



Agenda Date: 8/22/2006
Agenda Placement: 6A

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Pamela Hansen for Mark Gregersen - Director
Human Resources
REPORT BY: Caryn Fagundes, Benefits Administrator, 253-4488
SUBJECT: CalPERS Health Care Insurance Premiums

RECOMMENDATION

Human Resources Director requests adoption of a resolution approving tentative letter agreements with SEIU Local 614-NAPE and the Deputy Sheriffs' Association, establishing uniform 2007 health insurance contribution rates for all active employees, and revising total rates for CalPERS health care insurance plans effective January 1, 2007.

EXECUTIVE SUMMARY

The recommended action is to approve tentative letter agreements modifying the terms of existing collective bargaining agreements with SEIU Local 614-NAPE and the Deputy Sheriffs' Association concerning health insurance contributions for 2007. Changes in the collective bargaining agreements are necessary because of the cancellation of the Kaiser Direct Plan effective December 31, 2006. In addition, the recommended action will establish uniform employer contribution rates to the cost of employee health insurance in 2007. Uniformity of contribution rates is important as the County enters into successor labor contract negotiations in 2007. Finally, the recommended action will implement new CalPERS health care insurance plan rates effective January 1, 2007. The County of Napa contracts with CalPERS to provide a number of health care insurance plans as part of the County's employee benefits package. Effective January 1, 2007, premiums for the CalPERS health care insurance plans will increase an average of 12.5%. The increased premiums for these plans reflect rising statewide and national health care costs.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes
Where is it budgeted?	Departmental budgets

The FY 2006-07 budget assumptions cover the cost of this increase.

Is it Mandatory or Discretionary? Discretionary

Discretionary Justification: The County of Napa contracts with CalPERS to provide a number of health care insurance plans as part of the County's employee benefits package. The increased premiums for the CalPERS plans reflect rising statewide and national health care costs. County costs will increase by approximately \$1 million per year as a result of the premium increases. No increase in costs is specifically attributable to the recommended collective bargaining agreement changes.

Is the general fund affected? Yes

Future fiscal impact: Health care insurance premiums (and anticipated premium increases) are estimated during the normal budget preparation process, and will be budgeted accordingly in future fiscal years.

Consequences if not approved: If the recommended actions were not approved, the County would not have any health plan options or agreements regarding the employee/employer premium cost sharing beyond December 31, 2006.

Additional Information:

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 July 14, 2006 the County was notified by Kaiser Permanente of the termination of the Kaiser Direct Health Plan, effective December 31, 2006. Existing labor contracts and established practices for unrepresented employees set employee/employer health premium cost sharing amounts based on the premium structure for that plan. With the termination of this plan, the County was required to negotiate modifications to the existing collective bargaining agreements to arrive at the employee/employer health premium cost sharing amounts for health insurance plan year 2007. The Director of Human Resources and representatives of SEIU Local 614-NAPE and the Deputy Sheriffs' Association have reached tentative agreements over labor contract changes necessary to establish new cost sharing amounts for 2007. Exhibit "A" to the attached Resolution contains a letter agreement over the recommended changes to existing collective bargaining agreements with SEIU Local 614-NAPE. Exhibit "B" to the attached Resolution contains a letter agreement over the recommended changes to the existing collective bargaining agreements with the Deputy Sheriffs' Association.

The letter agreements are contingent on ratification by members of bargaining units and approval of the Napa County Board of Supervisors. It is customary that the bargaining units ratify agreements prior to being presented to the Board of Supervisors for approval. That is not possible in this case because of the the pending health insurance open enrollment starting September 1, 2006 and the lead time needed by the bargaining units to call membership meetings.

The letter agreements do not establish the same contribution rates for all employees. However, uniformity of

contribution rates among all active employee groups is important for ease of health plan administration and as the County enters into successor labor contract negotiations with SEIU Local 614-NAPE and the Deputy Sheriffs' Association in 2007. Therefore, Exhibit "C" to the attached Resolution contains recommended 2007 uniform health insurance contribution rates for all active employees.

Finally, the County continues to provide employees and eligible retirees health care plans through CalPERS. Effective January 1, 2007, premiums for the CalPERS health care plans will increase an average of 12.5%. Health care insurance premium percentage increases for 2007 are noted:

- | | |
|-----------------------------|----------|
| 1. Kaiser | + 10.73% |
| 2. Blue Shield | + 13.80% |
| 3. PERS Choice PPO | + 12.50% |
| 4. PERS Care PPO | + 13.09% |
| 5. Western Health Advantage | + 11.80% |
| 6. PORAC | + 9.00% |

Please refer to Exhibit "D" to the attached Resolution for the new total health care insurance premium rates for CalPERS Health Plans effective January 1, 2007.

SUPPORTING DOCUMENTS

- A . Resolution
- B . Exhibit A to Reso
- C . Exhibit B to Reso
- D . Exhibit C to Reso
- E . Exhibit D to Reso

CEO Recommendation: Approve

Reviewed By: Karen Gratton