefits in order to strive to “pay” at market in accordance with the above philosophy.

To that goal, Human Resources participated in market surveys for compensation and benefit plans and analyzed the available results. Following is a summary of the Total Compensation survey findings:

- Medical Plan currently a higher overall financial value compared to market primarily due to low employee contributions.

- Dental Plan currently has a higher overall financial value compared to market due to low employee contributions.
- Number of Holiday/Floating days offered competitive with Public and Private Sectors. Sick and Vacation plan design is competitive with market.
- Other Benefit Plans (Vision, FSA, Group Term Life, & Long-Term Disability) are at market, while the EAP and Short-term Disability are lagging the market.
- Overall County Compa-Ratio of 1.00 indicating pay is at market 50<sup>th</sup> percentile.
- Denver/Boulder Area unemployment rate at 3.4% continuing to make retention and attraction more difficult in 2020.
- 80% of employees are in positions matched to the Employer's Council (EC) market data.
- The Self-sufficiency standard for a single adult in Arapahoe County is \$28,850.
- Anticipated Increases for merit range from 3.1% to 3.8% and for structure 2.4%.

The proposals and information presented in this Board Summary Report reflect adjustments to pay benefits and compensation competitively with the Denver/Boulder market.

### **Link to Align Arapahoe County**

Service First and the ability to recruit and retain qualified talent.

### **Benefit Discussion**

#### Medical Plan Benchmark Data

The current Deductible HMO plan (County base plan) is valued at 17% above market. Plan design (Deductible, Out of Pocket Maximum, Copay, Coinsurance) is less rich than the benchmarks, however, the employee share of premiums is lower than the benchmark creating the increased value of the County plan.

- County employee only rate is \$35.75 compared to the benchmark of \$93.92
- County average rate for employee plus dependent(s) is \$293.58 compared to the benchmark of \$515.82

#### Medical Plan Renewal

The Kaiser Renewal is 11.36% or \$2,319,000 based on:

- Primary driver was a few extremely high claims
- Even through Admissions and Days Inpatient decreased, there was a cost increase of 63.45% for inpatient services; an increase of 6.5% for outpatient; a decrease of 5.7% for Pharmacy
- Wellness Program Design contributed to reduced renewal by -0.24%
- Kaiser applied a trend of 5.5%

Renewal is unfavorable compared to market

- National Average 6%
- Colorado Average 7.9%

However, we have a 5.5% or \$1,123,000 rate cap in place

- In addition to eh 5.5% the Affordable Care Act has re-implemented the Health Insurers Fee of 0.81% or \$166,000

#### Contribution Methodology

Methodology since 2017:

- Based on the philosophy that participants share in the cost of their benefits because the participants' utilization is the largest contributor to the cost of the Plan. Their behavior(s)

drive rates, therefore the participants more than the County have influence over the cost of the Plan.

- Cost split – The total increase to the Plan is divided 50% / 50% between the County and the Employees. The increase for 2020 is \$1,289,000.

**Wellness Counts Incentive**

- If employees complete the Wellness Counts Challenge by July 31, 2019, they will receive a \$10 per pay-period (up to \$260 per year) reduction to medical rates.

**2020 Medical Plan Changes**

Increase Emergency Room Visit Co-Pay from \$100 to \$250

- 39% of ER visits were not an emergency and thus the ER visit was avoidable.
- Of that 39%, 72.4% were during off-hours, when employees could have used Chat with a Doc or the Nurse Line

Add Infertility Treatments: 0.25% or \$51,000

- Includes IUI, IVF and drug coverage at 50% for a maximum of 3 cycles

Add Hearing Aid coverage: 0.12% or \$24,500

- Covers \$1,000 per year per ear

**Dental RFP**

Delta Dental received the most points resulting in retaining them for Arapahoe County with a 1.8% rate reduction or **(\$18,300)**.

**Vision RFP**

Avesis received the most points resulting in a change from VSP with a 14.3% rate reduction and a four-year rate guarantee.

**Employee Assistance Program (EAP)**

Requesting a full EAP Plan to allow for rebranding, Customer service and clinician access to Arapahoe County plans specifically, six face to face visits with a warm transfer to Kaiser for continuing treatment needs and increase response time to critical incidents for a cost of approximately \$32,000.

