



**MENDOCINO COUNTY BOARD OF SUPERVISORS
ONLINE AGENDA SUMMARY**

BOARD AGENDA # _____

-Transmittal of electronic Agenda Summaries and associated records must be emailed to: bosagenda@co.mendocino.ca.us

-Electronic Agenda Transmission Checklist: Agenda Summary Records If applicable, list other online information below

TO: Board of Supervisors **DATE:** September 22, 2011

FROM: Human Resources **MEETING DATE:** September 27, 2011

DEPT RESOURCE: Pat Meek, HR Director **PHONE:** 463-4441 Present On Call

Sue Goodrick, HR Manager **PHONE:** 463-4261 Present On Call

Consent Agenda Regular Agenda Noticed Public Hearing Time Allocated for Item: 30 min

AGENDA TITLE: Presentation of the 2012 Non-Medicare Eligible Retiree Health Plan Renewal Report and Establishment of Premium Rates; and Discussion and Possible Action Regarding Coverage of Medicare Eligible Retirees Health Reimbursement Accounts (HRA) for the 90-Day Noticing Period

- **PREVIOUS BOARD/BOARD COMMITTEE ACTIONS:** On April 20, 2010, the Board authorized the transition of Medicare Eligible Retirees from the current Retiree Health Plan to individual Medicare supplemental plans through Extend Health and modification of the Non-Medicare Eligible Retiree Health Plan to mirror the Active Plan II in terms of level of benefits (medical plan only). On June 15, 2010, and July 13, 2010, staff provided updates on the Retiree Health Plan Trust Fund and Non-Medicare Eligible Retiree Health Plan. On September 28, 2010, the Board approved an increase in the County contribution towards the Non-Medicare Eligible Retiree Health Plan premiums from the Retiree Health Plan Insurance Reserve to cover increased plan costs for Plan Year 2011. On May 23, 2011, staff provided updates on the Retiree Health Plan Trust Fund and Non-Medicare Eligible Retiree Health Plan.

- **SUMMARY OF REQUEST:** On September 21, 2011, staff was informed by the Mendocino County Employees Retirement Association (MCERA)(Attachment A) that they did not intend to transfer the remaining balance in the Retiree Health Insurance Reserve (\$658,653.66) to the County to offset retiree health care costs as previously anticipated. This decision was based on the legal advise of MCERA's attorney's pending legal clarification regarding compliance with the Government Code (1937 Act), Internal Revenue Code, and/or Fiduciary standards. It is not known if or when these funds may be released to the County. This funding was essential to the sustainability of the County's Medicare and Non-Medicare Eligible retirees health care contributions. While there still may be possibilities of other revenue sources (i.e. additional Early Retiree Reinsurance Program funds, stop loss reimbursements and prescription drug formulary rebates), the loss (at least temporarily) of this funding coupled with significant recent increases in claims costs (doubling over the past 2 months), have caused the fund to go into a projected deficit position. This deficit will require unbudgeted general fund monies in the amount of approximately \$107,000 to fund the Medicare Eligible Retirees Health Reimbursement Account during the 90-day notification period informing them of the depletion of funds and the termination of the County's \$100/month contribution (effective December 31, 2011).

- Staff further recommends that the Board direct the Auditor to establish a separate fund for the sole purpose of disbursing HRA contributions to Medicare Eligible Retirees for the next 90 days. The separation of the Medicare and Non-Medicare Eligible funding will allow for the use of Early Retiree Reinsurance funds to offset the Non-Medicare eligible claims costs.

- Staff wishes to provide the Board with an update on the fund, a recommendation for 2012 premium rates which would be fully funded by the Non-Medicare Eligible Retiree Health Plan participants (approximately 120), a possible proposal for an alternate plan design, and authorization to release the 90 day notification to the Non-Medicare eligible retirees and to Medicare Eligible retirees that the County contributions to retiree health care costs will discontinue effective December 31, 2011.

Additional information will be available on or before meeting date.

BOARD ACTION (DATE: _____): Approved Referred to _____ Other _____

RECORDS EXECUTED: Agreement: _____ Resolution: _____ Ordinance: _____ Other _____



■ SUPPLEMENTAL INFORMATION AVAILABLE ONLINE AT: www.co.mendocino.ca.us/administration/

■ ADDITIONAL INFORMATION ON FILE WITH THE CLERK OF THE BOARD (CHECKED BY COB IF APPLICABLE):

FISCAL IMPACT:

Source of Funding	Current F/Y Cost	Annual Recurring Cost	Budgeted in Current F/Y
General Fund	\$107,016.00 (343 x \$104/mth x 3mths)	N/A	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

■ SUPERVISORIAL DISTRICT: 1 2 3 4 5 All ■ VOTE REQUIREMENT: Majority 4/5ths

■ **RECOMMENDED ACTION/MOTION:** 1) Receive 2012 Non-Medicare Eligible Retiree Premium Renewal Report; 2) Direct staff to increase premium levels for Non-Medicare Eligible Retiree Health Plan to fully fund plan costs; 3) Authorize staff to send 90-day notification letters of Retiree Health Fund depletion to Medicare Eligible Retirees and Non-Medicare Eligible Retirees; 4) Authorize the Auditor to set up a separate account for Medicare Eligible Retirees HRA contributions in the amount of \$107,016, and direct staff to bring back recommendations to finance Medicare Eligible Retirees HRA contributions for the 90-day noticing period.

■ **ALTERNATIVES:** Offer Alternative Plan Design at a lesser to-be-determined premium level or provide other direction to staff; or increase general fund contribution to Retiree Health to cover costs of plan; or direct staff to bring item back to the Board within 30 days for further discussion and possible action.

■ CEO REVIEW (NAME): Carmel J. Angelo

PHONE: 463-4441

RECOMMENDATION: Agree Disagree No Opinion Alternate Staff Report Attached

BOARD ACTION

Approved _____

Records Executed _____

Date of Meeting _____

Referred to _____

Other _____