

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

DEPT: Chief Executive Office

BOARD AGENDA:5.B.13
AGENDA DATE: December 19, 2017

SUBJECT:

Approval of a Tentative Health Insurance Agreement Between Stanislaus County and Service Employees International Union (SEIU), Local 521 for the Period of January 1, 2018 Through December 31, 2019

BOARD ACTION AS FOLLOWS:

RESOLUTION NO. 2017-0718

On motion of Supervisor Withrow , Seconded by Supervisor Monteith
and approved by the following vote,

Ayes: Supervisors: Olsen, Withrow, Monteith, DeMartini, and Chairman Chiesa

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:


ELIZABETH A. KING, Clerk of the Board of Supervisors

File No.

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
AGENDA ITEM**

DEPT: Chief Executive Office

BOARD AGENDA:5.B.13
AGENDA DATE: December 19, 2017

CEO CONCURRENCE: YES

4/5 Vote Required: No

SUBJECT:

Approval of a Tentative Health Insurance Agreement Between Stanislaus County and Service Employees International Union (SEIU), Local 521 for the Period of January 1, 2018 Through December 31, 2019

STAFF RECOMMENDATION:

1. Approve the tentative Health Insurance Agreement for the period January 1, 2018 through December 31, 2019 between Stanislaus County and Service Employees International Union (SEIU), Local 521.

2. Authorize the Chairman of the Board of Supervisors and all parties to sign the agreement.

DISCUSSION:

The current Health Insurance Agreement between the County and all employee organizations will expire on December 31, 2017. Staff has worked with representatives from all County labor groups through the required meet and confer process to develop a new Health Insurance Tentative Agreement for employee benefits. A three year agreement was ratified by all bargaining units except Service Employees International Union (SEIU), Local 521 and the Stanislaus Sworn Deputies Association (SSDA). The agreement for all other bargaining units was approved by the Board of Supervisors on September 26, 2017. The Board of Supervisors approved the SSDA's two year agreement on November 21, 2017.

The County and SEIU have continued to meet and confer in good faith as required by law. The parties reached tentative agreement on November 16, 2017. The tentative agreement includes a two year term from January 1, 2018 to December 31, 2019, with no reopener related to health care reform for the term of the agreement. All other economic terms of this agreement are the same as those in the Health Insurance Agreement approved by the Board of Supervisors on September 26, 2017 for the other ten labor organizations.

This agenda item is being submitted to the Board to approve the Health Insurance Tentative Agreement for Services Employees International Union (SEIU), Local 521 who have signed and ratified the Tentative Agreement. On December 12, 2017, The County was notified of the ratification.

Attached is the final recommended agreement tentatively agreed to between the County and SEIU.

POLICY ISSUE:

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

FISCAL IMPACT:

The following table, as previously provided in the September 26, 2017 agenda item, summarizes the estimated cost impact of the negotiated agreement for all bargaining unit plan participants assuming no changes in the total enrollment population between 2017 and 2018. Approximately 17% of the workforce is represented by SEIU.

2017 Current Annual Cost				
	Medical	Dental	Vision	Total
County	\$47,920,659	\$2,342,329	\$594,506	\$50,857,495
Employee	\$4,827,234	\$585,582	\$148,627	\$5,561,442
Retirees	\$1,649,490	\$0	\$0	\$1,649,490
Special Dist. & COBRA	\$525,068	\$42,982	\$11,257	\$579,307
TOTAL	\$54,922,451	\$2,970,893	\$754,391	\$58,647,735

2018 Projected Annual Cost				
	Medical	Dental	Vision	Total
County	\$50,190,238	\$2,280,714	\$549,952	\$53,020,903
Employee	\$5,078,270	\$570,178	\$137,488	\$5,785,936
Retirees	\$1,735,272	\$0	\$0	\$1,735,272
Special Dist. & COBRA	\$552,374	\$41,851	\$10,415	\$604,640
TOTAL	\$57,556,153	\$2,892,743	\$697,854	\$61,146,751

Total Increase/(Decrease)				
	Medical	Dental	Vision	Total
County	\$2,269,579	(\$61,615)	(\$44,555)	\$2,163,408
Employee	\$251,036	(\$15,404)	(\$11,139)	\$224,494
Retirees	\$85,782	\$0	\$0	\$85,782
Special Dist. & COBRA	\$27,306	(\$1,131)	(\$843)	\$25,333
TOTAL	\$2,633,702	(\$78,150)	(\$56,536)	\$2,499,016

BOARD OF SUPERVISORS' PRIORITY:

Approval of the tentative Health Insurance Agreement between Stanislaus County and Services Employees International Union supports the Board's priorities of A Healthy Community, Efficient Delivery of Public Services and Effective Partnerships.

