STAFF REPORT

Shasta County
Regional Transportation
Planning Agency

MEETING DATE:	**5/22/12**
SUBJECT:	**Approve Employee Medical Insurance Plan with CalPERS**
AGENDA ITEM:	**9**
STAFF CONTACT:	**Dan Little**

SUMMARY:

The board-approved transition of the RTPA to an independent agency will require new enrollment in a medical benefit insurance program. The board directed staff to seek benefits consistent with levels currently provided by the county.

STAFF RECOMMENDATION:

It is recommended that the board:

1. Authorize the executive director to enroll staff in the CalPERS medical insurance program to provide the same coverage plan, premiums, and cost sharing now offered under county employment (attached); and
2. Approve Resolution No. 12-08 (attached) selecting enrollment options.

DISCUSSION:

The same coverage, premiums and employer/employee cost sharing formulas that currently apply to RTPA staff as county employees are recommended for the independent agency.

Staff obtained quotes from four non-CalPERS providers for comparable levels of coverage. All have higher premiums for similar plans, due in part to escalation/risk factors based on employee age and medical history. On average, these premiums were about 15% higher.

The attached resolution allows medical plan enrollment while the agency awaits approval of a pending CalPERS retirement agreement. This assures no gap in medical coverage.

Creation of a new agency and reenrollment in CalPERS will result in long-term agency savings related to employer-paid retiree medical premiums for new hires. Under current county arrangements, the county must pay nearly the same premiums to retirees as to active employees.

Pursuant to the attached resolution, staff recommends an available option that sets the lowest possible employer medical insurance premium contributions under the Public Employees' Medical and Hospital Care Act. The minimum required employer contribution starts at one dollar and escalates to an estimated minimum contribution of $269 monthly over 20 years.

Agencies may, and typically do, elect to contribute higher amounts, but the attached resolution would not bind the agency to do so.

With the staff recommended enrollment option, agency savings will be substantial for future hires over the next several decades because the agency will be paying minimum retiree benefits rather than 80 to 100% of the employer share as is currently the case.

The proposed agency Human Resources Policies and Procedures will maintain status quo retiree cost sharing for current employees. New hires will be subject to the minimums discussed above.

Unless mitigated by the agency, reenrollment in the CalPERS medical insurance program will reset any year-to-date employee contributions toward their deductible, requiring the payment of new deductibles of up to $1,000 per employee.

ALTERNATIVES:

The agency may suggest an alternate employee insurance provider. This will result in higher agency costs for comparable programs.

OTHER AGENCY INVOLVEMENT:

The independent RTPA board subcommittee, consisting of Chair Moty, Vice Chair Watkins, and past Chair Dickerson are scheduled to review this item May 21.

FINANCING:

The insurance premiums and employer/employee shares would not change over current county levels. Agency-paid medical premiums for future retirees would be reduced substantially eliminating unanticipated spikes in agency premiums and resulting in long-term agency savings. The agency's proposed Human Resources Policies and Procedures would allow future board consideration of a "cafeteria plan" which can be designed to provide additional savings to both agency and employee. Adequate funds are budgeted in the 2012/13 Overall Work Program.

Daniel S. Little, AICP, Executive Director

Attachments: Resolution No. 12-08
CalPERS Medical Plan and Premiums

RESOLUTION

Shasta Regional
Transportation
Agency

RESOLUTION NUMBER:	**12-08**
SUBJECT:	**Electing to be Subject to Public Employee' Medical and Hospital Care Act and Fixing the Employer's Contribution for Employees and the Employer's Contribution for Retirees at Different Amounts**

WHEREAS, Government Code Section 22922(a) extends the benefits of the Public Employees' Medical and Hospital Care Act to employees of contracting agencies on proper application by an agency; and

WHEREAS, Government Code Section 22892(c) provides that a contracting agency may fix the amount of the employer's contribution for employees and the employer's contribution for retirees and survivors at different amounts, provided that the monthly contribution for annuitants is annually increased to equal an amount not less than the number of years the contracting agency has been subject to this subdivision multiplied by 5 percent of the current monthly contribution for employees, until such time as the amounts are equal ; and

WHEREAS, Government Code Section 22920(b) defines any Special District as a contracting agency; and

WHEREAS, A Special District is hereby defined as a non-profit, self-governed public agency within the State of California, and comprised solely of public employees performing a governmental rather than proprietary function; and

WHEREAS, Shasta Regional Transportation Agency, hereinafter referred to as Special District is an entity meeting the above definition; and

WHEREAS, The Special District desires to obtain for its employees, retired employees, and survivors the benefit of the Act and to accept the liabilities and obligations of an employer under the Act and Regulations; and

NOW, THEREFORE, BE IT RESOLVED that the Shasta Regional Transportation Agency:

1. That the Special District elect, and it does hereby elect, to be subject to the provisions of the Act; and
2. That the employer's contribution for each employee shall be the amount necessary to pay the full cost of his enrollment, including the enrollment of his family members in a health benefits plan up to a maximum of the PEMHCA minimum employer contribution amount per month; and

3. That the employer's contribution for each retired employee or survivor shall be the amount necessary to pay the cost of his enrollment, including the enrollment of his family members, in a health benefits plan up to a maximum of $1.00 per month; and
4. That the employer's contribution for each retiree or survivor shall be increased annually by 5% percent of the monthly contribution for employees, multiplied by number of years of employer's participation in PEMHCA, until such time as the contributions are equal;
5. And that the contributions for employees, retired employees and survivors shall be in addition to those amounts contributed by the Special District for administrative fees and to the Contingency Reserve Fund; and
6. That Shasta Regional Transportation Agency has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and
7. That the executive body appoint and direct, and it does hereby appoint and direct the executive director to file with the Board of Administration of the Public Employees' Retirement System a verified copy of this Resolution, and to perform on behalf of said Special District all functions required of it under the Act and Regulations of the Board of Administration; and
8. That coverage under the Act be effective on August 1' 2012.

PASSED AND ADOPTED this 22nd day of May, 2012, by the Shasta Regional Transportation Agency.

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Leonard Moty, Chair
Shasta Regional Transportation Agency

Shasta Regional Transportation Agency
2012 PERS Medical Premium Breakdown

Provider	Premium Amount	Monthly SRTA Portion	Monthly Employee Portion	Per Pay Period Employee Portion
PERS Choice				
Single	$559.25	$559.25	$0.00	$0.00
2 Party	$1,118.50	$667.16	$451.34	$225.67
Family	$1,454.05	$843.60	$610.45	$305.23
PERS Select				
Single	$474.74	$474.74	$0.00	$0.00
2 Party	$949.48	$667.16	$282.32	$141.16
Family	$1,234.32	$843.60	$390.72	$195.36
PERS Care				
Single	$1,002.53	$559.25	$443.28	$221.64
2 Party	$2,005.06	$667.16	$1,337.90	$668.95
Family	$2,606.58	$843.60	$1,762.98	$881.49