

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

DEPT: Chief Executive Office

BOARD AGENDA # B-8

Urgent

Routine

AGENDA DATE October 18, 2011

CEO Concurs with Recommendation YES NO

4/5 Vote Required YES NO

(Information Attached)

SUBJECT: Approval of a Health Insurance Agreement Between Stanislaus County and Ten Employee Organizations: Deputy Sheriffs Association, California Nurses Association, County Attorneys Association, Stanislaus Sworn Deputy Association, Stanislaus County Deputy Probation Officers' Association, Stanislaus County Probation Corrections Officers Association, Stanislaus Regional Emergency Dispatchers' Association, Stanislaus County Sheriff's Supervisor Association, Stanislaus County Sheriff's Management Association, and Stanislaus County District Attorney Investigators' Association for the Period January 1, 2012 Through December 31, 2014 and To Extend the Provisions of this Agreement To All Unrepresented Management and Confidential Employees

STAFF RECOMMENDATIONS:

1. Approve the tentative Health Insurance Agreement between Stanislaus County and ten employee labor organizations for the period January 1, 2012 through December 31, 2014 for the following Labor Organizations:

Deputy Sheriffs Association; California Nurses Association; County Attorneys Association; Stanislaus Sworn Deputy Association; Stanislaus County Deputy Probation Officers' Association; Stanislaus County Probation Corrections Officers Association; Stanislaus Regional Emergency Dispatchers' Association; Stanislaus County Sheriff Supervisors' Association; Stanislaus County Sheriff's Management Association; and, Stanislaus County District Attorney Investigators' Association

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FISCAL IMPACT:

The County has completed negotiations on a new joint three-year agreement for health insurance with ten of the twelve County labor organizations. Two labor organizations American Federation of State, County and Municipal Employees (AFSCME) and Service Employees International (SEIU) participated in negotiations and signed the tentative agreement on health insurance but members failed to ratify the agreement. All other groups have now ratified the tentative agreement. The terms and conditions of the three-year agreement are effective January 1, 2012 through December 31, 2014. This agreement provides the specific level of coverage

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BOARD ACTION AS FOLLOWS:

No. 2011-641

On motion of Supervisor Chiesa, Seconded by Supervisor DeMartini

and approved by the following vote,

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

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.

Approval of a Health Insurance Agreement Between Stanislaus County and Ten Employee Organizations: Deputy Sheriffs Association, California Nurses Association, County Attorneys Association, Stanislaus Sworn Deputy Association, Stanislaus County Deputy Probation Officers' Association, Stanislaus County Probation Corrections Officers Association, Stanislaus Regional Emergency Dispatchers' Association, Stanislaus County Sheriff's Supervisor Association, Stanislaus County Sheriff's Management Association, and Stanislaus County District Attorney Investigators' Association for the Period January 1, 2012 Through December 31, 2014 and to Extend the Provisions of this Agreement to All Unrepresented Management and Confidential Employees

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STAFF RECOMMENDATIONS CONTINUED:

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.
4. Authorize the Chief Executive Officer or designee to execute all agreements related to implementation and maintenance of employee health insurance programs effective January 1, 2012 through December 31, 2014

FISCAL IMPACT CONTINUED:

for medical, dental and vision insurance programs for the ten labor organizations that ratified the agreement. The provisions of this agreement will also apply to all unrepresented management and confidential employees.

The new agreement includes the first year of a new funding strategy to self-insure the County's two existing medical plan options and to add a new self-insured plan option through Stanislaus County Partners in Health. The agreement also includes changes in the benefit structure for dental and vision programs, and increases in employee premium cost share for all levels of coverage. Under the new self-insured plans, employees will have the option of participating in either a High Deductible Health Plan with a Health Savings Account (HSA) or an Exclusive Provider Organization (EPO) plan option which is consistent with the structure of the County's existing Health Maintenance Organization (HMO) programs.

The County currently spends approximately \$40.5 million annually for medical insurance coverage and \$5 million annually on dental and vision benefit plans, for a total cost of approximately \$45.5 million. Approximately 30% of these costs are paid through General Fund departments. The County's declining discretionary revenue and resultant budget reductions resulted in the need to evaluate insurance options to control rising costs. The initiative to make program changes is part of the County's multi-year financial strategy.

