

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: Chief Executive Office

BOARD AGENDA # *B-10

Urgent Routine

AGENDA DATE October 27, 2009

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Approval of Health Insurance Agreement Between Stanislaus County and all Employee Organizations for the Period January 1, 2010 through December 31, 2010

STAFF RECOMMENDATIONS:

1. Approve the tentative Health Insurance Agreement between Stanislaus County and all Employee Organizations for the Period January 1, 2010 through December 31, 2010.
2. Authorize that the provisions of this agreement be extended to all unrepresented management and confidential employees.
3. Authorize the Chairman of the Board of Supervisors and all parties to sign the agreement.

FISCAL IMPACT:

The terms and conditions of this one-year agreement for health insurance are effective January 1, 2010 through December 31, 2010. This agreement provides the specific level of coverage for medical, dental and vision insurance programs for all County employees represented by labor unions. The County currently spends approximately \$44,960,000 annually for medical insurance coverage and \$7,000,000 annually on dental and vision benefit plans, for a total cost of approximately \$51,960,000. Approximately 30% of these costs are paid through General Fund departments.

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BOARD ACTION AS FOLLOWS:

No. 2009-723

On motion of Supervisor Chiesa, Seconded by Supervisor Grover
and approved by the following vote,

Ayes: Supervisors: O'Brien, Chiesa, Grover, Monteith, and Chairman DeMartini

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) Approved as recommended

2) Denied

3) Approved as amended

4) Other:

MOTION:

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

FISCAL IMPACT (Continued):

The total cost impact of the new Health Insurance Agreement is estimated to be cost neutral to the County based on projections for employees enrolling in Health Savings Account (HSA) plan options. The cost of medical plan options will increase approximately 4.5% or \$2.1 million in 2010. To partially offset this increase, the County estimates a savings of approximately \$1.9 million on dental and vision costs in 2010 based on eliminating the current flex benefit credit for dental and vision insurance and replacing it with specific levels of dental and vision coverage.

The total cost of the new agreement will be determined after the open enrollment process when County employees have completed insurance plan choices for the new plan year. Employees electing Health Savings Account (HSA) medical plan options will cost slightly less than employees electing HMO medical plan options. Should no employees sign up for the less costly HSA plan options, this agreement is estimated to cost a total of \$52,160,000 in 2010, or approximately \$200,000 more than the current annual base cost. It is estimated that if 14% of County employees elect the lower cost HSA plan options, then the overall cost of the health agreement will be cost neutral in comparison to the total costs currently paid for medical, dental and vision benefits in 2009.

DISCUSSION:

The current Health Insurance Agreement between the County and all employee organizations will expire on December 31, 2009. Staff have worked with representatives from all County labor groups through the required meet and confer process to develop a new tentative agreement for employee health insurance benefits for calendar year 2010. This agenda item is being submitted to the Board to approve the tentative agreement with all employee organizations and to extend the provisions of the new agreement to unrepresented management and confidential employees.

Discussions with labor groups included reviewing surveys of health benefits provided by public and private organizations and evaluating the cost impact of pending rate increases from the County's three current HMO plans offered through Kaiser, PacifiCare and Health Plan of San Joaquin. The County utilized benefit consultants, Keenan and Associates, to work with existing and potential insurance carriers to evaluate the most cost effective methods and alternatives for providing existing medical insurance plans, including plan alternatives such as consumer driven Health Savings Account (HSA) plan options. The following summarizes the final tentative agreement and insurance plan selections which have been ratified by all County labor groups:

- The County will offer Kaiser and Anthem Blue Cross medical plan options. Both insurance providers will offer an HMO plan and HSA plan for County employees.
- The County will fund 100% of the lowest cost HMO plan and HSA plan at each level of coverage.
- The County will no longer provide a flex benefit credit for employees to purchase dental and vision insurance. In place of this benefit, the County will fund 100% of the cost for dental and vision insurance at each level of coverage.
- Dental benefits will be provided by Delta Dental PPO, maintaining the same level of coverage as provided in 2009.

