

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

DEPT: Chief Executive Office

BOARD AGENDA # \*B-6

Urgent

Routine

AGENDA DATE October 26, 2010

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, 2011 through December 31, 2011

STAFF RECOMMENDATIONS:

1. Approve the tentative Health Insurance Agreement between Stanislaus County and all employee labor organizations for the period January 1, 2011 through December 31, 2011, subject to successful ratification of the Agreement by each individual labor organization.
2. Authorize the extension of the agreement provisions 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 County has negotiated a new one year agreement for Health insurance with all County Bargaining units. The terms and conditions of this one-year agreement are effective January 1, 2011 through December 31, 2011. This agreement provides the specific level of coverage for medical, dental and vision insurance programs for all County employees represented by labor unions. The provisions of this agreement will also apply to all unrepresented employees. The County currently spends approximately \$45.5 million annually for medical insurance coverage and \$5.1 million annually on dental and vision benefit plans for all County employees, for a total cost of approximately \$50.6 million. Approximately 30% of these costs are paid by General Fund departments. (Continued on Page 2)

BOARD ACTION AS FOLLOWS:

No. 2010-666

On motion of Supervisor O'Brien, Seconded by Supervisor Chiesa

and approved by the following vote,

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

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X 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 of the new agreement will be determined after the completion of the open enrollment process during which County employees will select insurance plan choices for the new plan year. The new agreement encourages employees to participate in Health Savings Account (HSA) medical plan options by providing an increased level of funding for HSA plans and decreasing the funding provided for employees electing HMO medical plan options. While the level of County funding is slightly higher for the HSA medical plan options, the County believes increasing enrollment in HSA plans will generate long term savings through future decreases in plan utilization. Employees enrolling in HSA plans will have more control over their personal health costs and an opportunity for savings when they minimize their expenditures in their individual Health Savings Account.

The final fiscal impact for 2011 is dependent upon how many employees enroll in traditional HMO plan options and how many enroll in HSA plan options which have a higher level of County funding. The following scenarios project the potential fiscal impact of three possible open enrollment results:

- Currently 95% of County employees are enrolled in HMO plan options and 5% in HSA plan options. Should this ratio continue in 2011, the County will reduce overall health insurance costs by approximately \$925,000 due to the decreased funding negotiated for employees in HMO plans.
- Should 100% of County employees move into HSA plan options and no employees elect HMO plans, overall health insurance costs would increase approximately \$960,000 due to the increased funding negotiated for employees in HSA plans. This scenario is highly unlikely given the nature of employee decisions regarding enrolling in high deductible HSA plans.
- County staff are projecting approximately 40-60% participation in the HSA plan options in 2011. Should 53% of County employees move from the HMO plan options to HSA plan options, the County's overall health insurance costs will remain flat in 2011. Increasing HSA plan enrollment over 53% may result in a short term cost increase based on the negotiated funding agreement, but will also have a positive affect on the long term decreased utilization of plan benefits and ultimately reduce the County's benefit cost exposure.

The final results of open enrollment selections and the resulting fiscal impact of this agreement will be reported in the Fiscal Year 2010-2011 Mid-Year Financial Report.

**DISCUSSION:**

The current Health Insurance Agreement between the County and all employee organizations will expire on December 31, 2010. 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

Approval of Health Insurance Agreement Between Stanislaus County and all Employee Organizations for the Period January 1, 2011 through December 31, 2011

Page 3

for calendar year 2011. 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 current HMO and HSA plans offered through Kaiser and Anthem Blue Cross. 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 medical insurance plans.

