



Agenda Date: 6/27/2006  
Agenda Placement: 6KK

## NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

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**TO:** Board of Supervisors  
**FROM:** Mark Gregersen - Director  
Human Resources  
**REPORT BY:** Caryn Fagundes, Benefits Administrator, 253-4488  
**SUBJECT:** Health premium conversion and flexible spending plan documents

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### **RECOMMENDATION**

Human Resources Director requests adoption of a resolution to:

1. Approve and ratify the health premium conversion and flexible spending benefit plans implemented on September 1, 1991 and March 1, 1992 respectively and as subsequently amended on August 16, 1999;
2. Approve the health premium conversion and flexible spending benefit plans as restated and amended, effective retroactive to June 18, 2002, and to further approve the summary plan descriptions of these plans; and
3. Authorize the Human Resources Director to execute the plans and to instruct the Administrator of the Plan to take actions as deemed necessary to implement the plans.

### **EXECUTIVE SUMMARY**

The County is required to have plan documents relating to our medical plans. The health premium conversion and flexible spending benefit plan documents allow employees to make elections regarding contributions towards qualifying medical care expenses or dependent care in lieu of compensation and to elect to receive cash or health coverage for themselves and their eligible dependents. These plan documents were initially implemented in September 1, 1991, March 1, 1992 with revisions in August 16, 1999. Further amendments were required in 2002 when the county implemented CalPERS health insurance.

After clarifying the County's plan document requirements we are today requesting Board action to:

1. Approve and ratify the health premium conversion and flexible spending benefit plans respectively implemented on September 1, 1991 and March 1, 1992 and as subsequently amended on August 16, 1999;
2. Approve the health premium conversion and flexible spending benefit plans as restated, amended and set forth in Exhibit A effective retroactive to June 18, 2002, and to further approve the summary plan descriptions of these plans as set forth in Exhibit B; and

3. Authorize the Human Resources Director to execute the plans and to instruct the Administrator of the Plan to take actions as deemed necessary to implement the plans.

**FISCAL IMPACT**

Is there a Fiscal Impact?                      No

**ENVIRONMENTAL IMPACT**

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

**BACKGROUND AND DISCUSSION**

On September 1, 1991 the County implemented a health premium conversion plan. The health premium conversion plan permits participants to elect to receive either cash or medical coverage for themselves and their eligible dependents. If the participant chooses coverage, the insurance premiums are deducted before Federal income or social security taxes are withheld. On March 1, 1992 the County implemented a flexible spending benefit plan. The flexible spending benefit plan allows participants to elect to make contributions under the plan in lieu of receiving their compensation in return for which they are entitled to received payments or reimbursements of their dependent care or qualifying medical care expenses. The intention was for both Plans to qualify as a "Cafeteria Plan" within the meaning of Section 125 of the Internal Revenue Code of 1986 which allows for pre-tax benefit premium deductions.

On August 16, 1999 various edits were made to the plan documents. In June 2002 the County entered into a contract with the State of California Public Employees' Medical and Hospital Care Act Program (PEHMCA). This program is administered by the State of California Public Employees' Retirement System (CalPERS) and provides health insurance to County employees and their eligible dependents. The plan documents for the health premium conversion plan and the flexible spending benefit plan required updating to ensure compliance with changes in the law, including the Health Insurance Portability and Accountability Act and the Uniform Services Employment and Reemployment Rights Act, and to fully implement the County's participation in the CalPERS medical insurance program.

Today's Board action will bring all of our plan documents into compliance with all applicable laws.

**SUPPORTING DOCUMENTS**

- A . Resolution
- B . Exhibit "A"
- C . Exhibit "B"

CEO Recommendation: Approve

Reviewed By: Karen Gratton