

CAMBRIA COMMUNITY SERVICES DISTRICT

TO: Board of Directors

AGENDA NO. **7.F.**

FROM: Jerry Gruber, General Manager

Meeting Date: September 28, 2017 Subject: DISCUSSION AND CONSIDERATION
OF PROVIDING HEALTH
INSURANCE FOR MEMBERS
OF THE BOARD OF DIRECTORS

RECOMMENDATIONS:

Staff recommends that the Board of Directors discuss and consider whether the District should provide health insurance for members of the Board of Directors. If the Board decides to provide health insurance, it should provide direction regarding the amount of the employer contribution, criteria for eligibility of “retired” Board Members and direct that an actuarial analysis be prepared in order to comply with Government Code Section 7507.

FISCAL IMPACT:

The potential costs for health insurance coverage for the Board, assuming costs similar to benefits provided to other CCSD employees, are set forth below. These are the costs based on the new CalPERS insurance rates that begin 1/1/18. In addition, there will be the cost associated with the actuarial analysis.

HEALTH CARE INSURANCE COSTS						
	TOTAL	TOTAL	EMPLOYEE	CCSD		CCSD
	MONTHLY	ANNUAL	PAYS	PAYS	5 BOARD	PAYS
	<u>COST</u>	<u>COST</u>	<u>ANNUALLY</u>	<u>ANNUALLY</u>	<u>MEMBERS</u>	<u>ANNUALLY</u>
INDIVIDUAL PLAN	\$ 695.97	\$ 8,351.64	\$ 1,252.75	\$ 7,098.89	5	\$35,494.47
INDIVIDUAL +1	\$ 1,391.94	\$16,703.28	\$ 2,505.49	\$14,197.79	5	\$70,988.94
FAMILY PLAN	\$ 1,817.30	\$21,807.60	\$ 3,271.14	\$18,536.46	5	\$92,682.30

BACKGROUND:

This item was placed on the agenda at the request of President Rice and Vice President Sanders, so that the Board of Directors can discuss and consider whether the District should provide health insurance to members of the Board of Directors. As the Board of Directors is aware, the CCSD’s health insurance is provided through CalPERS and the Public Employees’ Medical and Hospital Care Act (PEMHCA). District staff has contacted CalPERS and they have advised that the definition of ‘employee’ now includes the ability to create a “Non PERS” medical group for the Board of Directors. They have provided the attached draft resolution that can be adopted to implement health insurance for Board Members.

The Resolution references Government Code Section 22982, which provides that “The employer contribution of a contracting agency shall begin on the effective date of enrollment and shall be the amount fixed from time to time by resolution of the governing body of the agency.” Previously, when the CCSD changed the retiree medical for employees, a resolution was adopted which only obligates the CCSD to the PEMHCA minimum, which is currently \$133 per month. The remainder of the employer contribution is determined by contract with the different employee groups. Currently, the District pays 85% of the premium and the employees pay 15%. The Board will need to consider the amount of the employer contribution, and staff recommends that if coverage is to be given to Board Members, they be treated the same as other CCSD employees (i.e., the 85/15 split). The chart in the Fiscal Impact section above is based upon this recommendation.

Should the Board decide to provide coverage to its members, CalPERS requires that health insurance benefits also be available to Board Members that they refer to as “retirees” or “annuitants.” This is despite the fact that their Resolution is captioned “Non PERS Board of Directors” and that former Board Members aren’t really “retired,” and, since they are not PERS members, would never be an “annuitant” under PERS. Rather, either at some point former Board Members either didn’t get re-elected, chose not to run for re-election, or resigned. Nonetheless, based upon staff’s inquiries with them, CalPERS requires inclusion of “retirees.” They have also indicated that the District can establish its own criteria as to what constitutes a “retired” Board Member for purposes of being eligible for the health insurance benefit. As an example, they suggested requiring that a “retired” Board Member must have served four terms on the Board and be at least 65 years old to be eligible. Accordingly, the Board will need to provide direction regarding eligibility criteria for “retired” Board Members.

It should be noted that the entire premium for retirees will have to be paid directly by the CCSD. Therefore, criteria should also be established for collecting the eligible retirees’ share, since collection of other District employee retirees’ share of their premiums can come from their CalPERS retirement payment, and that will not be possible for “retired” Board Members.

In addition, the CalPERS Resolution states that the District “...has fully complied with any and all applicable provisions of Government Code Section 7507.” That Section has certain requirements regarding an actuarial analysis of costs for post-employment benefits. Subsection (c) of Section 7507 has the following language that specifically relates to benefits for members of legislative bodies:

(c) (1) (A) With regard to local legislative bodies, including community college district governing boards, the future costs of changes in retirement benefits or other postemployment benefits, as determined by the actuary, shall be made public at a public meeting at least two weeks prior to the adoption of any changes in public retirement plan benefits or other postemployment benefits. If the future costs of the changes exceed one-half of 1 percent of the future annual costs, as defined in paragraph (2) of subdivision (a), of the existing benefits for the legislative body, an actuary shall be present to provide information as needed at the public meeting at which the adoption of a benefit change shall be considered. The adoption of any benefit to which this section applies shall not be placed on a consent calendar.

Based on the foregoing, in the event that the Board determines that it wants to provide health insurance to Board Members, in addition to determining the amount of the employer contribution, it will need to establish the "retiree" eligibility criteria. Staff should then be directed to have an actuarial analysis prepared, so that the requirements in Government Code Section 7507 can be satisfied.

Attachment: Resolution 40-2017

BOARD ACTION: Date _____ Approved: _____ Denied: _____

UNANIMOUS ___RICE ___SANDERS ___BAHRINGER ___FARMER___