STAFFING IMPACT:

Existing Employee Benefits staff will continue to implement and administer the County's health insurance plans.


CONTACT PERSON:

Tamara Thomas, Human Resources Director, 209-525-6333

ATTACHMENT(S):

1. SEIU Health Agreement

**STANISLAUS COUNTY
HEALTH INSURANCE AGREEMENT**
November 16, 2017



Stanislaus County Chief Executive Office



Service Employees International Union (SEIU), Local 521

October 31, 2017

**Health Insurance Agreement Between Stanislaus County and the
Service Employees International Union (SEIU), Local 521**

1. Term of the Agreement

This agreement shall remain in full force and effect for the period of January 1, 2018 through December 31, 2019 , unless extended by mutual agreement of the parties.

2. Medical Insurance

For the term of this agreement, the County will offer the following four medical plan options based on employee residency at the time of open enrollment:

Within Health Partners of Northern California (HPNC) Local Service Area

- Health Partners of Northern California EPO
- Health Partners of Northern California HDHP

Outside Health Partners of Northern California (HPNC) Local Service Area

- United Healthcare (UHC) EPO
- United Healthcare (UHC) HDHP

For employees enrolled in an EPO plan, the County shall contribute an amount equal to 80% of the EPO plan premium 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 HDHP plan premium at each level of coverage.

The County will also fund individual Health Savings Accounts (HSA) in the following amounts:

Employee only - \$1,250 annually

Employee +1 - \$2,100 annually

Family - \$2,100 annually

HSA contributions will be made as a lump sum equivalent to six months of the annual contribution processed on the first payroll cycle paid in January of each year, and then semi-monthly beginning in July. For the period of January through June, the County will make no additional HSA contributions to employees' accounts after the initial lump-sum contribution unless there is a change in family status. The last six months of HSA contributions will begin in July, and will be included in employees' biweekly benefit-eligible paychecks. Employees are responsible for paying any account related fees on their individual Health Savings Account (up to \$2.75 monthly as of September 2017).

The County will only provide one County-provided HSA contribution to two employees who are married together. Therefore, if two employees who are married together want separate

medical plans, one employee must choose an EPO plan and the other employee must choose a HDHP plan.

Participants enrolled in HDHP plan options are subject to deductible payments and co-pays, which may be reimbursable through HSAs subject to available balances. Please refer to the specific plan documents to confirm deductibles and co-payments for each plan option.

The parties recognize that health insurance providers may institute benefit changes that are not within the control of the County.

3. Medical Premium Rates

The County will continue to establish medical insurance premium rates each year based on actuarial and underwriting recommendations. The County reserves the right to adjust medical insurance premium rates based on these recommendations. Medical insurance rates for the 2018 plan year will not exceed those rates provided to bargaining units during the meet and confer process on August 24, 2017.

4. Medical Plan Design Changes

The medical benefit plan design and co-pays will remain unchanged during the term of this agreement with the exception of the addition of Applied Behavioral Analysis (ABA) treatment for Autism as a covered expense and those changes which may be required by law during the term of this agreement.

The annual out-of-pocket maximums for HPNC and UHC (Individual/Family) HDHP plans are as follows:

<u>In-Network HPNC and UHC</u>	<u>Out-of-Network UHC</u>
\$3,000 / \$6,000	\$5,000 / \$10,000

The annual out-of-pocket maximums for HPNC and UHC (Individual/Family) EPO plans are as follows:

<u>HPNC and UHC</u>
\$1,500 / \$3,000

Should the IRS inflation adjusted limits increase the minimum annual deductible for high deductible health plans, the County will apply the appropriate changes to our plans with no additional County contribution to the HSA. County HSA contributions are fixed during the term of this agreement irrespective of potential regulatory changes to the deductible.

5. Medical Premium Reimbursement

The County has agreed to continue the medical premium reimbursement (MPR) program for the term of this agreement. Effective December 31, 2020, this provision will end and the County will no longer offer the MPR program. Only employees currently participating in the MPR program as of October 1, 2017 are eligible to continue participating in the MPR program.

In order to receive the medical premium reimbursement, the eligible employee must waive coverage with the County and enroll in a non-County qualified medical insurance program, individual or group coverage, meeting minimum standards under the Patient Protection and Affordable Care Act (ACA). Employees receiving a medical premium reimbursement are not eligible to receive a medical waive credit.

The County's medical premium reimbursement rate will not exceed 80% of the eligible employee's out-of-pocket medical insurance premium cost for the non-County medical plan, or 75% of the County's monthly medical premium contribution for County EPO plans, whichever amount is lower.

