

## STAFF REPORT

**SUBJECT:** SBCAG Medical Insurance Contribution

**MEETING DATE:** November 16, 2006

**AGENDA ITEM:** 6A

**STAFF CONTACT:** Bob Perkins

**RECOMMENDATION:**

Adopt a resolution establishing the SBCAG employer's medical insurance contribution of \$410.00 per month, effective with the January 1, 2007 premium, under the Public Employees' Medical and Hospital Care Act.

**SUMMARY:**

In response to a notification from CalPERS concerning medical insurance premium increases in January 2007, an adjustment to the current employer contribution by SBCAG is being recommended. The proposed increase in the allowance from \$360.00 to \$410.00 per month would make it possible for employees to select the lowest priced available plan and have the employee only cost covered. The estimated cost to SBCAG this year would be about \$5,100.00 and the approved budget includes sufficient funds. This item was continued from the October board meeting. Board action is needed this month to meet the CalPERS notification deadline.

**DISCUSSION:**

The Santa Barbara County Association of Governments contracts for medical insurance for its employees and their dependents under the State of California Public Employees' Medical and Hospital Care Act Program. This program is administered by the State of California Public Employees' Retirement System (CalPERS). The regulations of the Act require that all contracting agencies adopt a resolution specifying a fixed amount that the employer will contribute toward the cost of medical insurance for employees and their dependents.

In October of 2005, Resolution 05-34 was adopted by your Board to set the amount of \$360.00 per month to be paid by SBCAG toward the employees' cost for medical insurance effective January 1, 2006.

We have been notified that premiums charged by all CalPERS medical insurance carriers will increase effective January 1, 2007. An increase in SBCAG's cost for medical insurance was anticipated and provided for in the FY 2006-2007 Fund 5300 budget; therefore, no budget appropriation increase is required.

Under the CalPERS program we must offer to our employees all plans available within their home residence zip code. Blue Shield is the only Health Maintenance Organization (HMO) plan that will be available in Santa Barbara County. The new monthly premium will be \$407.02 for a single employee. The two Preferred Provider Organization (PPO) plans our employees can choose from will range in cost from \$432.64 to \$731.40 per month per employee.

SBCAG's practice is to establish the contribution towards an employee's premium at the amount of the lowest cost plan (rounding up to the next \$5.00 step above that amount). This allows employees to choose the available HMO plan and have the cost of the employee only medical insurance premium covered. If an employee selects a more expensive PPO plan the additional cost is paid by the employee. Employees are also responsible for all dependent coverage premium costs that exceed the employer contribution.

For comparison purposes, below are examples of maximum monthly amounts (direct contribution plus cash allowances) provided by the County and some of the cities. It would appear that the proposed contribution for next year will keep the SBCAG total in line with what other local agencies are providing.

	SBCAG Proposed	City of Santa Maria	City of Santa Barbara	City of Lompoc	County of Santa Barbara
Group/ Unit	Unrepresented	SEIU 620	SEIU 620	Unrepresented	SEIU 620
Effective Date	1/1/07	12/23/06	1/1/07	1/1/06	7/3/06
Amount/ month	\$756.67	\$718.40	\$847.63	748.45	\$746.44

Should the Board approve the recommended increase, SBCAG will continue to pay up to the cost of the employee's medical insurance premium or \$410.00 per month, whichever is less. The actual additional costs associated with increasing the limit from \$360.00 to \$410.00 would be approximately \$5,100.00 this year.

**COMMITTEE REVIEW:** None

RESOLUTION OF THE SANTA BARBARA  
COUNTY ASSOCIATION OF GOVERNMENTS

RESOLUTION FIXING THE EMPLOYER'S )  
CONTRIBUTION UNDER THE PUBLIC )  
EMPLOYEES' MEDICAL AND HOSPITAL )  
CARE ACT )

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RESOLUTION NO. 06-29

WHEREAS, Government Code Section 22892(a) provides that a contracting agency under the Public Employees' Medical and Hospital Care Act shall fix the amount of the employer's contribution at an amount not less than the amount required under Section 22892(b)(1) of the Act, and

WHEREAS, the Santa Barbara County Association of Governments, hereinafter referred to as Special District is a contracting agency contracting under the Act;

NOW, THEREFORE, BE IT RESOLVED that the employer's contribution for each employee, retiree, or survivor shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of his/her family members in a health benefits plan up to a maximum of \$410.00 dollars per month; plus administrative fees and Contingency Reserve Fund assessments.

ADOPTED at a regular meeting of the Santa Barbara County Association of Governments at Santa Barbara this 16<sup>th</sup> day of November 2006 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

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Jim Kemp  
Executive Director

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Joe Centeno, Chair  
Santa Barbara County  
Association of Governments

APPROVED AS TO FORM:

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Kevin E. Ready, Sr.  
County Counsel