The total cost impact of the new Health Insurance Agreement is estimated to be cost neutral to the County based on projections for employees enrolling in Health Savings Account (HSA) plan options. The cost of medical plan options will increase approximately 4.5% or \$2.1 million in 2010. To partially offset this increase, the County estimates a savings of approximately \$1.9 million on dental and vision costs in 2010 based on eliminating the current flex benefit credit for dental and vision insurance and replacing it with specific levels of dental and vision coverage. The total cost of medical insurance will be reduced based on the number of employees enrolling in lower cost HSA medical plan options. It is estimated that if 14% of employees enroll in the HSA plan options, the County will reduce the total cost of medical, dental and vision insurance to the same level as provided in 2009. The maximum cost increase based on the new Health Insurance Agreement is approximately \$200,000, and would assume that no County employees enroll in the less costly HSA medical plan options.

The new health insurance agreement will be effective January 1, 2010 through December 31, 2010. During the next year, the County will continue to explore options to implement a self-funding finance strategy for employee health insurance as early as January 2011. It is also recommended that the provisions of this agreement be extended to all unrepresented management and confidential employees, in order to continue providing consistent health benefits for all eligible County employees.

All of the employee organizations have submitted the tentative agreement for approval with their respective memberships and have confirmed final ratification of the tentative agreement. Attached for your review and information is the final agreement between the County and the represented employee organizations.

POLICY ISSUE:

The Board of Supervisors should determine if the above recommendations are in the best interest of the County and meets the Boards priorities of a Healthy Community, Efficient Delivery of Public Services and Effective Partnerships.

STAFFING IMPACT:

There is no staffing impact associated with the recommended actions.

**Health Insurance Agreement Between Stanislaus County and the
California Association of Interns and Residents
California Nurses Association
County Attorneys' Association
District Attorney Investigators Association
Stanislaus County Deputy Probation Officers Association
Service Employees International Union Local 521
Stanislaus County Deputy Sheriffs Association
Stanislaus County Employees Association AFSCME/Local 10
Stanislaus County Sheriff Supervisors Association
Stanislaus Regional Emergency Dispatchers' Association
Stanislaus County Sheriff's Management Association
Stanislaus County Group Supervisors' Association
Stanislaus Sworn Deputies Association**

This agreement shall remain in full force and effect for the period of January 1, 2010 through December 31, 2010 unless extended by mutual agreement of the parties.

Medical Insurance

For the term of this agreement, the County will offer the following medical insurance options:

- Kaiser HMO plan
- Kaiser Health Savings Account plan (High Deductible Health Plan)
- Anthem Blue Cross HMO plan
- Anthem Blue Cross Health Savings Account plan (High Deductible Health Plan)

For employees enrolled in an HMO plan, the County shall contribute an amount equal to 100% of the lowest cost HMO plan (Kaiser HMO) at each level of coverage.

For employees enrolled in an HSA plan, the County shall contribute an amount equal to 100% of the lowest cost HSA plan (Kaiser HSA) at each level of coverage. The County will also fund individual HSA accounts in the following amounts:

Employee only - \$1,250 annually

Employee +1 - \$2,500 annually

Family - \$2,500 annually

HSA account contributions will be made twice per month, for a total of 24 equal installments each year. For purposes of the initial start-up of the new HSA plans,

the County will fund 6-months of the HSA account contribution in January 2010 for any employee enrolling in an HSA plan in 2010. The County would make no other contributions until July 2010 and then would fund the remaining annual account contribution through 12 equal installments over the last six months of 2010.

Health insurance co-pays will be as follows:

Office Visit	\$20.00
RX	\$10.00/\$20.00
Chiropractic	\$15.00
Emergency Room	\$50.00

Co-pays and out of pocket costs may be different for employees enrolled in HSA plan options with minimum deductible requirements, please refer to the specific HSA plan documents for more information.

The parties recognize that health insurance providers may institute benefit changes that are not within the control of the County.

The "waive" credit for health insurance will remain at current levels for the term of this agreement for those employees who waive health insurance. The waive credit for health insurance is \$47.50 monthly for regular employees and \$150.00 monthly for management employees. Proof of other coverage is still required.

