

BOARD OF SUPERVISORS RESPONSE TO CONTRA COSTA COUNTY GRAND
JURY REPORT 1304:

HEALTHCARE INSURANCE WAIVERS

THE "OPT-OUT" APPROACH FOR COUNTY CONTAINMENT OF
HEALTHCARE INSURANCE COSTS

FINDINGS:

1. The County does not currently offer its employees the option to waive healthcare insurance coverage.

Response: Disagree. The County offers healthcare insurance coverage to permanent full time active employees and permanent part time active employees who are scheduled to work 20 hours per week (16 hours per week for active employees working as nurses). Based on the terms and conditions of the Memoranda of Understanding (MOU) under which the County is currently operating, 7333 full time and part time active employees are eligible to participate in the County's healthcare insurance coverage options. (NOTE: County Board policy excludes otherwise eligible active employees from receiving dual healthcare insurance coverage if they are the dependent of another eligible active employee or retiree; currently there are 96 of these otherwise eligible active employees who are not reflected in the numbers reported in this document.)

There is no requirement that eligible employees must participate in the healthcare insurance plans which the County offers. County employees are free to waive participation without proving that they have some other form of healthcare coverage. As of May, 2013, 9.1% of the total number of eligible active employees (666 employees) have waived County healthcare insurance coverage.

2. Allowing a County employee to waive healthcare insurance coverage would save the County the money it pays towards the employee's premium.

Response: Agree.

3. Paying a financial incentive to each employee choosing to waive healthcare insurance would reduce the amount the County would save.

Response: Agree.

4. An employee who waives healthcare insurance coverage would receive an increase in net pay due to no longer paying the premium.

Response: Agree.

RECOMMENDATIONS:

1. Include as part of the County's proposals in negotiations of MOU's with County bargaining units a waiver provision that allows financial benefits for both the County and the employee.

Response: The recommendation will not be implemented because it requires further analysis in light of the Affordable Care Act (ACA/ federal healthcare reform). The County is assessing and analyzing the employer requirements and possible options for health care coverage as the Affordable Care Act is implemented in 2014. It is premature to consider this recommendation until these matters are more fully analyzed.

2. Direct the County Administrator to develop a healthcare insurance waiver provision that would allow a County employee to opt-out of coverage under the County's plans if the employee can prove he or she has healthcare insurance coverage from a source other than the County.

Response: The recommendation will not be implemented because it is not warranted. The ability to opt-out of healthcare insurance coverage already exists for County employees without providing proof of other healthcare insurance coverage. Beginning in 2015, ACA legislation requires the County, as a large employer, to offer a certain level of affordable healthcare coverage to many of the same employees who are currently eligible to participate in the County's coverage options. The law specifies which categories of employees are eligible to be offered coverage, the benefits that must be included in the plans that are offered and the definition of "affordable". Under the law, the County is also responsible for furnishing proof of the availability of coverage and being able to document and report to the federal government both the types of health care coverage offered to eligible employees and what options each eligible employee chooses to use. (The work necessary to fulfill the law's reporting requirements is currently underway in the County.) Under the Affordable Care Act (ACA) it also becomes the responsibility of most eligible County employees to document that they have healthcare coverage that meets the minimum standards in the law when they file their annual Federal tax returns, beginning with the 2015 tax year. Therefore, for the County to implement a new requirement for eligible employees to provide the County with proof of healthcare coverage in order to be allowed to opt out of the County's coverage plans is unnecessary at this time.



Contra
Costa
County

To: Board of Supervisors
From: David Twa, County Administrator
Date: July 16, 2013

Subject: Response to Grand Jury Report 1304: Health Insurance
Waivers

RECOMMENDATION(S):

CONSIDER approving the response to Civil Grand Jury Report No. 1304, entitled, "Health Care Insurance Waivers " and DIRECT the Clerk of the Board to forward the response to the Superior Court no later than August 21, 2013.

FISCAL IMPACT:

No fiscal impact.

BACKGROUND:

On June 21, 2013 the 2012/13 Civil Grand Jury filed the above-referenced report. The attached response clearly specifies:

- Whether a finding or recommendation is accepted or will be implemented;
- If a recommendation is accepted, a statement as to who will be responsible for implementation and by what target date;
- A delineation of the constraints if a recommendation is accepted but cannot be implemented within a six-month period; and
- The reason for not accepting a finding or recommendation.

Please see the attached report.

CONSEQUENCE OF NEGATIVE ACTION:

In order to comply with statutory requirements, the Board of Supervisors must provide a response to the Superior

APPROVE

OTHER

RECOMMENDATION OF CNTY ADMINISTRATOR

RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: 07/16/2013 APPROVED AS RECOMMENDED OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYES 5 NOES _____

ABSENT _____ ABSTAIN _____

RECUSE _____

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: July 16, 2013

David J. Twa, County Administrator and Clerk of the Board of Supervisors

Contact: Theresa Speiker,
925-335-1096

By: June McHuen, Deputy

cc: Chrisinte Penkala, County Benefits Manager

Court no later than August 21, 2013. The Board must take timely action in order to comply with the statutory deadline.

CHILDREN'S IMPACT STATEMENT:

Not Applicable.