Under the Tentative Agreement signed by all bargaining units, the County anticipated spending approximately \$37 million in 2012 for medical insurance and \$3.5 million on dental and vision benefit plans for a total cost of \$40.5 million with an annual savings of \$5.1 million. This level of savings as negotiated with all labor groups would have provided the equivalent of reducing employee wages by 2.0%. The health agreement is structured to provide employees multiple options for medical insurance plans which may reduce the fiscal impact to each individual employee and in some cases provide employees options to reduce their out-of-pocket costs from 2011 to 2012. At this time, it is unclear how much of the potential \$5.1 million in savings

Approval of a Health Insurance Agreement Between Stanislaus County and Ten Employee Organizations: Deputy Sheriffs Association, California Nurses Association, County Attorneys Association, Stanislaus Sworn Deputy Association, Stanislaus County Deputy Probation Officers' Association, Stanislaus County Probation Corrections Officers Association, Stanislaus Regional Emergency Dispatchers' Association, Stanislaus County Sheriff's Supervisor Association, Stanislaus County Sheriff's Management Association, and Stanislaus County District Attorney Investigators' Association for the Period January 1, 2012 Through December 31, 2014 and to Extend the Provisions of this Agreement to All Unrepresented Management and Confidential Employees

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will be realized in 2012 based on the ongoing negotiations with AFSCME and SEIU. If the County does not receive any savings from the employees represented by AFSCME and SEIU, the total potential savings County-wide would be reduced to approximately \$1.5 million for all of the groups who ratified the tentative agreement and all unrepresented management and confidential employees. While the final outcome of the negotiation and impasse procedure with AFSCME and SEIU is unknown, the savings in this agreement will assist in balancing departments' budgets for the remainder of Fiscal Year 2011-2012 and future years. Any potential shortfall in department funding as a result of the lack of agreement with AFSCME and SEIU will need to be absorbed by affected County departments.

The agreement encourages employees to participate in HDHP with HSA options by providing a higher level of funding for HDHP plans than EPO medical plan options. The final fiscal analysis for 2012 is dependent upon how many employees enroll in EPO plan options and how many enroll in HDHP plan options with a higher level of County funding. 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. Currently 71% of County employees are enrolled in HMO plan options and 29% in HDHP plan options. Should the County increase participation in the HDHP plan options to 50% of employees, the County's projected savings from the health care agreement in 2012 would be reduced from \$5.1 million (equivalent to 2.0% of employee salary) to \$4.0 million (equivalent to 1.6% of salary). Increasing the number of employees enrolled in HDHP plan options may result in decreased savings in the short term based on the negotiated funding agreement, but will also have a positive effect 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 2011-2012 Mid-Year Financial Report.

DISCUSSION:

The current Health Insurance Agreement between the County and all employee organizations will expire on December 31, 2011. Staff have worked with representatives from all County labor groups through the required meet and confer process to develop a new Health Insurance Tentative Agreement for employee benefits. The negotiations process included nine negotiation sessions with all bargaining units and multiple proposals exchanged between the County and all labor organizations. The parties reached a final Health Insurance Tentative Agreement on September 22, 2011, which was supported and signed by all County labor organizations. Two labor organizations: American Federation of State, County and Municipal Employees (AFSCME) and Service Employees International (SEIU), participated in negotiations and signed the Health Insurance Tentative Agreement but were unable to ratify the agreement with their individual bargaining unit members. The County is currently working through the negotiation and impasse process with these two groups. The remaining ten labor groups have now ratified the Tentative Agreement. This agenda item is being submitted to the Board to approve the Health Insurance

Approval of a Health Insurance Agreement Between Stanislaus County and Ten Employee Organizations: Deputy Sheriffs Association, California Nurses Association, County Attorneys Association, Stanislaus Sworn Deputy Association, Stanislaus County Deputy Probation Officers' Association, Stanislaus County Probation Corrections Officers Association, Stanislaus Regional Emergency Dispatchers' Association, Stanislaus County Sheriff's Supervisor Association, Stanislaus County Sheriff's Management Association, and Stanislaus County District Attorney Investigators' Association for the Period January 1, 2012 Through December 31, 2014 and to Extend the Provisions of this Agreement to All Unrepresented Management and Confidential Employees

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Tentative Agreement with the ten employee organizations that have ratified the Tentative Agreement and to extend the provisions of the new agreement to unrepresented management and confidential employees.

