



Agenda Date: 9/18/2007
Agenda Placement: 6N

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Gregersen, Mark - 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 total rates for CalPERS health plans for Public Service Employee Units - Supervisory and Non-Supervisory, management and confidential employees effective January 1, 2008.

EXECUTIVE SUMMARY

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 recommended action will implement CalPERS health insurance premium plan rates effective January 1, 2008, for Public Service Employee Units - Supervisory and Non-Supervisory, management and confidential employees. Effective January 1, 2008, premiums for the CalPERS health care insurance plans will increase an average of 6.9%. Approval of the County contribution for the Deputy Sheriff's Association will occur at a future date after conclusion of negotiations.

FISCAL IMPACT

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

The FY 2007-08 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.

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, 2007.

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

The County provides employees and eligible retirees through PEMHCA a choice of two Health Maintenance Organization (HMO) and three Preferred Provider Organization (PPO) health care plans. Effective January 1, 2008, premiums for the CalPERS health care plans will increase approximately 6.9%. Health care insurance premiums for 2008 are noted below as a percentage and a dollar increase from the premiums for 2007:

1. Kaiser HMO + 9.16% The 2007 annual premium was approximately \$7,819,454. In 2008 the annual premium will be approximately \$8,535,715
2. Blue Shield HMO + 10.06% The 2007 annual premium was approximately \$2,793,902. In 2008 the annual premium will be approximately \$3,074,968
3. Choice PPO + 6% The 2007 annual premium was approximately \$499,520. In 2008 the annual premium will be approximately \$529,491
4. Care PPO -2.56% The 2007 annual premium was approximately \$27,702. In 2008 the annual premium will be approximately \$26,992
5. Select PPO: Effective January 1, 2008, CalPERS will begin to offer this plan to Napa County employees. The plan design is the same as the Choice PPO plan but with a smaller provider network.

Please refer to Exhibit "A" in the attached Resolution for new total health care insurance premiums.

SUPPORTING DOCUMENTS

A . Resolution

CEO Recommendation: Approve

Reviewed By: Helene Franchi