



Contra Costa County

TO: BOARD OF SUPERVISORS
FROM: John Cullen, County Administrator
DATE: May 6, 2008
SUBJECT: OPEB – Revised Management Resolution – No. 2008/304

SPECIFIC REQUEST(S) OR RECOMMENDATION(S) & BACKGROUND AND JUSTIFICATION

RECOMMENDATIONS:

1. ACKNOWLEDGE April 15, 2008 report from the County Administrator regarding recommendations on health care changes for unrepresented employees and appointed and elected officials and for persons who retired from positions that were unrepresented, appointed, or elected (Attached); and
2. ADOPT Resolution No. 2008/304 (Attached) to supersede Resolution No. 2008/147 (Management Resolution) regarding compensation and benefits for County Elected and Appointed Department Heads, Management, Exempt, and Unrepresented employees, and certain retirees, to reflect health care changes as recommended by the County Administrator.

FISCAL IMPACT:

The result of the recommendations herein, if implemented, will have significant future impact on the County's overall fiscal stability and ability to deliver services.

BACKGROUND:

On April 15, 2008 the County Administrator presented the attached report to the Board of Supervisors. The report contained recommendations on health care changes for unrepresented employees and appointed and elected officials and for persons who retired from positions that were unrepresented, appointed, or elected; and draft information on the 2008 Other Post Employment Benefits (OPEB) actuarial valuation.

The report also included information regarding the 2008 actuarial valuation. The County Administrator's Office has ordered its 2008 actuarial valuation update and has worked with the actuary in pursuit of the most up-to-date and accurate assumptions possible. One of these assumptions would involve the changes to health care benefits that are recommended for elected and appointed officials, for unrepresented employees and for persons who retired from positions that were unrepresented.

CONTINUED ON ATTACHMENT: YES

SIGNATURE: _____

____ RECOMMENDATION OF COUNTY ADMINISTRATOR ____ RECOMMENDATION OF BOARD COMMITTEE

____ APPROVE

____ OTHER

SIGNATURE(S): _____

ACTION OF BOARD ON _____ APPROVE AS RECOMMENDED _____ OTHER _____

VOTE OF SUPERVISORS

____ UNANIMOUS (ABSENT _____)

AYES: _____ NOES: _____

ABSENT: _____ ABSTAIN: _____

I HEREBY CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF AN ACTION TAKEN AND ENTERED ON THE MINUTES OF THE BOARD OF SUPERVISORS ON THE DATE SHOWN.

ATTESTED _____
JOHN CULLEN, CLERK OF THE BOARD OF SUPERVISORS
AND COUNTY ADMINISTRATOR

CONTACT: Lisa Driscoll (335-1023)

CC: All County Departments

BY _____, DEPUTY

The Board of Supervisors accepted the report and declared its intent to make health care changes as recommended. Specifically, the Board directed the County Administrator to work with County Counsel to prepare documents to implement the health care changes and return to the Board on May 6, 2006 for formal action on the health care changes.

In order to implement health care changes described in the April 15, 2008 report and to include the actuarial assumption based on those changes in the 2008 valuation, formal Board of Supervisors action to amend the Management Resolution is recommended.

Summary of Changes to the 'Management Resolution' (Resolution 2008/304)

Resolution 2008/304 supersedes and replaces Board of Supervisors Resolution No. 2008/147, which was adopted on March 18, 2008. Pursuant to the Board's April 15, 2008 declaration of intent to make certain health plan changes for unrepresented employees and appointed and elected officials, and for persons who retired from positions that were unrepresented, appointed or elected, the following revisions are made to Section 2. Health and Dental Benefits of the Management Resolution:

1. After December 31, 2008, employees and retirees, and dependents of employees and retirees, can no longer have dual coverage in two County health plans. This provision will apply to County employees and retirees who have spouses or partners who are either County employees or who have retired from the County.
2. Individuals who become 65 on or after January 1, 2009 are required to enroll in Medicare Parts A and B.
3. Beginning on January 1, 2010, the County health care premium subsidy is set at the calendar year 2009 dollar amount.
4. A new health care tier is established for unrepresented employees and officials hired, appointed, or elected after December 31, 2008. These employees and officials will have access to County health plans while employed. The County may provide less of a monthly premium subsidy for these employees and their eligible family members than it provides for those persons hired, appointed or elected before January 1, 2009. Separate rate pools are established for these employees and officials during employment and as retirees. Upon retirement, these employees and officials will have access to County health plans, but no County premium subsidy will be paid for any health or dental plan. Retirees and eligible family members will participate at their own expense.

These changes will begin the process of reducing our OPEB liability, reducing overall health care cost growth, and reducing health care cost growth for the County. The recommendations have no immediate impact, in order to allow the County and individuals time to plan for the future. **The County's goal is to reduce the overall cost growth of benefits prior to 2010 through Benefit Plan design changes that counteract medical cost growth in order to preserve a balance between providing sound health care coverage for our employees and retirees and maintaining vital county programs and services.**

Next Steps

1. Report back to the Board regarding recommendations on the CERBT (trust);
2. Continue employee and retiree information sessions;
3. Continue meeting & conferring as labor contracts expire; and
4. Continue community education and outreach on our efforts to achieve our goals.

Detailed information on the Board's actions, including all of the County's OPEB reports, is available on the County's web-site at www.cccounty.us.