Dental and Vision

The parties agree to eliminate the current flexible benefit plan used to fund dental and vision coverage for represented management and non-management employees.

The County will provide dental coverage through the Delta Dental PPO Plus Premier plan with coverage and benefit levels remaining the same as provided in 2009. The County shall pay 100% of the premium cost at each level of dental coverage (Employee only, Employee +1 and Family).

The County will provide vision coverage through the Vision Service Plan with coverage and benefit levels remaining the same as provided in 2009. The County shall pay 100% of the premium cost at each level of vision coverage (Employee only, Employee +1 and Family).

Please refer to the specific dental and vision plan documents for more information on benefit coverage levels.

Additional Provisions

Benefit deductions are taken out of 24 of the 26 paychecks each year. Benefits for new hires are effective the 1st of the month following date of hire. For terminated employees, benefits continue through the last day of the month of termination.

The County will invite a representative of each labor group to participate in the County's Employee Wellness Program Workgroup. Participation is voluntary and subject to department head or designee approval for any changes in standard working hours and will not result in overtime compensation.

It is understood by the parties that these provisions fully set forth the agreement of the parties in matters of health insurance as herein specified. The parties agree that only through mutual agreement of all the parties to this agreement would discussion occur during the term of this agreement on health insurance matters.

Health Insurance Agreement Between Stanislaus County and the
 California Association of Interns and Residents
 California Nurses Association
 County Attorneys' Association
 District Attorney Investigators Association
 Stanislaus County Deputy Probation Officers Association
 Service Employees International Union Local 521
 Stanislaus County Deputy Sheriffs Association
 Stanislaus County Employees Association AFSCME/Local 10
 Stanislaus County Sheriff Supervisors Association
 Stanislaus Regional Emergency Dispatchers' Association
 Stanislaus County Sheriff's Management Association
 Stanislaus County Group Supervisors' Association
 Stanislaus Sworn Deputies Association

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BOARD OF SUPERVISORS

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Signed this 3rd day of December, 2009:

FOR THE COUNTY:



Jim DeMartini, Chairman
Board of Supervisors



Richard W. Robinson
Chief Executive Officer



Jody Hayes
Deputy Executive Officer



David L. Dolanar
Deputy Executive Officer



Nancy Bronstein
Deputy Executive Officer

FOR THE UNIONS:




Paul Konsdorf
Goyette & Associates



Jerry Fillingim
California Nurses Association



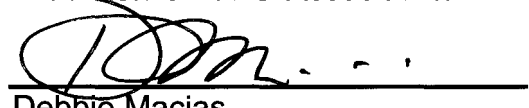
WR McKenzie
County Attorneys' Association



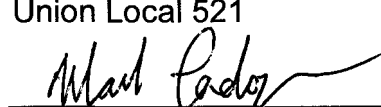
David Hutchinson
District Attorney Investigators'
Association



Steve Jackson
Stanislaus County Deputy
Probation Officers' Association




Debbie Macias
Service Employees International
Union Local 521



Mark Cardoza
Stanislaus County Deputy Sheriffs
Association

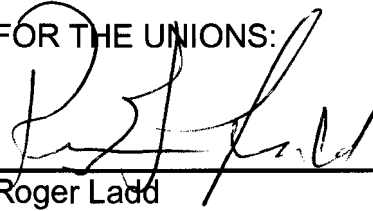


Corrine Wilson
AFSCME/SCEA Local 10



Larry Seymour
Stanislaus County Sheriff
Supervisors' Association

FOR THE UNIONS:



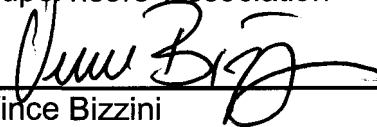
Roger Ladd
Stanislaus Regional Emergency
Dispatchers' Association



Darrell Freitas
Stanislaus County Sheriff
Management Association



Frank Murillo
Stanislaus County Group
Supervisors' Association



Vince Bizzini
Stanislaus Sworn Deputies
Association



Julia Donahue
Resident Physicians/CAIR