The agreement includes a new premium cost share for all levels of coverage for employees in all medical, dental, and vision plans. The agreement funds HSA plans at a higher level than HMO plans and creates an additional incentive for employees to enroll in these high deductible, consumer driven medical plans. Participation in the HSA plans will increase employee awareness of plan costs, provide pre-tax medical savings opportunities for employees, and provide financial incentives for employees to reduce their utilization of plan benefits where appropriate. The County will provide communication and education about the HSA plans before and during the open enrollment period. The following summarizes the final tentative agreement and insurance plan selections subject to ratification by all County labor groups and approval of the Board of Supervisors:

- 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 90% of the lowest cost HMO plan and 98% of the lowest cost HSA plan at each level of coverage.
- The County will continue to fully fund the deductible limit for employees enrolling in the HSA plans. HSA account fees will be paid by the employee if not waived based on the employee's account balance.
- The County will fund 95% of the premium cost for dental and vision insurance at each level of coverage.
- The County and labor groups have agreed to a tiered benefit structure for regular full-time employees who are working less than 40 hours per week. The new agreement requires regular employees to work 30 hours per week to qualify for a County benefit contribution (medical, dental, vision, and/or waive credit). Employees working 30-34 hours per week will receive 75% of benefit contributions. Employees working 35-39 hours per week will receive 90% of benefit contributions.

The new health insurance agreement will be effective January 1, 2011 through December 31, 2011. During the next year, the County will continue to explore options

Approval of Health Insurance Agreement Between Stanislaus County and all Employee Organizations for the Period January 1, 2011 through December 31, 2011  
Page 4

to implement an alternative self-funded medical benefit program for employee health insurance as early as January 2012. 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.

Implementation of this agreement is subject to final ratification of each individual employee organization and approval of the Board of Supervisors. Employee ratification for some labor organizations may take place after approval of the Board of Supervisors based on individual voting requirements and ratification schedules. 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 Board's 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. Existing staff will administer the agreement.

**CONTACT:**

Jody Hayes, Deputy Executive Officer. Telephone: (209) 525-5714

**Health Insurance Agreement Between Stanislaus County and the  
 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, 2011 through December 31, 2011 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
- Anthem Blue Cross HMO plan
- Anthem Blue Cross Health Savings Account plan

For employees enrolled in an HMO plan, the County shall contribute an amount equal to 90% 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 98% 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. Recognizing the potential for a significant number of employees to enroll in the HSA plans, the County will fund 6-months of the HSA account contribution in January 2011 for any employee enrolling in an HSA plan in 2011. The County would make no other contributions until July 2011 and then would fund the remaining annual account contribution through 12 equal installments over the last six months of 2011. Employees are responsible for paying any account related fees on their individual Health Savings Account (up to \$3.25 monthly as of January 2011).

Health insurance co-pays will be as follows:

Office Visit	\$20.00	Chiropractic	\$15.00
RX	\$10.00/\$20.00	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 County will provide dental coverage through the Delta Dental PPO Plus Premier plan with coverage and benefit levels remaining the same as provided in 2010. The County shall pay 95% 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 2010. The County shall pay 95% 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**

1. Benefit deductions are taken out of 24 of the 26 paychecks each year (twice monthly). 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.
2. 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.
3. The County will include up to three representatives selected by all County labor groups to assist in the evaluation of future self insurance medical programs.
4. Regular full-time employees must work 30 hrs/wk to qualify for a County benefit contribution (medical, dental, vision and/or waive credit). Employees working 30-34 hrs/wk will be credited with 75% of benefit contributions. Employees working 35-39 hrs/wk will be credited with 90% of benefit contributions. Additional employee contributions to health insurance premiums will be paid through payroll deduction.
  - For purposes of this policy, hours worked includes all forms of paid time rounded to the nearest whole number. Examples of paid time include, but are not limited to vacation, sick, comp time off, 4850 leave, paid admin leave, etc.
  - This provision does not apply to part-time extra-help employees who are not eligible for benefits.

