

**MEMORANDUM
PERSONNEL DEPARTMENT
COUNTY OF PLACER**

To: Board of Supervisors
From: Nancy Nittler, Personnel Director
By: Ann Craig, Personnel Services Manager 
Date: October 23, 2007
Subject: Cafeteria and Health Reimbursement Arrangement Plan Adoption Agreements

ACTION REQUESTED: Authorize the Personnel Director to sign, consistent with the Board approved labor agreements and ordinances, the attached Cafeteria and Health Reimbursement Arrangement plan adoption agreements for the following benefit plans:

- 1) Placer Public Employees Organization and Placer County Deputy Sheriffs Association Cafeteria Restated and Amended Plan for the existing benefit plan
- 2) Management and Confidential Cafeteria Restated and Amended Plan
- 3) Tahoe Area Health Reimbursement Arrangement Restated and Amended Plan for the existing benefit plan

BACKGROUND: At your May 27, 2007 regular meeting, your Board authorized the Procurement Services Division to execute a contract to administer the County's Cafeteria plans and the Tahoe Area Health Reimbursement Arrangement (TAHRA) program. Fringe Benefits Management Company (FBMC) was selected as the vendor with the best value proposal in accordance with the Request for Proposal evaluation criteria.

The contract with FBMC contains provisions to update the required IRS plan documents as well as administer the reimbursement claims process for health and dependent care expenses for the Management & Confidential Cafeteria Plan, the Placer Public Employee Organization (PPEO) and Placer County Deputy Sheriff Association (PCDSA) Plan and the Tahoe Area Health Reimbursement Arrangement (TAHRA) Plan. Each of these programs is currently administered by the Personnel Department. The Personnel Department has been working extensively with FBMC on IRS plan document updates, administration, claims reimbursement requirements and open enrollment communications materials.

FBMC has updated the plan documents to maintain compliance with the IRS rules and regulations. The attached three amended and restated plan documents have been reviewed by our office as well as County Counsel's office for content and legal requirements. The amended and restated cafeteria plan documents and the health reimbursement arrangement documents cover the labor provisions previously approved by the Board in Memorandums of Understanding with PPEO and PCDSA dating back to 1991 and 1992 and the recent changes authorized in the Management & Confidential Salary and Benefits Ordinance in November 2006.

The updated plan documents are based upon recent IRS regulation changes. It should be noted that the PPEO and DSA Cafeteria plan document, as well as the Tahoe Area Health Reimbursement Arrangement, do not reflect any plan changes, and only continue existing benefits, and further are not tied to current DSA negotiations.

The PPEO and PCDSA Cafeteria plan components include Premium Conversion, where employees' contributions to the medical plans are paid on a pre-tax basis and include a Dependent Care Expense Reimbursement option. The Management & Confidential plan includes the same components plus a Health Care Reimbursement option. The TAHRA is designed to offset the additional medical expenses Tahoe employees incur as they do not have the opportunity to enroll in a lower cost Health Maintenance Organization (HMO) like Auburn based employees.

FISCAL IMPACT: The Personnel Department 2007 - 2008 Employee Benefits budget includes a total estimated cost of \$213,250 for contract administration and reimbursements for the Tahoe Area Health Reimbursement program. The costs will be charged to the departments as incurred.