

D. 1

To: Board of Supervisors

From: David Twa, County Administrator

Date: June 25, 2009



Contra Costa County

Subject: Government Code 7507 (2008) Compliance - Other Post Employment Benefits

RECOMMENDATION(S):

ACCEPT actuarial valuation of future annual costs of negotiated and proposed changes to Other Post Employment Benefits as provided by Buck Consultants in letter of July 1, 2009.

FISCAL IMPACT:

As shown in the valuation, the result of the health plan changes described herein, if implemented, will have significant future impact on the County's and Fire Districts' overall fiscal stability and ability to deliver services.

BACKGROUND:

Recently enacted Government Code, Section 7507 (2008, first effective 1/1/09) requires with regard to local legislative boards, that the future costs of changes in retirement benefits or other postemployment benefits as determined by the actuary, shall be made public at a public meeting at least two weeks prior to the adoption of any changes in public retirement plan benefits or other postemployment benefits. The July 1, 2009 report from Buck Consultants is attached.

APPROVE OTHER
 RECOMMENDATION OF CNTY ADMINISTRATOR RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **07/07/2009** APPROVED AS RECOMMENDED OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYES _____ NOES _____
ABSENT _____ ABSTAIN _____
RECUSE _____

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: July 7, 2009
David J. Twa, County Administrator and
Clerk of the Board of Supervisors

By: , Deputy

Contact: Lisa Driscoll, County Finance Director, 335-1023

cc: Lisa Driscoll, County Finance Director, Mary Ann Mason, Deputy County Counsel, Ted Cweik, County Human Resources Director, Christine Penkala, County Benefits Manager

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County

Subject: Government Code 7507 (2008) Compliance - Other Post Employment Benefits

On July 21, 2009 the Board of Supervisors will consider and may take formal action with respect to proposed changes in health care benefits affecting:

-
- APPROVE OTHER
 - RECOMMENDATION OF CNTY ADMINISTRATOR RECOMMENDATION OF BOARD COMMITTEE
-

Action of Board On: **07/07/2009** APPROVED AS RECOMMENDED OTHER

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 David J. Twa, County Administrator and
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**Contact: Lisa Driscoll, County
 Finance Director, 335-1023**

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 Cweik, County Human Resources Director, Christine Penkala, County Benefits Manager

BACKGROUND: (CONT'D)

- both safety and non-safety unrepresented employees, elected and appointed officials and persons who retired from classifications that were unrepresented, elected or appointed at the time of retirement and who are eligible for health care coverage;
- employees represented by unions in the Coalition Bargaining Group: AFSCME Local 512, Professional and Technical Employees; AFSCME Local 2700, United clerical, Technical and Specialized Employees; Public Employees Union Local One, FACS Site Supervisor Unit; Public Employees Union Local One; SEIU Local 1021, Rank and File Unit; SEIU Local 1021, Service Line Supervisors Unit; Western Council of Engineers, and persons who retired from classifications that were represented at the time of retirement by unions currently in the Coalition Bargaining Group and who are eligible for health care coverage.

Recommended changes to health care benefits for these groups are:

- New Hires. For Unions in the Coalition Bargaining Group, employees hired after December 31, 2009 will not receive a County subsidized retiree health/dental care benefit. (This took effect for new non-safety management and unrepresented employees on 01/01/09.)
- Medicare Parts A and B. Effective 01/01/10, require enrollment in Medicare Parts A and B for individuals represented by unions in the Coalition Bargaining Group and associated retirees who become 65 on or after January 1, 2010. (This took effect for management and unrepresented employees and associated retirees effective 01/01/09.)
- Dual Coverage. Provide as of 01/01/10, that employees and retirees and dependents of employees and retirees can no longer have dual coverage in two County/District health or dental plans. This provision will apply to County and District employees and retirees who have spouses or partners who are either County or District employees or retirees.
- Premium Cost Sharing (Other Than CalPERS Plans)
 - Contra Costa Health Plan and Coordinated Dental Plans – Currently shared 98% County, 2% Participant for Plan A and 90% County, 10% Participant for Plan B.
 - Effective 01/01/10, cost sharing for Plan A to change to 93% County and 7% Participant. Cost sharing for Plan B to change to 87% County and 13% Participant.
 - Effective 01/01/11, increases in Plan A and Plan B to be shared 50% by the County and 50% by the Participant, up to a maximum of 11%; portion of increase above 11% to be paid by the County.
 - Kaiser and Health Net HMO and dental plans – Increases 01/01/10 and 01/01/11 to be shared 50% by the County and 50% by the Participant, up to a maximum of 11%; portion of increase above 11% to be paid by the County.
 - Health Net PPO- Increases 01/01/10 and 01/01/11 to be shared 50% by the County and 50% by the Participant.
 - Fixed Premium. Effective 06/29/11, fix the County monthly premium subsidy for all of these plans at the May 2011 amount.
- Premium Cost Sharing (CalPERS Plans)
 - All plans currently shared based on Bay Area/Sacramento Kaiser premium rate at 87% County, 13% Participant.
 - Based on that rate, increases 01/01/10 and 01/01/11 to be shared 50% by the County and 50% by the Participant, up to 11%; portion of increase above 11% to be paid by the County.
 - Fixed Premium. Effective 06/29/11, fix the County monthly premium subsidy for all CalPERS plans at the May 2011 amount County pays for the Bay Area/Sacramento Kaiser premium.

- Dental Plan Benefit. Increase to \$1800, from \$1600, the annual maximum benefit available in the Delta Dental Insurance plan effective 01/01/10.
- One Rate Pool. Eliminate provision applicable to management and unrepresented employees that would have established separate rate pools during employment and upon retirement for new employees hired on or after 01/01/09.