

STAFF REPORT

SUBJECT: SBCAG Medical Insurance Contribution

MEETING DATE: October 21, 2004

AGENDA ITEM: 7B

RECOMMENDATION:

Adopt a resolution establishing the SBCAG employer's medical insurance contribution of \$325.00 per month, effective with the January 1, 2005 premium, under the Public Employees' Medical and Hospital Care Act.

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 2003, Resolution 03-26 was adopted by your Board to set the amount of \$320.00 per month to be paid by SBCAG toward the employees' cost for medical insurance effective January 1, 2004.

We have been notified that premiums charged by all CalPERS medical insurance carriers will increase effective January 1, 2005. Blue Shield is the only Health Maintenance Organization (HMO) plan that will be available to our employees. The new monthly premium will be \$323.25 per month for a single employee. The two self-funded plans our employees can choose from will range in cost from \$351.44 to \$589.24 per month per employee. Under the CalPERS program we must offer to our employees all plans available within their home residence zip code.

The past method for determining the amount SBCAG will pay towards an employee's premium has been to take the amount of the most expensive HMO plan and round up to the next \$5.00 step above that amount. This allows our employees to choose the available HMO plan and have the full cost of their medical insurance premiums covered. Any difference between the amount SBCAG pays and the employee premium can be applied toward dependent coverage.

Member Agencies

Buellton ■ Carpinteria ■ Goleta ■ Guadalupe ■ Lompoc ■ Santa Barbara ■ Santa Maria ■ Solvang ■ Santa Barbara County

We are recommending an increase to \$325.00 per month as the amount SBCAG will pay towards the premium for the medical insurance plan each employee chooses.

It should be noted that even with no change in the currently authorized employer's contribution, SBCAG would still have an annual increase in employer costs. This is due to the fact that currently most employees participate in plans that have a single party premium below the present limit. The new rates will put all employees over the limit, resulting in the full use of the current maximum employer contribution.

Should the Board approve an increase to \$325.00 per month, SBCAG will continue to pay up to the cost of the employee's medical insurance premium or \$325.00 per month, whichever is less. The actual additional costs associated with increasing the limit from \$320.00 to \$325.00 would be approximately \$1,400 per year. This increase in SBCAG's cost for medical insurance was anticipated and included in the FY 2004-2005 Fund 5300 budget; therefore, no budget appropriation increase is required at this time.

COMMITTEE REVIEW: None

STAFF CONTACT: Bob Perkins

RESOLUTION OF THE SANTA BARBARA
COUNTY ASSOCIATION OF GOVERNMENTS

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

RESOLUTION NO. 04-22

WHEREAS, Government Code Section 22825.6 provides that a local agency contracting 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 22825 of the Act, and

WHEREAS, the Santa Barbara County Association of Governments, an independent special district, is a local agency contracting under the Act;

NOW, THEREFORE, BE IT RESOLVED AND ORDERED THAT the Santa Barbara County Association of Governments employer's contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of his/her family member, in a health benefit plan up to the maximum of \$325.00 dollars per month plus administrative fees and Contingency Reserve Fund assessments.

AND, THEREFORE, BE IT FURTHER RESOLVED AND ORDERED THAT coverage under the act is effective January 1, 2005.

PASSED AND ADOPTED this 21st day of October 2004 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Jim Kemp
Executive Director

Naomi Schwartz, Chair
Santa Barbara County
Association of Governments

APPROVED AS TO FORM:

Kevin E. Ready, Sr.
County Counsel