In order to receive reimbursement, the employee must provide proof of other coverage and proof of cost to the employee as described in the established guidelines and Quarterly Reconciliation Form. In no event, shall the medical premium reimbursement impact the compensation eligible for employee pensions or employer-paid deferred compensation.

Employees may only return to the County medical insurance program during annual open enrollment periods, or anytime the employee experiences a qualifying event in accordance with County benefit policies. If an employee who is receiving a medical premium reimbursement elects to return to the County's medical insurance program, they will no longer be eligible to receive the medical premium reimbursement should they choose to opt out of the County's medical insurance program in the future.

Employees who enroll in a non-County qualified medical insurance program are not eligible to receive any County provided HSA contributions.

6. Medical Waive Credit

The County agrees to continue offering a standard medical waive credit to any employee who waives medical insurance through the County. Employees receiving a medical waive credit are not eligible to receive a medical premium reimbursement.

In order to receive the standard medical waive credit, the employee must enroll in a non-County qualified medical insurance program, individual or group coverage, meeting minimum standards under the ACA. Employees must complete a County enrollment form waiving County coverage and attach proof of other coverage.

The standard medical waive credit will be paid on a post-tax, semi-monthly basis. The amount of the standard medical waive credit is \$47.50 monthly for non-management employees and \$150.00 monthly for management and confidential employees.

Employees may only return to the County medical insurance program during annual open enrollment periods, or anytime the employee experiences a qualifying event (involuntary loss of outside coverage).

Employees who enroll in a non-County qualified medical insurance program are not eligible to receive any County provided HSA contributions.

7. Dental Insurance

The County will continue to provide employees with two dental plan options through the Delta Dental program. The County will continue to pay 80% of the premium cost for the Core dental plan at each level of dental coverage (Employee only, Employee +1 and Family).

Employees may elect a "Buy-Up" dental plan option, which includes a \$500 per member increase to the plan calendar year maximum and a child(ren) orthodontics benefit that pays 50% of orthodontia care up to a lifetime maximum of \$2,000 per child. Additionally, the "Buy-Up" dental plan option includes access to the Premier network with claims being paid at the Premier contracted fee without balance billing. Employees who elect the "Buy-Up" dental plan option must remain on the "Buy-Up" dental plan for three (3) years. Any amount of the "Buy-Up" dental premium rate that exceeds the "Core" dental plan premium rate will be paid solely by the employee.

Should enrollment in the "Buy-Up" plan drop below 10% participation of benefit eligible employees, it will be eliminated and no longer offered. Enrollment will be reviewed and evaluated each year prior to Open Enrollment, using enrollment effective on July 1 of each year to determine if the plan will be offered during Open Enrollment for coverage effective January 1 in the following year.

The County will continue to establish dental insurance premium rates each year based on actuarial and underwriting recommendations. The County reserves the right to adjust dental insurance premium rates based on these recommendations.

8. Vision Insurance

The County will continue to provide vision coverage through the VSP Choice Plan to include a \$10 co-payment for exam and materials, frame allowance of \$150 (\$80 at Costco), wholesale full-cost frame allowance of \$57, contact lens allowance of \$150, and allow members to receive a frame allowance 12 months after utilizing their contact lens benefit. The County shall pay 80% of the premium cost at each level of vision coverage (Employee only, Employee +1 and Family).

The County will continue to establish vision insurance premium rates each year based on underwriting recommendations. The County reserves the right to adjust vision insurance premium rates based on these recommendations.

9. Additional Provisions

- a. 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.
- b. The County will invite a representative of each labor group to participate in the County's Employee Wellness Program Workgroup to plan and implement a comprehensive wellness program for County employees. By June 30, 2018, the County will begin providing quarterly health and wellness engagement opportunities. If more time is needed for planning and implementation, additional time will be granted with an

explanation by the party requesting the extension as long as a future deadline date is established. The parties agree if participation in the quarterly health and wellness engagement opportunities falls below 50 County employees, they may be cancelled. Participation in the Employee Wellness Program Workgroup is voluntary and if less than 50% of the labor groups participate, the Workgroup may be disbanded. In the event labor participation drops below 50%, SEIU will act in an advisory capacity to the County on wellness initiatives on behalf of SEIU members. County or its designated representative will attend one meeting per quarter. Department head or designee approval is required for any changes in standard working hours for participation in the Workgroup by representatives of labor groups and will not result in overtime compensation.

