

MEMORANDUM
OFFICE OF THE
COUNTY EXECUTIVE
COUNTY OF PLACER

TO: Honorable Board of Supervisors
FROM: Thomas M. Miller, County Executive Officer
DATE: December 8, 2009
SUBJECT: Deputy Sheriff Association (DSA) Retiree Health Stipend

ACTION REQUESTED

Approve a Resolution authorizing the payment of a stipend through June 30, 2010 to eligible DSA retirees to mitigate the implementation impacts of the 80 / 20% health insurance cost sharing formula starting in Benefit Year 2010.

BACKGROUND

On September 8, 2009 the Board of Supervisors imposed proposals contained within the County's "Last, Best and Final Offer (LBFO) for a New Memorandum of Understanding submitted July 1, 2009 by the County of Placer to the Deputy Sheriffs' Association". One item contained within the County's LBFO provided greater cost sharing for health insurance premiums starting benefit year 2010 whereby employees and retirees would begin to pay 20% of the premium cost and the County's employer contribution for PERSCare was capped. Changes adopted in the LBFO related to health insurance premium cost sharing will affect the 156 DSA retirees enrolled in the County's health program as they will now be required to pay 20% of their health care premiums, the same as active employees, for coverage that begins January 1, 2010.

Prior to 1987 the County did not provide health insurance coverage to retirees, nor did it provide a contribution to help fund retiree health costs. In 1987 the County joined CalPERS Health and, due to a legislative "buy in" provision, the County began to offer health insurance coverage to its retirees. As required by law, the County contributed \$1 per month toward this coverage, and the employer paid health contributions grew very slowly over time (calculated at 5% of the employer contribution for actives). Effective July 1, 2000, Placer County's contributions toward health insurance premiums for Deputy Sheriffs' Association retirees became equal to the amount paid for active DSA employees. Prior to that time the County paid between 30 to 67% of the DSA retirees' health insurance premium costs; an amount that varied as a result of the provider, plan coverage, residence and Medicare eligibility of the retiree and / or covered family member.

On October 20, 2009 staff presented information from the June 30, 2009 Other Post Employment Benefit (OPEB) Actuarial Report and took public comment regarding issues surrounding the cost of the 80 /20% health cost sharing for DSA retirees and the possible short term payment of a stipend to these retirees. Upon in-depth discussion, the board approved the County Executive Office's recommendation for the County to provide a short-term financial offset for some DSA retirees to help mitigate some of the health insurance cost sharing impact.

On November 17, 2009 staff returned to the Board to discuss the impacts of the October 20th action on DSA industrial disability retirees. At that time the Board was notified that approximately 8 retirees would be excluded from receiving the stipend as 6 retired prior to July 1, 2000 and 2 that retired after this date, had less than 10 years of service. The Board approved staffs recommendation that these DSA industrial disability retirees be given an exemption so that they can receive the stipend through June 30, 2010.

In keeping with Board direction, staff are returning today with the Resolution necessary to implement the DSA retiree stipend as outlined in Exhibit A.

FISCAL IMPACT

The cost to the County to pay for DSA retiree health at the 80 / 20% formula is estimated at \$1.2 million per year (12 months of coverage). The additional FY 2009-10 costs related to payment of a DSA retiree stipend is estimated at \$43,332, with approximately 77 DSA retirees eligible to receive the stipend. The additional cost to add the 6+ industrial disability retirees to this platform is estimated at less than \$4,000. These costs would be added to the \$1.2 million annually required to cover 80% of the DSA retiree health care cost. The temporary "stipend" that would be paid to eligible DSA retirees is estimated to range between \$0 and \$141 per month and will discontinue June 30, 2010.

The individual retiree's cost impact from the new health sharing formula will vary due to the health insurance provider and type of coverage that the retiree chooses as well as Medicare eligibility for the retiree and / or family members covered. The average DSA retiree additional cost under the 80 / 20% formula for health insurance over what the retiree currently pays is expected to range from \$0 to \$230.20 per month; an amount that will vary due to carrier / plan coverage, residence and Medicare eligibility.

