

EL DORADO COUNTY

RETIREE HEALTH BENEFITS CONTRIBUTION PLAN DOCUMENT

Dated: May 15, 2001

Whereas during negotiations with employee organizations in 1999, the parties deferred negotiation of contributions for retiree health benefits, this matter to be addressed through the Health Plan Advisory Committee, and,

Whereas the Committee agreed upon a program to provide defined financial contributions to retirees pursuant to authority received from the Board of Supervisors, and,

Whereas it is understood between the County and the Employee Organizations that specific terms and conditions of such retiree health benefit contributions may differ as between the different Bargaining Units of the County, depending upon specific provisions of applicable Memoranda of Understanding between the County and Employee Organizations, nevertheless, a basic Plan Document will be useful to standardize definitions and criteria,

Now, therefore, this document may be referred to as the "El Dorado County Retiree Health Benefits Contribution Plan Document", and so incorporated by reference to assist implementation by the Board of Supervisors within Memoranda of Understanding between the County and recognized employee organizations, and within the Salary and Benefits Resolution of the Board for Unrepresented Employees.

Section I. DEFINITIONS

1. *Blue Shield Rate*: The monthly charges adopted by the Board of Supervisors which apply to Employees and Retirees who elect to participate in the County-Sponsored Blue Shield Plan including dental coverage.
2. *County-Sponsored Health Plan*: The El Dorado Employer Health Care Plan or an Alternate County-Sponsored Health Plan as defined therein.

3. *Eligibility Levels:* Three levels are established, based upon a Retiree's prior cumulative length of service as an Employee: Level 1, Level 2, and Level 3. Length of service requirements to attain each Level shall be as specified in an applicable Memorandum of Understanding or Salary and Benefits Resolution, and may vary by Bargaining Unit.
4. *Eligible Retiree:* A Retiree who meets the requirements for eligibility set forth in Section II, below, and whose Retirement Date is on or after July 1, 1999.
5. *Employee:* Any person who is elected or appointed to a position, either full-time or part-time, within El Dorado County's Authorized Personnel Resolution, regularly scheduled to work for El Dorado County, except for temporary or extra-help employees who are not eligible to participate in a County-Sponsored Health Plan.
6. *Retiree:* A former Employee who has reached his or her Retirement Date.
7. *Retirement Date:* The date for which pension benefits are first received under P.E.R.S.
8. *Separation Date:* The date an individual ceases to be an Employee.
9. *Total Payroll Costs:* Total annual actual cost to all County Departments combined for those employee salaries and benefits which, as computed using the system in effect during the year 2000, included all "Class 30" expenses with the following exceptions: the costs of temporary employees, health benefits, health benefit contributions, and overtime.

Section II. ELIGIBILITY

1. In order to be eligible to receive the County Contributions set forth herein below, an individual must be a Covered Retiree as this term is defined by the El Dorado Employer Health Care Plan. This includes but is not limited to the following:
 - His or her Separation Date can be no more than 18 months prior to his or her Retirement Date, and,
 - He or she must be a Covered Employee in a County-Sponsored Health Plan during last month prior to his or her Separation Date, and,
 - He or she must maintain continuous coverage in a County-Sponsored Health Plan from the month prior to Separation Date forward.

2. The rules governing eligibility for coverage of Retirees in a County-Sponsored Health Plan are as set forth in the El Dorado Employer Health Care Plan in Section II, D.
3. In addition, to be eligible for the County Contributions set forth herein below, a Retiree must have attained a cumulative total of a certain minimum number of years as an Employee, as specified in the applicable Memorandum of Understanding or Salary and Benefits Resolution in effect on the Retirement Date. In the event no minimum years are therein specified, then, 20 years as an Employee is required to attain Eligibility Level 3, 15 years as an Employee to attain Eligibility Level 2, and 12 years as an Employee to attain the Eligibility Level 1. Employees who reach their Retirement Date with less than 12 years of accumulated service as an Employee are not Eligible Retirees.
4. In the event some or all of an individual's employment for the County was in a part-time status, the number of years as an Employee shall be computed as follows: A Pay Period during which the employee was regularly scheduled to work 64 hours or more counts at 100% of a full-time equivalent pay period. A Pay Period during which the employee was regularly scheduled to work 40 hours but less than 64 hours counts at 75% of a full-time equivalent pay period. A Pay Period during which the employee was regularly scheduled to work 32 hours but less than 40 hours counts at 50% of a full time equivalent pay period. Full-time equivalent pay periods shall be counted subject to these percentage reductions, so that, for example, an Employee who has accumulated a total of 312 full-time equivalent pay periods as of their Separation Date will be considered to have accumulated 12 years as an Employee for purposes of determining which Eligibility Level applies.
5. Any employee who separated from County employment prior to July 1, 1999, in order to be eligible for the County Retirement Health Contributions set forth herein below, in addition to all other conditions of eligibility, must include within his or her length of service two continuous years of eligible employment with the County prior to his or her Retirement Date under this program.

