

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

DEPT: Chief Executive Office

BOARD AGENDA # B-5

Urgent

Routine

AGENDA DATE November 15, 2011

CEO Concurs with Recommendation YES NO

4/5 Vote Required YES NO

(Information Attached)

SUBJECT:

Approval to Implement Changes to Terms and Conditions of Employment Related to Healthcare Benefits for Employees in the Community and Health Services Bargaining Unit Represented by Service Employees International Union (SEIU)

STAFF RECOMMENDATIONS:

In accordance with Employee Relations Ordinance 3.68.370 and Government Code section 3505.4, implement the provisions of the County's last, best, and final offer for healthcare benefits as provided for in Attachment A to Service Employees International Union (SEIU) representing the Community and Health Services Bargaining Unit

FISCAL IMPACT:

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 for all County employees. Approximately 30% of these costs are paid through General Fund departments. Service Employees International Union (SEIU) represents approximately 620 employees or 15% of the County workforce.

(Continued on Page 2)

BOARD ACTION AS FOLLOWS:

No. 2011-714

On motion of Supervisor Withdraw, Seconded by Supervisor De Martini

and approved by the following vote,

Ayes: Supervisors: O'Brien, Chiesa, Withdraw, De Martini, 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.

FISCAL IMPACT: (Continued)

The County reached a tentative agreement with all County bargaining units (including SEIU) to implement changes in the County benefits program that would generate an estimated \$5.1 million in annual savings and reduce the County's total cost for all employees to approximately \$40.5 million. Projected savings from the SEIU bargaining unit are estimated to be \$800,000 of the total \$5.1 million in projected savings. All County bargaining units other than SEIU have now ratified and agreed to the original tentative agreement to reduce County healthcare costs. Approval of the recommendations in this agenda item will provide SEIU employees with the same core healthcare benefits in place for all other County employees effective January 1, 2012, allow certainty for SEIU employees regarding open enrollment benefit options which must be completed in advance of January 1, 2012 and will allow the County to achieve the estimated cost savings.

DISCUSSION:

The County conducts joint negotiations with all labor groups for healthcare benefits, which traditionally results in a single agreement signed by all represented bargaining units. The County's current agreement for healthcare benefits with all labor groups expires on December 31, 2011. The County has worked closely with labor representatives since July 2011 to consider proposals for a new healthcare agreement recognizing the County's declining discretionary revenue and ongoing budget reductions. SEIU leadership participated in the joint healthcare negotiations and attended nine negotiation sessions conducted over three months. The County reached a tentative healthcare agreement with all labor groups on September 22, 2011. SEIU negotiators supported the tentative agreement reached in negotiations and signed the tentative agreement along with representatives from all other County bargaining units. The tentative agreement was for a term of three years, January 1, 2012 through December 31, 2014, and included the following provisions:

- The County will offer Stanislaus Partners in Health, Kaiser and Anthem Blue Cross medical plan options. Each insurance provider will offer an Exclusive Provider Organization (EPO) plan and a High Deductible Health Plan (HDHP) 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 (Single, Employee +1 and Family).
- The County will provide an individual Health Savings Account (HSA) for all employees who enroll in a High Deductible Health Plan option to help fund insurance deductibles. The County will fund \$1,200 of the \$1,250 annual insurance deductible for employees selecting Single coverage. The County will fund \$2,000 of the \$2,500 annual insurance deductible for employees selecting

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Employee +1 or Family coverage. The County provides funding through direct contributions to the employee's individual HSA. Unused HSA funds can be rolled over each year and remain with the employee if they resign or retire from County service.

- 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 vision programs have also been included.

After reaching the tentative agreement on September 22, 2011, each labor group conducted a vote of their respective membership to ratify the negotiated tentative agreement. Ten of the County's twelve labor groups ratified the original tentative agreement and received final approval from the Board of Supervisors on October 18, 2011. Employees represented by SEIU and the American Federation of State and County Municipal Employees (AFSCME) failed to ratify the tentative agreement. Upon notification of the failed ratification, the County declared an impasse in negotiations with SEIU and AFSCME. Labor representatives for AFSCME employees participated in a series of meetings with County negotiators which resulted in AFSCME conducting another vote of their membership. AFSCME employees have now voted to approve the original tentative agreement which has been recommended for final approval of the Board of Supervisors on November 15, 2011.