The County recognized during negotiations for the 2011 Healthcare Insurance Agreement that the County needed to evaluate other options prior to 2012 for the provision of employee healthcare benefits. In 2011, employee premium cost sharing was included in the agreement with labor for the first time for all health plans and all levels of coverage. With healthcare costs continuing to escalate, it became imperative for the County to find a solution to better control both the County's and employees' costs in future years. To assist with this process, the County engaged benefit consultants Sidles Duncan and Associates to conduct a healthcare strategy evaluation. This included: a comprehensive review of the County's current health care plan arrangements and purchasing practices; evaluation of underlying health status of the population; review of community health care systems, providers, and health plans to identify sources of value and quality to the County; and the development of recommendations and strategies for consideration by the County. This comprehensive review also explored options to implement an alternative self-insured medical benefit program for employee health insurance.

At the completion of the review, Sidles Duncan and Associates presented to the County a recommendation to move the County's existing health plans to a self-insured funding strategy and to create an additional medical plan option built around a custom local network of medical providers.

In advance of scheduled negotiations, the County included three representatives from labor who had been nominated by the bargaining units to participate in presentations with the healthcare consultants. The new medical plan option, Stanislaus County Partners in Health (SCPH) has been designed to offer an alternative non-profit medical plan option focused on high quality care and implementing strategies to increase the effectiveness and value of employee and County medical contributions.

As with all private and public employers, Stanislaus County has continued to experience significant increases in employee medical insurance well above normal inflationary indexes in our overall economy. Since the 2005 plan year, the County has averaged premium increases of 11.5% annually for medical insurance programs and received quotes that would result in a 12% increase in overall premiums in 2012 if the County were to continue the existing fully-insured medical plans. The implementation of SCPH will maintain the same plan design for employee benefits while providing medical plan rates similar to the same rates charged in 2011 for employees enrolled in the County's current low cost benefit option through Kaiser. In addition to generating immediate savings from avoiding pending fully-insured rate increases, the financial structure of SCPH is designed to minimize premium rate inflation in future years and provide rate stability in our overall medical insurance program.

Approval of a Health Insurance Agreement Between Stanislaus County and Ten Employee Organizations: Deputy Sheriffs Association, California Nurses Association, County Attorneys Association, Stanislaus Sworn Deputy Association, Stanislaus County Deputy Probation Officers' Association, Stanislaus County Probation Corrections Officers Association, Stanislaus Regional Emergency Dispatchers' Association, Stanislaus County Sheriff's Supervisor Association, Stanislaus County Sheriff's Management Association, and Stanislaus County District Attorney Investigators' Association for the Period January 1, 2012 Through December 31, 2014 and to Extend the Provisions of this Agreement to All Unrepresented Management and Confidential Employees

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In discussions with labor groups, the County shared these findings along with evaluation of the cost impact for pending rate increases from the County's current HMO and HDHP plans offered through Kaiser and Anthem Blue Cross. The County worked with labor groups through multiple proposals to identify a final Health Insurance Tentative Agreement signed on September 22, 2011. The new agreement includes the first year of the new self-insured Stanislaus Partners in Health medical plan option and changes in the benefit structure for dental and visions programs. The Healthcare Agreement also includes increased employee premium cost share for each level of coverage in all medical, dental, and vision plans.

The agreement continues to fund HDHP plan options at a higher level than EPO plans and creates an additional incentive for employees to enroll in these high deductible, consumer driven medical plans. Stanislaus County has offered HDHP options since 2010, with enrollment growing from 5% in 2010 to 29% of employees in 2011. Employees enrolled in HDHP plans are provided an individual Health Savings Account (HSA), with 80% of the employee's annual medical deductible funded by the County directly into their individual HSA. Employees who do not spend all of the funds in their HSA are able to roll-over those funds from year to year and continue to utilize their funds after retirement or resignation from County service. Participation in the HDHP plans with individual Health Savings Accounts over the initial two years has demonstrated an increase in employee awareness of medical plan costs, provided additional pre-tax medical savings opportunities for employees, and provided financial incentives for employees to reduce their utilization of plan benefits where appropriate.