- For regular full-time employees who change their employment status to percentage employment, this provision will be effective the first of the month following the date they assume the reduced percentage employment schedule. Benefits will return to 100% the first of the month following the effective date the employee returns to 100% regular employment status.
- For regular full-time employees who are paid less than 80 hours per 14-day pay period (employees going into DOC time, etc.), employee contributions will be adjusted if the employee does not receive 80 hours of paid time in three consecutive pay periods. The effective date of the adjustment will be the first of the month following the three consecutive pay periods of reduced compensation. Benefits will be restored to 100% effective the first of the month following any pay period in which the employee is paid 80 hours. This process will be modified for regular full-time employees working an alternative work schedule that does not provide 80-hours of regular compensation per pay period. Unpaid suspension time as a result of employee disciplinary actions will not count against an employee in determining health insurance eligibility.
- For employees on a paid leave of absence, the County will continue the current process for coordinating leave accruals with State Disability benefits. This process allows an employee to combine their State Disability benefits with their leave accruals to equal 40 hours of compensation per week while maintaining their full health insurance benefits. For employees participating in disability plans other than State Disability, the County will continue to provide the same level of coordinated benefits consistent with the benefits available through State Disability.
- Under current policy, employees on an unpaid leave of absence do not receive health insurance contributions effective the first of the month following the start of their unpaid leave status. Employees returning from an unpaid leave will have their health insurance contributions restored effective the first of the month following their return to paid status. Please see applicable County policies regarding unpaid leave status, exceptions for FMLA eligible employees and the availability of COBRA benefits.
- For benefit information related to Voluntary Time Off, Job Sharing and benefit provisions for Certain Part-Time Nurses, please refer to the individual County policies and CNA labor agreement.
- Nothing in this agreement shall enhance or reduce existing policy provisions related to military leave benefits.

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 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, 2011 through December 31, 2011 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
- Anthem Blue Cross HMO plan
- Anthem Blue Cross Health Savings Account plan

For employees enrolled in an HMO plan, the County shall contribute an amount equal to 90% 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 98% 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. Recognizing the potential for a significant number of employees to enroll in the HSA plans, the County will fund 6-months of the HSA account contribution in January 2011 for any employee enrolling in an HSA plan in 2011. The County would make no other contributions until July 2011 and then would fund the remaining annual account contribution through 12 equal installments over the last six months of 2011. Employees are responsible for paying any account related fees on their individual Health Savings Account (up to \$3.25 monthly as of January 2011).



Health insurance co-pays will be as follows:

Office Visit	\$20.00	Chiropractic	\$15.00
RX	\$10.00/\$20.00	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 County will provide dental coverage through the Delta Dental PPO Plus Premier plan with coverage and benefit levels remaining the same as provided in 2010. The County shall pay 95% 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 2010. The County shall pay 95% 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**

1. Benefit deductions are taken out of 24 of the 26 paychecks each year (twice monthly). 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.
2. 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.
3. The County will include up to three representatives selected by all County labor groups to assist in the evaluation of future self insurance medical programs.
4. Regular full-time employees must work 30 hrs/wk to qualify for a County benefit contribution (medical, dental, vision and/or waive credit). Employees working 30-34

hrs/wk will be credited with 75% of benefit contributions. Employees working 35-39 hrs/wk will be credited with 90% of benefit contributions. Additional employee contributions to health insurance premiums will be paid through payroll deduction.

