

STAFF REPORT

SUBJECT: Update of the CalPERS Health Contribution Resolution

FROM: Tamara Edwards, Director of Finance

DATE: September 9, 2019

Action Requested

Approval of LAVTA Resolution 26-2019. Updating the region from “Bay Area” to “Region 1”.

Background

Regions enable CalPERS to provide high quality health plans to public agency and school contracting employers with rates that are competitively priced and in alignment with the cost of care in the market. In January 2018, CalPERS began a multidisciplinary project to evaluate the current regional cost of care and the makeup of health pricing regions for public agencies and schools. The goal was to assess costs throughout the state, scan the market, hear from employers and stakeholders, and determine if any changes to the current regions were warranted. Throughout the year, CalPERS surveyed and engaged with employers as well as retiree, employer, and labor associations. The result was the CalPERS Board of Administration voting in December 2018, to adopt a new three-region model.

Discussion

Resolution 07-2001 was adopted by the Board in May 2001. This resolution updates resolution 07-2001 by specifying that LAVTA’s health care pricing will be based on Region 1 costs.

Recommendation

The Finance and Administration Committee recommends that the Board of Directors approve the updated resolution 26-2019.

Attachments:

1. Resolution of the Board of Directors of the Livermore Amador Valley Transit Authority fixing the employer contribution at an equal amount for employees and annuitants and the public employees’ medical and hospital care act.

Approved: _____

RESOLUTION NO. 26-2019

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY FIXING
THE EMPLOYER CONTRIBUTION AT AN EQUAL AMOUNT FOR
EMPLOYEES AND ANNUITANTS UNDER THE PUBLIC EMPLOYEES'
MEDICAL AND HOSPITAL CARE ACT**

WHEREAS the Livermore Amador Valley Transit Authority is a contracting agency under Government Code Section 22920 and subject to the Public Employees' Medical and Hospital Care Act (the "Act"); and

WHEREAS Government Code Section 22892 (a) provides that a contracting agency subject to Act shall fix the amount of the employer contribution by resolution; and

WHEREAS Government Code Section 22892 (b) provides that the employer contribution shall be an equal amount for both employees and annuitants, but may not be less than the amount prescribed by Section 22892 (b) of the Act; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Livermore Amador Valley Transit Authority that the employer contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of the total premium contribution for the highest Region 1 HMO per month, plus administrative fees and Contingency Reserve Fund assessments; and be it further

BE IT FURTHER RESOLVED that the Livermore Amador Valley Transit Authority has fully complied with any and all applicable provisions of Government Code 7507 in electing the benefits set forth above; and

BE IT FURTHER RESOLVED that the participation of the employees and annuitants of the Livermore Amador Valley Transit Authority shall be subject to determination of its status as a "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that the Livermore Amador Valley Transit Authority would not qualify as an agency or instrumentality or the state or political subdivision of a State under such final Regulations, CalPERS may be obligated, and reserve the right to terminate the health coverage of all participants of the employer; and

BE IT FURTHER RESOLVED that the Board of Directors appoints and directs the Executive Director to file with the Board a verified copy of this resolution, and to perform on behalf of the Livermore Amador Valley Transit Authority all functions required of it under the Act.

PASSED AND ADOPTED this 9th day of September 2019

David Haubert, Chair

ATTEST:

Michael Tree, Executive Director