The County will be utilizing a benefit communications firm to administer the open enrollment process this year for those employees represented by those groups who ratified the Health Insurance Tentative Agreement and all unrepresented employees. This process is designed to work with departments' specific scheduling needs and to ensure all employees participate in a one-on-one benefit counseling session. The open enrollment sessions will provide a complete overview of all benefit options for employees and personal counseling on strategies for maximizing healthcare contributions and savings. Benefit counselors will provide personal training on the County's new online open enrollment system in our automated payroll system, (PeopleSoft), a detailed comparison of HDHP and EPO benefit options and enrollment opportunities for new voluntary life and accident insurance programs offered for the first time to County employees. The benefit communications process and all voluntary benefit plans are offered at no cost to the County through our existing relationship with Alliant Insurance Services and the California State Association of Counties – Excess Insurance Authority. The County is still working with representatives from AFSCME and SEIU to evaluate open enrollment options for those employees who have not ratified the Tentative Agreement.

The following summarizes the final version of the Tentative Agreement and insurance plan selections subject to ratification by all County labor groups and approval of the Board of Supervisors:

Approval of a Health Insurance Agreement Between Stanislaus County and Ten Employee Organizations: Deputy Sheriffs Association, California Nurses Association, County Attorneys Association, Stanislaus Sworn Deputy Association, Stanislaus County Deputy Probation Officers' Association, Stanislaus County Probation Corrections Officers Association, Stanislaus Regional Emergency Dispatchers' Association, Stanislaus County Sheriff's Supervisor Association, Stanislaus County Sheriff's Management Association, and Stanislaus County District Attorney Investigators' Association for the Period January 1, 2012 Through December 31, 2014 and to Extend the Provisions of this Agreement to All Unrepresented Management and Confidential Employees

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- The County will offer Stanislaus Partners in Health, Kaiser and Anthem Blue Cross medical plan options. All three health plans will offer an EPO plan and HDHP with HSA plan option for County employees.
- The County will fund 80% of the lowest cost EPO plan and 95% of the lowest cost HDHP at each level of coverage.
- The County will fund 80% of the deductible limit for employees enrolling in the HDHP with 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 80% of the premium cost for dental and vision insurance at each level of coverage. Changes in the benefit structure for dental and visions programs have also been included.
- The County and labor groups have agreed to the option to reopen the meet and confer process for all provisions of the agreement for calendar year 2014 based on the potential financial and operational impacts of healthcare reform regulations.

The new health insurance agreement will be effective January 1, 2012 through December 31, 2014. 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.

Attached is the final agreement between the County and the represented employee organizations.

POLICY ISSUE:

Board approval of the tentative Health Insurance Agreement between Stanislaus County and all employee labor organizations supports the Board's priorities of A Healthy Community, Efficient Delivery of Public Services and Effective Partnerships.

STAFFING IMPACT:

Existing Chief Executive Office staff will continue to implement the insurance plans.

CONTACT PERSON: Jody Hayes, Deputy Executive Officer (525-5714)

TENTATIVE AGREEMENT
September 22, 2011

**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 Probation Correction Officers' Association
Stanislaus Sworn Deputies Association**

This agreement shall remain in full force and effect for the period of January 1, 2012 through December 31, 2014 unless extended by mutual agreement of the parties.

Medical Insurance

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

High Deductible Health Plans (HDHP) with Health Savings Accounts

- Stanislaus Partners in Health HDHP
- Anthem Blue Cross HDHP
- Kaiser HDHP

Exclusive Provider Organization (EPO) Plans

- Stanislaus Partners in Health EPO
- Anthem Blue Cross EPO
- Kaiser EPO

For employees enrolled in an EPO plan, the County shall contribute an amount equal to 80% of the lowest cost EPO plan at each level of coverage.

For employees enrolled in a High Deductible Health Plan, the County shall contribute an amount equal to 95% of the lowest cost HDHP at each level of coverage. The County will also fund individual HSA accounts in the following amounts:

Employee only - \$1,200 annually

Employee +1 - \$2,000 annually

Family - \$2,000 annually

HSA account contributions will be made twice per month, for a total of 24 equal installments each year. The County will fund 6-months of the HSA account contribution in January of each year for any employee in an HSA plan. The County would make no

other contributions until July of each year and then would fund the remaining annual account contribution through 12 equal installments over the last six months of the calendar year. Employees are responsible for paying any account related fees on their individual Health Savings Account (up to \$3.25 monthly as of January 2012).