Since declaring impasse on October 8, 2011, the County has been unsuccessful in several attempts to engage in discussions with SEIU labor representatives. The County Employer-Employee Relations Ordinance provides for the labor group at impasse to first meet with the County Employee Relations Officer (Chief Executive Officer) to attempt resolution of the impasse. SEIU declined the scheduled meeting with the County Employee Relations Officer and requested mediation with the County pursuant to County Ordinance 3.68.340. The State mediator was available for mediation on October 17 and 18, 2011, but SEIU declined those dates and did not make itself available until October 25, 2011. Recognizing the limited time left this year to process open enrollment for employees to make insurance plan changes and work with the medical providers to take the necessary steps to implement medical plan changes all prior to January 1, 2012, the County requested SEIU reconsider their participation in the mediation process on October 17 and 18, 2011 instead of October 25, 2011, but SEIU labor representatives declined the County's request.

On October 25, 2011, the County arrived for mediation prepared to reach a resolution to the current impasse with SEIU with the assistance of the assigned State Mediator in attendance. After initial discussions and introductions, SEIU decided to discontinue mediation before exchanging any proposals or actively engaging in the mediation process. The County then shared significant concerns regarding SEIU's decision to further delay the impasse process and the impacts to the benefit open enrollment schedule for SEIU members and requested SEIU continue the mediation process on

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October 25, 2011 as originally agreed. Notwithstanding, SEIU declined the County's request and unilaterally terminated the mediation process on October 25, 2011.

As a result of the termination of the mediation process by SEIU's refusal to participate, on October 26, 2011 the County provided SEIU its last, best and final offer for consideration. The County's last, best and final offer included all of the same provisions agreed to and approved by all other County labor organizations and also approved for all unrepresented employees (management, department heads, elected officials, etc.). The County's letter provided SEIU until 4:00 pm on November 8, 2011 to respond to the last, best and final offer or the County would consider the offer rejected by SEIU and the matter would be forwarded to the Board of Supervisors for action on November 15, 2011 in accordance with the County Employer-Employee Relations Ordinance. SEIU did not respond to the County's last best and final offer by 4:00 pm and thus the lack of response was a rejection of the County's last, best and final offer. Instead, SEIU sent a request at 4:05 pm on November 8, 2011, to initiate a new round of mediation with a new State Mediator, but provided no response to the County's last, best and final offer or any alternative proposals for the County to consider that would break the current impasse.

After exhaustion of the impasse procedure, County Ordinance 3.68.370 provides for this matter to now be referred to the County Board of Supervisors to "...take such action regarding the impasse as it in its discretion deems appropriate in the public interest." Based on the lack of engagement and participation in the impasse process, County staff are recommending approval of the recommendations in this agenda item to implement the terms and conditions of the County's last, best and final offer delivered to SEIU on October 26, 2011. The recommendations are intended to provide the County direction on the benefit program for SEIU employees in order for County staff and our insurance providers to conduct benefit open enrollment and process employee benefit plan selections to be effective January 1, 2012. If approved, the County will initiate benefit open enrollment for SEIU employees starting the week of November 28, 2011.

Government Code section 3505.4 authorizes a public agency, after the exhaustion of impasse procedures, to implement its last, best, and final offer. Impasse procedures having been exhausted, it is recommended that the Board implement the provisions of the County's last, best, and final offer, as reflected in Attachment A. Except as so indicated, the County shall maintain the status quo regarding matters within the scope of representation pending further negotiations.

Consistent with Government Code section 3505.4, this recommended unilateral implementation does not constitute implementation of a memorandum of understanding. This recommended action is also without prejudice to the Union's right each year to meet and confer on matters within the scope of representation.

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STAFFING IMPACT:

It is anticipated that the County and SEIU will commence future negotiations toward a new agreement for employee health benefits.

POLICY ISSUES:

The Board of Supervisors should consider the effect of this labor agreement on the fiscal and policy direction and priorities of the organization.

CONTACT INFORMATION:

Jody Hayes, Deputy Executive Officer. (209) 525-5714.

Attachment A

SEIU HEALTH NEGOTIATIONS

COUNTY PROPOSAL – LAST, BEST AND FINAL OFFER October 26, 2011

Medical Insurance

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.

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 change of terms and conditions related to health benefits shall enhance or reduce existing policy provisions related to military leave benefits.