**Basic Life Renewal**

Basic Life will increase by 14% or \$24,700.

**Long Term Disability Renewal**

Long Term Disability will increase by 13% or \$47,000.

**Child Life and Disability**

Move from \$5K and \$10K of coverage to \$10K and \$20K.

**Wellness Portal RFP and Wellness at Work**

Navigate received the highest score for the platform and is being implemented for an October 1 go live date. This portal will allow easy access and tracking of 4 Countywide challenges each year along with 38 customizable personal challenges and a user-friendly Health Assessment.

We have been actively expanding the opportunities employees have to participate in their wellbeing including:

- Physical
  - Wellness Counts streamline resulting in a 6% increase in participation
  - A virtual care room – access to benefits websites and customer service in a private space without having to leave the office
  - 5 lactation rooms
- Financial
  - 6 classes offered through ICMA
  - 6 classes offered through College Invest
  - 1 educational video
- Emotional
  - 2 Mental Health First Aid Trainings
  - \$0 Outpatient Behavioral Health copay
  - Wellbeing Room
- Community
  - Blood drives
  - Feed the homeless

#### Holiday Pay Design Proposal

We are not proposing any changes to holiday schedule from previous years. Offer one (1) Floating day and the same holiday schedule the County has traditionally used consisting of twelve (12) holidays: The schedule below is updated for 2020:

- New Year's Day – Wednesday, January 1
- Martin Luther King Day – Monday, January 20
- Presidents' Day – Monday, February 17
- Memorial Day – Monday, May 25
- Independence Day – Friday, July 3
- Labor Day – Monday, September 7
- Columbus Day – Monday, October 12
- Veterans' Day – Wednesday, November 26
- Thanksgiving Day – Thursday, November 26
- Day after Thanksgiving – Friday, November 27
- Christmas Eve – Thursday, December 24
- Christmas Day – Friday, December 25
- Floating Holiday (market average is 2)

#### Other Benefits

##### Student Loan Repayment

- Allow employees with at least 40 hours of vacation rollover to cash out up to 40 hours per year (once a year) to make a lump sum payment on their student loans.

##### Adoptions FSA

- Allow employees to set aside up to \$13,500 pre-tax to pay for eligible adoption expenses.

## Compensation Discussion

There have been several legislative changes either approved or proposed in 2019, including Colorado Minimum Wage Increase, Equal Pay Act, "Ban the Box" Applicant Criminal History, FLSA Exempt Salary test increase and 911 SAVES Act.

According to EC, both government and private sector employers have projected merit adjustments of 3.3% and structure adjustments of 2.4%. For the following roles: HVAC, Home Health Aids, Software Developers, IT Security Analysts & Application Developers; the expectation is higher.

70% of our government peers have reported a proposed average of 3.36% merit budget and a 2.24% structure budget. Larimer, Denver and Adams will fund the structure movement and Douglas will request to fund the movement.

### Structure Adjustment Proposals for non-sworn Grades

- 24 jobs were reclassified into a higher grade
- 6 jobs were reclassified into a lower grade
- Market indicates a general increase of 2.4% which we applied to minimums and maximums when adjusting the structures
- Midpoints represent the halfway point between minimum and maximum and were adjusted in accordance with the above adjustments
- Cost of Market Structure Adjustment Bring to Minimum:
  - \$21,300 (\$11,700 to General Fund)

### Reset and Updated Exempt and Management Structures

- The current A and M structures each have 8 grades
  - Need to add 4 grades to the A structure reset to start at level 1 rather than level 5 and rename to E for exempt. The M structure requires 2 additional grades.
- This change will create a standard and consistency in range widths and mid-point differentials making the structure easier to understand.
- There is no adverse impact to employees (no one will be over maximum).

### Base Pay Proposal and Budget for Performance/Key Talent

Human Resources initial proposal is an allocation of 3.3% merit for base pay increases for all salary grades for Regular and Job Share Employees (except Sheriff Step Program).