Employees enrolled in HDHP plan options will be subject to minimum deductible payments for each calendar year. Please refer to the specific plan documents to confirm minimum deductibles and co-payments for each plan option.

Health insurance co-pays for employees enrolled in EPO plan options will be as follows:

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

The parties recognize that health insurance providers may institute benefit changes that are not within the control of the County. This provision does not apply to the Stanislaus Partners in Health medical plan.

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 plan. The County shall pay 80% of the premium cost at each level of dental coverage (Employee only, Employee +1 and Family).

The County will provide vision coverage through the VSP Choice Plan. The County shall pay 80% 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.

Impacts of Healthcare Reform

The parties recognize the implementation of additional healthcare reform regulations in 2014 may present financial and operational consequences to the County. The County reserves the right to reopen the meet and confer process for all provisions of this agreement for calendar year 2014 based on the financial and operational impacts of healthcare reform regulations.

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. Employee Benefits Committee consisting of one employee and/or the designated labor representative per bargaining unit will meet semi-annually to evaluate the financial performance of the self insured medical plans and recommended rate adjustments. The parties agree to conduct meetings on a quarterly basis for the first year during the implementation of the new self-funded medical plans in 2012. The County maintains all plan fiduciary responsibilities, including setting annual rate adjustments based on actuarial review and analysis.
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. 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 (such as the "6/3" work schedule). Unpaid suspension time as a result of employee disciplinary actions will not count against an employee in determining health insurance eligibility.
 - Employee benefit eligibility will be evaluated on a quarterly basis.

- If an employee's hours fall below 80 hours in three consecutive pay periods within a quarter, the employee will be provided a letter of warning for the first quarter.
 - If the employee's hours fall below 80 hours in three consecutive pay periods the following quarter, the employee's contributions will be adjusted based on the employee's quarterly average. The effective date of the adjustment will be the first pay period of the following quarter.
 - Benefits will be restored to 100% effective the first pay period of the following quarter in which the employee is paid an average of 80 hours in the quarter.
- 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. Other than the provisions contained herein, 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.

PowerPoint Presentation – B-8

2012 Health Insurance Agreement



Background

- **In September the County completed negotiations on a new three-year Health Insurance agreement with all County Labor Organizations - January 1, 2012 through December 31, 2014**
- **Negotiations included nine meetings over three months with representatives from Health Plans and the County's benefit consultant providing information to the entire negotiating team**
- **All labor groups signed a Tentative Agreement on September 22, 2011 in support of the outcome of the negotiations process**

Health Insurance Ratification Update

All Approved Groups

- DA Investigators
- Deputy Probation Officers
- Sheriff Custodial Deputies
- Sheriff Sergeants
- Sheriff Lieutenants
- Sworn Deputy Sheriffs
- Probation Corrections Officers
- Attorneys Association
- Nurses Association
- Dispatch Association

Groups Without Approval

- SEIU
- AFSCME

Included in Recommendations

- All Unrepresented Classifications (Dept Heads, Elected Officials, Management & Confidential)

New Agreement:

The County will offer six medical plan options:

- **High Deductible Health Plans with Health Savings Accounts**
 - **Stanislaus Partners in Health HDHP**
 - **Anthem Blue Cross HDHP**
 - **Kaiser HDHP**
- **Exclusive Provider Organization EPO Plans (HMO)**
 - **Stanislaus Partners in Health EPO**
 - **Anthem Blue Cross EPO**
 - **Kaiser EPO**

New Agreement:

- **Dental benefits remain with current self-insured Delta Dental program**
 - **County costs will now be limited to the contracted rates with the Delta Dental PPO program; employees can go to dentists outside of the PPO network but will need to pay the difference in cost**
- **Vision benefits remain with current self-insured Vision Service Plan**
 - **Change from VSP Select Plan to VSP Choice Plan**

