

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

DEPT: CEO - RISK MANAGEMENT DIVISION

BOARD AGENDA # \*B-5

Urgent \_\_\_\_\_ Routine X

AGENDA DATE November 6, 2001

CEO Concurs with Recommendation YES dit NO \_\_\_\_\_  
(Information Attached)

4/5 Vote Required YES \_\_\_\_\_ NO X

SUBJECT:

APPROVAL OF HEALTH INSURANCE AGREEMENT BETWEEN STANISLAUS COUNTY AND ALL EMPLOYEE ORGANIZATIONS FOR THE PERIOD JANUARY 1, 2002 THROUGH DECEMBER 31, 2005

STAFF  
RECOMMEN-  
DATIONS:

APPROVE THE HEALTH INSURANCE AGREEMENT BETWEEN STANISLAUS COUNTY AND ALL EMPLOYEE ORGANIZATIONS FOR THE PERIOD JANUARY 1, 2002 THROUGH DECEMBER 31, 2005.

FISCAL  
IMPACT:

The first year cost increase of this new multi-year agreement with all employee organizations for fiscal year 2001-2002 from January 2002 through June 2002 is approximately \$1,608,861. As all health insurance programs renew on a calendar year, the annualized cost increase for plan year 2002 is estimated at \$3,217,722. The total cost of the fully funded health insurance program for plan year 2002 is approximately \$17,621,972. The General Fund impact of the total cost is approximately \$5,639,031.

BOARD ACTION AS FOLLOWS:

No. 2001-858

On motion of Supervisor Blom, Seconded by Supervisor Caruso

and approved by the following vote,

Ayes: Supervisors: Mayfield, Blom, Simon, Caruso, and Chair Paul

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2) \_\_\_\_\_ Denied

3) \_\_\_\_\_ Approved as amended

MOTION:

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

By: Deputy

File No.

*Christine Ferraro*

DISCUSSION: In May 2001, the Health Insurance Agreement between the County and the Unions for a three-year period expired. In early June staff began a series of meetings with all Union representatives and began to explain preliminary rates as negotiated through the Pacific Business Group on Health (PBGH) Negotiation Alliance. In mid-June, National Health Plans, (NHP) announced it would no longer be an HMO provider to the County as it was leaving the health insurance market. NHP also provided a Point of Service (POS) product to the County.

Over a period of three months, staff met with Union representatives ten times. During this same time period staff contacted new providers for proposals to replace NHP and the POS product. Representatives from various carriers were invited and presented their products at the Union meetings. These meetings were productive as many questions were answered and concerns addressed.

One of the major issues discussed was associated with the health insurance market and the significant cost increases most carriers were requesting. Staff investigated ways by which these costs could be balanced between the County and its employees. The PBGH Model Plan included higher co-pays, (\$10 vs. \$5) than that which the County had agreed to in the past and did not include a chiropractic benefit which the County has always offered.

It was determined that it was in the best interest of the County to maintain the current benefit package of a fully funded health insurance package based on the lowest cost health plan available. The package will maintain the current \$5 co-pay for office visits, prescription drugs and chiropractic visits. This will enable the County to continue its competitive edge in retention and recruitment of highly qualified employees.

The County therefore agreed to a multi-year health insurance package effective January 1, 2002 through December 31, 2005. In addition to the health insurance package, the County has agreed to continue the flexible credit for dental, vision and supplemental life at the current level.

Finally, the parties agreed to implement some process changes. Effective in January 2003, benefit deductions would be taken from 24 of the 26 paychecks each year and benefits for new hires would commence the first of the month following the date

of hire. Benefits for terminated employees would continue through the last day of the month of termination.

Attached for your review and information is the final agreement between the County and all employee organizations.

Policy  
Issue:

The Board of Supervisors should determine if the above recommendation is in the best interest of the County and meets the Boards priority of Efficient Government Operations.

Staffing  
Impact:

There is no staffing impact associated with the recommended actions.

Health Insurance Agreement between Stanislaus County  
and All Employee Organizations  
September 18, 2001

**Health Insurance**

This agreement shall remain in full force and effect for the period of January 1, 2002 through December 31, 2005 unless extended by mutual agreement of the parties.

For the term of this agreement, the County shall provide a 100% County funded health insurance plan, based on the lowest cost health plan available to Stanislaus County. Employees will receive a credit equal to the premium for a plan that is comparable to the current in-force model plan as offered by PBGH which includes 100% Hospital, \$5 office visit co-pay, \$5 RX and \$5 chiropractic. Premium credit will be provided at the employee, employee plus one, and family level.

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 \$21.92 bi-weekly. Proof of other coverage is still required.

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. In the event that any of the current PBGH carriers contracted with Stanislaus County to provide health insurance coverage for their active employees elect to discontinue health insurance service in Stanislaus County or the County discontinues their contract with PBGH during any plan year, the County will make a good faith attempt to replace these carriers from available alternate carriers. As in the past, the County agrees to meet and confer with the employee organizations over carrier changes.

**Flexible Credit for Dental, Vision and Supplemental Life**

This agreement shall remain in full force and effect for the period of January 1, 2002 through December 31, 2005 unless extended by mutual agreement of the parties.

The Flexible Credit Allowance designed to purchase dental, vision or voluntary supplemental life insurance will remain at the current level for 2002, 2003, 2004 and 2005 calendar years, with excess applied towards health insurance, if necessary. The Flexible Credit Allowance is \$57.69 bi-weekly. The current provision that 100% of any remaining balance be applied to the employee's individual deferred compensation account shall remain in effect for entire period from January 1, 2002 through December 31, 2005.

Dental and vision benefits and premiums will remain at current level for employees and their eligible covered dependents for 2002, 2003, 2004 and 2005.

It is understood by the parties that these provisions fully set forth the agreement of the parties in matters of dental, vision and supplemental life insurance as herein specified.

**Administrative Changes**

Effective January 1, 2003, benefit deductions would be taken out of 24 of the 26 paychecks each year.

Effective January 1, 2003, benefits for new hires would be effective the 1st of the month following date of hire. For terminated employees, benefits would continue through the last day of the month of termination.

The County will consult with the employee organizations during 2002 on the best methods to implement these changes in 2003.