- Cost increase for Merit:
  - \$3,467,000 (\$1,907,000 to General Fund)

### Structure Adjustment Proposals for Sworn staff

- Normal Step Progression (\$536,000)
- Market indicates a general increase of 2.4%, however, we applied 1.7% to all steps to maintain the 75<sup>th</sup> percentile (\$681,000)
- Adjustment of 0% to keep Deputy pay at 75th percentile (\$0)
- Sworn Management structure (\$7,900)
- Cost of Sworn Market Structure Adjustment:
  - \$1,224,900 (\$1,078,000 to General Fund)

S.O. Communication Technicians & Supervisors

- Communication Technicians are the first responders who then dispatch out to Deputies
  - Statute proposed to make this official: 911SAVES
  - Currently on grade structure, focus on experience & performance
  - Value seniority above all else, supported by steps
- Proposal: Convert to Step structure at 75<sup>th</sup> percentile to match the Deputies \$62,800 (\$34,500 to General Fund)

Sworn Supplemental Pay

- Increase payment for Tier 2 to \$1,760 and Tier 3 to \$3,951 which is 75<sup>th</sup> percentile of market.
- Add 10 Explorers (Deputies that coach volunteers) to Tier 1 at \$600 annual payment each
- Add 3 Mounted Posse to Tier 2 at \$1,760 annual payment each
- Total Cost \$108,300 (\$59,565 to General Fund)

**Options and Cost Increases**

Human Resources has prepared the models addressing Total Compensation for 2020.

		<b>Benefit Option 1</b>		<b>Benefit Option 2</b>	
		<ul style="list-style-type: none"> <li>• Medical Plan - Increase ER Co-Pay to \$250, Add ACA Fee, Infertility &amp; Hearing Aids \$682,170</li> <li>• Add EAP \$32,000</li> <li>• Dental Plan - 6.5% decrease; -\$18,268</li> <li>• Life &amp; Disability Increase \$71,664</li> </ul>		<ul style="list-style-type: none"> <li>• Medical Plan - Increase ER Co-Pay to \$250, Add ACA Fee, no additions \$644,406</li> <li>• Dental Plan - 6.5% decrease; -\$18,268</li> <li>• Life &amp; Disability Increase \$71,664</li> </ul>	
		\$767,566		\$697,802	
		\$422,161		\$383,791	
<b>Compensation Option 1</b>	<ul style="list-style-type: none"> <li>• 2.4% Structure / Salary Ranges - bring to range minimum \$21,318</li> <li>• 3.3% Merit Pay (excludes Sheriff Deputy Step Program) \$3,466,692</li> <li>• Sheriff Deputy Step and Sworn Mgmt. 1.7% Structure adjustments \$1,224,900</li> <li>• Communications Services to Step \$62,787</li> <li>• Sworn Supplemental Pay \$108,300</li> </ul>	\$4,883,997	\$5,651,563	\$5,581,799	
		\$3,090,415	\$3,512,577	\$3,474,206	
<b>Compensation Option 2</b>	<ul style="list-style-type: none"> <li>• 2.4% Structure / Salary Ranges - bring to range minimum \$21,318</li> <li>• 3.3% Merit Pay (excludes Sheriff Deputy Step Program) \$3,466,692</li> <li>• Sheriff Deputy Step and Sworn Mgmt. 1.7% Structure adjustments \$1,224,900</li> </ul>	\$4,712,910	\$5,480,476	\$5,410,712	
		\$2,996,318	\$3,418,479	\$3,380,109	

**Action/Direction**

Human Resources appreciates that we are reviewing a substantial amount of information and that all final decisions may depend upon information from the County budget process. In order to meet benefit open enrollment deadlines, it is desired that direction be given during the August 13, 2019 Study Session for adding infertility and hearing aid coverage to the medical plan; adding a full Employee Assistance Program (EAP); and the 2020 holiday schedule. In addition, direction to Budget to find the merit and market adjustments and direction of the conversion of

***Study Session August 13, 2019***

the lump sum payment to biweekly, increase to the supplemental pay, and moving the communication technicians to a step structure.

**Reviewed By**

Finance Department  
County Attorney's Office