- For purposes of this policy, hours worked includes all forms of paid time rounded to the nearest whole number. Examples of paid time include, but are not limited to vacation, sick, comp time off, 4850 leave, paid admin leave, etc.
- This provision does not apply to part-time extra-help employees who are not eligible for benefits.
- For regular full-time employees who change their employment status to percentage employment, this provision will be effective the first of the month following the date they assume the reduced percentage employment schedule. Benefits will return to 100% the first of the month following the effective date the employee returns to 100% regular employment status.
- For regular full-time employees who are paid less than 80 hours per 14-day pay period (employees going into DOC time, etc.), employee contributions will be adjusted if the employee does not receive 80 hours of paid time in three consecutive pay periods. The effective date of the adjustment will be the first of the month following the three consecutive pay periods of reduced compensation. Benefits will be restored to 100% effective the first of the month following any pay period in which the employee is paid 80 hours. This process will be modified for regular full-time employees working an alternative work schedule that does not provide 80-hours of regular compensation per pay period. Unpaid suspension time as a result of employee disciplinary actions will not count against an employee in determining health insurance eligibility.
- For employees on a paid leave of absence, the County will continue the current process for coordinating leave accruals with State Disability benefits. This process allows an employee to combine their State Disability benefits with their leave accruals to equal 40 hours of compensation per week while maintaining their full health insurance benefits. For employees participating in disability plans other than State Disability, the County will continue to provide the same level of coordinated benefits consistent with the benefits available through State Disability.
- Under current policy, employees on an unpaid leave of absence do not receive health insurance contributions effective the first of the month following the start of their unpaid leave status. Employees returning from an unpaid leave will have their health insurance contributions restored effective the first of the month following their return to paid status. Please see applicable County policies regarding unpaid leave status, exceptions for FMLA eligible employees and the availability of COBRA benefits.
- For benefit information related to Voluntary Time Off, Job Sharing and benefit provisions for Certain Part-Time Nurses, please refer to the individual County policies and CNA labor agreement.

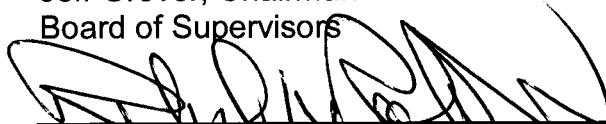
- Nothing in this agreement shall enhance or reduce existing policy provisions related to military leave benefits.


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.


Signed this 21<sup>st</sup> day of December, 2010:

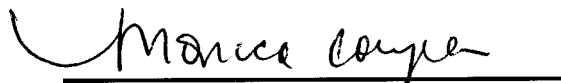
FOR THE COUNTY:

  
Jeff Grover, Chairman  
Board of Supervisors


  
Richard W. Robinson  
Chief Executive Officer


  
Jody Hayes  
Deputy Executive Officer

  
Nancy Bronstein  
Deputy Executive Officer

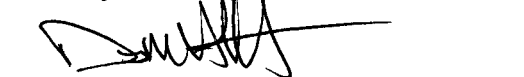
  
Monica Coryea  
Assistant Management Consultant


FOR THE UNIONS:


  
Paul Konsdorf  
Goyette & Associates


  
Jerry R. Fillingim  
California Nurses Association

  
WR McKenzie  
County Attorneys Association

  
David Hutchinson  
District Attorney Investigators'  
Association


  
Steve Jackson  
Stanislaus County Deputy  
Probation Officers' Association

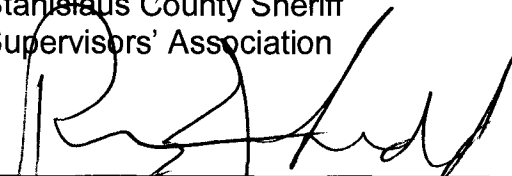
  
Maisy Avila  
Service Employees International  
Union Local 521


  
Grant Beard  
Stanislaus County Deputy Sheriffs  
Association


  
Corinne Wilson  
AFSCME/SCEA Local 10


FOR THE UNIONS:

  
\_\_\_\_\_  
Larry Seymour  
Stanislaus County Sheriff  
Supervisors' Association

  
\_\_\_\_\_  
Roger Ladd  
Stanislaus Regional Emergency  
Dispatchers' Association

  
\_\_\_\_\_  
Darrell Freitas  
Stanislaus County Sheriff  
Management Association

  
\_\_\_\_\_  
Frank Murillo  
Stanislaus County Group  
Supervisors' Association

  
\_\_\_\_\_  
Ryan Killian  
Stanislaus Sworn Deputies  
Association