Section III. COUNTY CONTRIBUTIONS

1. The Department for which an Eligible Retiree worked as an Employee during the month prior to his or her Retirement Date shall pay on behalf of each Eligible Retiree who has attained Eligibility Level 3 a monthly amount equal to 67% of the Blue Shield Rate for a single retiree as defined herein. The Department for which an Eligible Retiree worked as an Employee during the month prior to his or her Retirement Date shall pay on behalf of each Eligible

Retiree who has attained Eligibility Level 2 a monthly amount equal to 50% of the Blue Shield Rate for a single retiree defined herein. The Department for which an Eligible Retiree worked as an Employee during the month prior to his or her Retirement Date shall pay on behalf of each Eligible Retiree who has attained Eligibility Level 1 a monthly amount equal to 33% of the Blue Shield Rate for a single retiree defined herein.

2. The Department payments described in III, 1, above shall be made beginning on an employee's Retirement Date, and shall continue until the individual ceases to be an Eligible Retiree.
3. In the event an Eligible Retiree elects coverage for self only or self and dependent(s) which costs less than the amounts specified in III, 1., above, then the amounts shall be reduced so as not to exceed the full cost of coverage elected by the retiree.
4. The Blue Shield Rates for Retirees are the same as the Blue Shield Rates for Employees, except that they are reduced for Retirees enrolled in Medicare Parts A and B. Retirees are required to pay these Blue Shield Rates (less any applicable County Contribution specified herein) when they are enrolled in the *Blue Shield Plan*. When a Retiree is enrolled in an *Alternate County-Sponsored Plan* instead of the Blue Shield Plan, then the Retiree is required to pay, not the Blue Shield Rate, but a *different rate* instead, (again, less any applicable County Contribution specified herein). In both cases, however, the County Contributions due hereunder shall be computed based upon the Blue Shield Rate, *not* the different rates applicable to Retirees when enrolled in Alternate County-Sponsored Plans.
5. As an example, during the year 2000 the Blue Shield Rates for single Retirees were \$257.38 for retirees without Medicare and \$217.38 for retirees with Medicare. When a Retiree reaches age 65, the County Contributions specified herein in paragraph III, 1. shall not exceed 67%, 50%, and 33% of the Blue Shield Rate for retirees with Medicare, regardless of whether the Retiree is actually enrolled in Medicare Parts A and B.

Section IV. COUNTY COST MAXIMUM

1. In the event the total of County Contributions made under this program will exceed 1.2% of Total Payroll Costs during any given fiscal year, then the actual contributions assigned to each Eligibility Level shall be adjusted accordingly in equal amounts, so that the total actual or projected cost of this program shall never exceed 1.2% of Total Payroll Cost as defined herein above during any single fiscal year.

Section V. MISCELLANEOUS PROVISIONS

1. The benefits described herein are not vested retirement benefits. They can be modified by future action of the Board of Supervisors, subject to meeting and conferring with recognized employee organizations.
2. The intent of this document is to specify eligibility conditions and defined contribution dollar amounts indexed to future Blue Shield Rates, not to institute, specify, modify, or amend defined benefits for Retirees. Health benefits defined for Retirees are set forth entirely by the El Dorado Employer Health Care Plan, and this document shall not be construed as amending those benefits. This document by itself guarantees no benefits or payments whatsoever, but is produced in order that it may be incorporated by reference within Salary and Benefit Resolutions or Memoranda of Understanding such as may from time to time be approved and adopted by the El Dorado County Board of Supervisors.
3. The County Contributions specified herein shall commence January 1, 2001 for all Eligible Retirees.
4. Eligibility shall be limited to those Retirees whose Retirement Dates are on or after July 1, 1999 unless specified otherwise in an applicable M.O.U. or Salary and Benefits Resolution.
5. Previous retiree health benefits contributions called for in existing M.O.U.s are to be entirely replaced by the contributions specified herein effective January 1, 2001, except for the following "phase out" provisions:
 - Eligible Retirees whose Retirement Dates fall between July 1, 1999, or another date specified in an applicable M.O.U. or Salary and Benefits Resolution, and July 1, 2003, or another date specified in an applicable M.O.U. or Salary and Benefits Resolution, inclusive, shall be offered (during the December, 2000 Open Enrollment Election Period or at the time of their retirement, whichever is later) a one-time, irrevocable choice between the benefits specified herein and the benefits to which they were entitled under the applicable predecessor Salary and Benefits Resolution or Memorandum of Understanding.
 - In the event a Retiree whose Retirement Date falls between July 1, 1999 and December 31, 2000 elects the benefits described herein, then no adjustment shall be made to County contributions paid prior to January 1, 2001 on behalf of the retiree under any previous entitlement.
6. In the event the County terminates the self-funded health plan described in the El Dorado Employer Health Care Plan document and currently known as the County Blue Shield Plan, then the County Contributions described herein shall be computed based upon the rates

charged to retirees without Medicare for the most similar successor plan offered by the County for retirees without Medicare.

7. In the event both a Retiree and Retiree's spouse are Eligible Retirees as herein defined, one Retiree may elect to carry his or her spouse as a dependent on a County-Sponsored health plan, and obtain both his or her own County Contribution, and also the County Contribution to which his or her spouse would be entitled. Retiree and Retiree's spouse need not each maintain their own, independent, health benefit enrollments at the same time.
8. The County Contributions specified herein end on the date of the Retiree's death.
9. This document dated May 15, 2001 replaces all previous versions.

Approved and Accepted for

EL DORADO COUNTY

By:

Penny Humphreys

Date:

May 15, 2001

Penny Humphreys, Chairperson

El Dorado County Board of Supervisors

Attest:

Margaret E. Moody
Deputy Clerk

Date:

May 15, 2001

Dixie Foote

Clerk of the Board

for