- c. An Employee Benefits Committee consisting of one employee and/or the designated labor representative per bargaining unit will meet in February, May, and September to discuss the financial and operational performance of the self-insured health plans. The County's Employee Benefits Department will be responsible for coordinating these meetings. The County maintains all plan fiduciary responsibilities, including setting annual rate adjustments based on actuarial review and analysis.
- d. Regular full-time employees must work 30 hours per week to qualify for a County benefit contribution (medical, dental, vision, medical premium reimbursement, and/or waive credit). Employees working an approved percentage schedule of 30-34 hours per week will be credited with 75% of benefit contributions. Employees working an approved percentage schedule of 35-39 hours per week 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, public safety leave (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.
- e. For regular full-time employees not on an approved percentage schedule who are paid less than an average of 40 hours per week (employees going into unapproved, unpaid, unprotected time off, DOC time, etc.), employee contributions will be adjusted if the employee does not average 40 hours per week of paid time in the quarter. 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, based on paychecks paid in the quarter.

- Analysis of hours paid in the quarter will occur during the first month of the following quarter. If the employee's hours fall below 40 hours per week in the quarter being reviewed, 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 second month of the following quarter.
 - For purposes of this provision, employees averaging 36-40 hours per week will see no change in County benefit contribution. Employees averaging 31 to 35 hours per week will be credited with 90% of County benefit contributions. Employees averaging 30 hours per week will be credited with 75% of County benefit contributions. Employees averaging less than 30 hours per week will not be eligible for a County benefit contribution. Additional employee contributions to health insurance premiums will be paid through payroll deduction.
 - County benefit contributions will be restored to 100% effective the first pay period of the second month of the following quarter in which the employee is paid an average of 40 hours per week in the quarter.
- f. 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.
- g. Under current policy, employees on an unpaid, unprotected 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 full-time paid status. Please see applicable County policies regarding unpaid leave status, exceptions for FMLA eligible employees and the availability of COBRA benefits.
- h. 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.
- i. Nothing in this agreement shall enhance or reduce existing policy provisions related to military leave benefits.

10. Dependent Audit

The County, at its own expense, will develop a dependent audit program. Before the County administers or implements the process, the County will meet and confer with SEIU 521 over the effects of the audit process.:

In order to verify that only eligible individuals are covered under the County's medical, dental and vision plans, the County will be conducting an audit of all persons enrolled as dependents under the employee's plan.

The County, at its own expense, will utilize broadly accepted, industry-standard processes to determine if covered dependents meet the requirements as outlined in the County's Summary Plan Description. These processes may include, but are not limited to:

- Collection of legal documents (e.g. birth certificates, marriage certificates, legally binding adoption agreements, death certificates, divorce decree, etc.)
- Obtaining dependent eligibility information from Medicare or health insurance companies as a result of claims processing by the County's claims administrator
- Completion of sworn affidavit by County employee and/or adult dependents
- The purpose of this audit is to determine dependent eligibility. Data collected by the County shall be used to determine dependent eligibility and may be used as applicable to Article 11 of this agreement
- Information related to the plan participant's health will not be a determinant for audit selection

11. Ineligible Dependents

The definition of eligible dependents is attached to this agreement and is subject to change according to regulatory and legislative requirements.

If ineligible dependents are enrolled as a result of negligent behavior by the County employee, all claims and/or premiums for the ineligible dependent will become the responsibility of the County employee.

Willful misrepresentation of dependent status may result in disciplinary action up to and including termination.

12. Full Understanding

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. Other than the provisions contained herein, 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.

**Health Insurance Agreement between
the County of Stanislaus and
Service Employees International Union (SEIU), Local 521**

2017-2019

Attachment A

Dependent Eligibility (summarized from the County's Benefits Guide located on Risk Management's website):

- Subscriber's legal spouse. The County does not allow dual coverage on County plans for employee spouses and/or dependents.
- Your natural children, stepchildren, CA registered domestic partner's children, foster and/or adopted children up to age 26, regardless of marriage or student status, unless the child is being covered by another County employee (spouse or ex-spouse of employee, etc.).
- Employee's CA Registered Domestic Partner as defined by California Secretary of State under state law. If the employee and the employee's partner are of the same sex, or the are opposite sexes and one partner is at least 62 years, then they are eligible as long as they are registered as a domestic partnership with the Secretary of State. The eligibility criteria for registration of domestic partnership was set by the California State Legislature and signed by the Governor in 1999. During the legislative process, eligibility of opposite sex couples was limited to senior citizens. **Tax implications apply to the cost of premiums for Domestic Partner health insurance coverage. Please refer to page 12 of the Employee's Benefits Guide for detailed information.**
- Dependents who exceed the age limit, may be eligible if they are totally disabled, incapable of self-sustaining employment by reason of mental or physical handicap, primarily dependent upon the covered Subscriber or Subscriber's Spouse/CA Registered Domestic Partner for support and maintenance, and are unmarried. Please refer to the summary Plan Description located on Risk Management's website for complete information. Proof of their incapacity and dependency will be required within 60 days of request.