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**SUPPLEMENTAL  
EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE  
JULY 15, 2004**

**SUBJECT: ATU HEALTH BENEFIT FUND ADMINISTRATION**

**ACTION: APPROVE ADDITION OF POSITIONS TO THE FY05 BUDGET**

**RECOMMENDATION**

Approve the addition of 2 non-represented Benefits Technicians (Grade G) positions within the Benefits Department to support the administration of the ATU Health Benefit Fund.

**RATIONALE**

The Decision and Award regarding the MTA/ATU Arbitration appointed MTA as the Plan Administrator for the ATU Health Benefit Fund (Fund) based in part on the high cost of ATU's administration of Fund. Plan enrollment, claims administration and collection of participant contribution for the approximately 3,000 active ATU employees and retirees covered by the Fund will more than double the internal workload. Two additional staff positions are needed for the internal administration of the Fund on an ongoing basis. The ATU employs three staff for these activities.

The proposed transition plan maintains current ATU benefits until December 31, 2004. Open enrollment for the new plan design approved by the Fund Trustees is scheduled for November 2004, concurrent with open enrollment for Non-Contract and AFSCME employees. The new plan structure becomes effective January 1, 2005.

Transitioning the administrative function will include developing and distributing materials, conducting orientations and enrollment, creating an electronic database, implementing on-line systems to support electronic enrollment and developing financial reports. Existing staff resources, including overtime, will be re-directed to these new work activities during the initial transition period. This re-direction of staff effort will create temporary backlogs in other regular operations until the two new staff members are onboard. Ongoing administration includes new hire orientation and enrollment, annual open enrollment, claims processing, plan design, bill paying, and carrier contract management.

## **ALTERNATIVES CONSIDERED**

The Board could direct staff to hire an external administrator. However, staff believes that the addition of two staff positions and minor modifications to existing MTA benefits software will be a more cost effective and timely method of transitioning and administering the Fund.

## **FINANCIAL IMPACT**

The Benefits Technician is an existing Grade G classification with the salary range of \$35,759 - \$46,699 - \$53,639. These positions will be added to the Pension & Benefits section of the Treasury Department. The estimated annual cost of the two new Benefits Technicians is approximately \$120,000. The FY05 cost of the additional positions can be absorbed within the adopted budget for ATU benefits as member and retiree participation is expected to decline as a result of needed plan design changes.

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