Attachments:

Resolution

Exhibit A: DSA Retiree Stipend Conditions / Formula

**Before the Board of Supervisors
County of Placer, State of California**

In the matter of: A resolution authorizing the payment of a stipend through June 30, 2010 to eligible DSA retirees to mitigate the implementation impacts of the 80/20% health insurance cost sharing formula starting in Benefit Year 2010.

Resolution No.: _____
FIRST READING: _____

The following Resolution was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held December 8, 2009, by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Chairman, Board of Supervisors

Attest:
Clerk of said Board

Ann Holman

Whereas, on September 8, 2009 the Board of Supervisors imposed proposals contained within the County's "Last, Best and Final Offer (LBFO) for a New Memorandum of Understanding submitted July 1, 2009 by the County of Placer to the Deputy Sheriffs' Association;

Whereas, one item contained within the County's LBFO provided greater cost sharing for health insurance premiums starting benefit year 2010 whereby employees would begin to

pay 20% of the premium cost and the County's employer contribution for PERSCare was capped;

Whereas, effective July 1, 2000, Placer County's contributions toward health insurance premiums for Deputy Sheriffs' Association retirees became equal to the amount paid for active DSA employees;

Whereas, changes adopted in the LBFO related to health insurance premium cost sharing will affect the approximately 156 DSA retirees enrolled in the County's health program as they will now be required to pay 20% of their health care premiums, the same as active employees, for coverage that begins January 1, 2010;

Whereas, on October 20, 2009 staff presented information from the June 30, 2009 Other Post Employment Benefit (OPEB) Actuarial Report and the board took public comment regarding issues surrounding the cost of the 80 / 20% health cost sharing for DSA retirees and the possible short term payment of a stipend to these retirees;

Whereas, on October 20, 2009 the board approved the payment of a short-term financial offset for DSA retirees, that meet the conditions outlined in Exhibit A, to help mitigate some of the health insurance cost sharing impact;

Whereas, on November 17, 2009 the board approved an exception for DSA industrial disability retirees so that they can receive the health insurance stipend through June 30, 2010; and

Therefore Be It Resolved, By The Board Of Supervisors Of The County Of Placer, State Of California, As Follows:

The payment of a monthly stipend will be made to eligible DSA retirees to help mitigate the implementation impacts of the 80 / 20% health insurance cost sharing formula that will begin in Benefit Year 2010. Monthly stipend payments will start January 1, 2010 and end June 30, 2010.

BE IT ALSO FURTHER RESOLVED that the DSA retiree stipend conditions and formulas as set forth in Exhibit A, are incorporated herein by reference.

BE IT ALSO FURTHER RESOLVED that this approval will be effective through June 30, 2010, or until revoked or modified by further action of the Board of Supervisors.

EXHIBIT A:

DSA RETIREE STIPEND CONDITIONS / FORMULA:

1. DSA retirees that retired on or after July 1, 2000 and had 10 or more years of Placer County service when they retired from Placer County will be eligible to receive a “stipend” that will be paid through June 30, 2010.
2. The DSA retiree monthly stipend will equal the **lesser** of either:
 - The difference between the retirees 2009 benefit formula and the new 2010 benefit formula for the same carrier/plan that the retiree was in for the 2009 benefit year (80/20% / capped PERSCare); or
 - A flat monthly stipend calculated as the difference between the 2009 Kaiser benefit formula for a retiree and the new 80/20% 2010 Kaiser benefit formula for a retiree. Plan rates will be consistent with the plan the retiree was enrolled in for benefit year 2009 (single, single+1 or family).
3. DSA retirees that retired prior to July 1, 2000 and / or did not have 10 or more years of Placer County service at retirement will not be eligible to receive the stipend.
4. DSA retiree stipends will be paid monthly beginning January 2010 through June 2010 (6 equal payments) and will be discontinued June 30, 2010.
5. DSA employees that retire after June 30, 2009 would not be eligible to receive the stipend.
6. DSA industrial disability retirees will be eligible to receive the stipend even if they retired prior to July 1, 2000 or had less than 10 years of service. All other stipend conditions apply to the industrial disability retirees including the expiration date of June 30, 2010.