Premium Cost Sharing Changes in New Agreement

County Contributions 2011

County Contributions 2012

**EPO Plans
(HMO)**

**90% of Premium for
Lowest Cost Plan**

**80% of Premium for
Lowest Cost Plan**

**HDHP
with
Health
Savings
Accounts**

**98% of Premium for
Lowest Cost Plan**

**95% of Premium for
Lowest Cost Plan**

**Plus County Contribution to
Health Savings Account
- \$1,500 Employee Only
- \$2,500 Employee +1
- \$2,500 Family**

**Plus County Contribution to
Health Savings Account
- \$1,000 Employee Only
- \$2,000 Employee +1
- \$2,000 Family**

**Dental
and Vision**

**95% of Premium for County
Dental & Vision Plans**

**80% of Premium for County
Dental & Vision Plans**

Fiscal Impact

- County currently spends \$40.5 million annually for medical insurance and \$5 million annually on dental and vision insurance for a total cost of \$45.5 million
- 30% of costs paid through General Fund departments
- Anticipated spending approximately \$40.5 million in 2012 for an annual savings of \$5.1 million. For each group who participates under this agreement the County will save on average the equivalent of a 2% reduction in employee salary

Fiscal Impact

- Without savings from the employees represented by AFSCME and SEIU, the total potential savings County-wide would be reduced to approximately \$1.5 million
- Any potential shortfall in department funding as a result of the lack of agreement with AFSCME and SEIU will need to be absorbed by County departments
- The final results will be reported in the Fiscal Year 2011-2012 Mid-Year Financial Report

Moving Forward

- **County will continue to work through the negotiation and impasse process with AFSCME and SEIU**
- **Open enrollment for all other groups will start October 31, 2011**
- **Open enrollment for AFSCME and SEIU will be scheduled once negotiation process is complete**

Moving Forward

- **The County recognized as a result of ongoing fiscal challenges and the current 5% Salary Deduction agreement ending June 30, 2012 future salary savings were necessary to maintain the organization's fiscal stability**
- **The County invited all labor organizations to have joint discussions on both benefits and salary during Health Insurance Negotiations**
- **With labor contracts not expiring until June 30, 2012 salary discussions were voluntary**

Moving Forward

Early agreements on salary:

- Allow for advanced budget planning
- Provide consistency with core salary and benefit issues
- Opportunity to negotiate a total salary and benefit package.
- Early agreement will provide for contract stability

Moving Forward

Agreements for salary savings include:

- 6% permanent salary deduction
- Extension of Current Agreements through June 30, 2014 (24 Months)
- 48 hours of Special Accrued Leave Time (SALT)
- Retiring employees may be exempted from salary deduction for up to 12 months prior to retirement

Update on Salary Discussion

Ratified Agreements

- DA Investigators
- Deputy Probation Officers
- Sheriff Sergeants
- Sheriff Lieutenants
- Probation Corrections Officers
- Dispatch Association

Discussions Ongoing

- Sheriff Custodial Deputies
- Sworn Deputies Sheriffs
- Nurses Association

Not Participating

- SEIU
- AFSCME
- Attorneys Association

Moving Forward

- Will be returning to the Board of Supervisors to recommend approval of Tentative Agreements for permanent salary deductions on November 8, 2011
- Will also recommend implementation for all unrepresented employees
- The new 6% salary deduction program along with 48 hours SALT will be effective July 1, 2012

Staff Recommendations

- 1. Approve the tentative Health Insurance Agreement between Stanislaus County and ten employee labor organizations for the period January 1, 2012 through December 31, 2014 for the following Labor Organizations:**

Staff Recommendations

- Deputy Sheriffs' Association
- California Nurses' Association
- County Attorneys' Association
- Stanislaus Sworn Deputies Association
- Stanislaus County Deputy Probation Officers' Association
- Stanislaus County Probation Correction Officers Association

Staff Recommendations

- **Stanislaus Regional Emergency Dispatchers' Association**
- **Stanislaus County Sheriff Supervisors' Association**
- **Stanislaus County Sheriff Management Association**
- **Stanislaus County District Attorney Investigators' Association**

Staff Recommendations

- 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.**

Staff Recommendations

4. **Authorize the Chief Executive Officer or designee to execute all agreements related to implementation and maintenance of employee health insurance programs effective January 1, 2012 through December 31, 2014.**

Health Insurance Agreement

