



LAFCO - San Luis Obispo - Local Agency Formation Commission
SLO LAFCO - Serving the Area of San Luis Obispo County

TO: MEMBERS, FORMATION COMMISSION

FROM: MIKE PRATER, EXECUTIVE OFFICER

DATE: NOVEMBER 19, 2020

SUBJECT: CALPERS APPROVAL FOR HEALTH BENEFITS PROGRAM FOR SLOLAFCO

Recommendation. It is respectfully recommended that the Commission approve the Resolution between Public Employees Medical and Hospital Care Act (PEMHCA) administered by CalPERS and San Luis Obispo Local Agency Formation Commission (SLOLAFCO).

DISCUSSION. LAFCO requested participation in CalPERS Health Benefits Program Coverages for eligible employees. These medical benefits would be offered to LAFCO employees provided through CalPERS.

CalPERS advised the LAFCO Executive Officer that the Health Resolution and Compliance team has confirmed our eligibility for suite of health coverages offered effective January 1, 2021, upon submittal of enrollment forms. The attached document is needed to complete these benefit changes.

Attachments
A: Resolution Authorizing Participation in PEMHCA Health Benefits Program

The costs associated with these new medical benefits would be paid by the LAFCO café cash program with any remaining allocations covered by the employees wanting to enroll. LAFCO would pay the health benefit program cost with reimbursements from the employee beyond café cash allotment.

The reason for this transition is that SDMRA our current provider requires a minimum of two employees be enrolled to maintain coverages. CalPERS allows for a minimum of one employee. SDMRA also provides ancillary coverage for dental and vision benefits. These ancillary benefits will also be terminated in January once CalPERS contract takes effect. Supplemental benefits for dental and vision would be added back in the future once eligibility requirements are met or alternative coverage can be secured.

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Attachment A

Resolution Authorizing Participation in PEMHCA
Health Benefits Program

RESOLUTION NO. XX
ELECTING TO BE SUBJECT TO THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT
AT AN UNEQUAL AMOUNT FOR EMPLOYEES AND ANNUITANTS
700 NON-PERS ALL EMPLOYEES

- WHEREAS, (1) A contracting agency meeting the eligibility requirements set forth in Government Code Section 22920, may obtain health benefit plan(s), as defined under Government Code Section 22777, by submitting a resolution to the Board of Administration of the California Public Employees' Retirement System (the "Board"), and upon approval of such resolution by the Board, become subject to the Public Employees' Medical and Hospital Care Act (the "Act"); and
- WHEREAS, (2) Local Agency Formation Commission of San Luis Obispo County is a contracting agency eligible to be subject to the Act under Government Code Section 22920; and
- WHEREAS, (3) Government Code Section 22892(a) provides that a contracting agency subject to the Act shall fix the amount of the employer contribution by resolution; and
- WHEREAS, (4) 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
- WHEREAS, (5) Government Code Section 22892(c) provides that, notwithstanding Section 22892(b), a contracting agency may establish a lesser monthly employer contribution for annuitants than for employees, provided that the monthly employer contribution for annuitants is annually increased to equal an amount not less than the number of years the contracting agency has been subject to this subdivision multiplied by five percent of the current monthly employer contribution for employees, until the time that the employer contribution for annuitants equals the employer contribution paid for employees; and
- WHEREAS, (6) Local Agency Formation Commission of San Luis Obispo County desires to obtain for its employees and annuitants the benefit of the Act and to accept the liabilities and obligations of an employer under the Act; now, therefore, be it
- RESOLVED, (a) Local Agency Formation Commission of San Luis Obispo County elects to be subject to the provisions of the Act; and be it further
- RESOLVED, (b) That the employer contribution for each employee 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 PEMHCA Minimum per month, plus administrative fees and Contingency Reserve Fund assessments; and be it further
- RESOLVED, (c) That the employer contribution for each 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 80% of the PEMHCA Minimum per month; and be it further

RESOLVED, (d) That the monthly employer contribution for annuitants is annually increased to equal an amount not less than the number of years the contracting agency has been subject to this subdivision multiplied by five percent of the current monthly employer contribution for employees, until the time that the employer contribution for annuitants equals the employer contribution paid for employees;

And that the contributions for employees and annuitants shall be in addition to those amounts contributed by the Public Agency for administrative fees and to the Contingency Reserve Fund; and be it further

RESOLVED, (e) Local Agency Formation Commission of San Luis Obispo County has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further

RESOLVED, (f) That the participation of the employees and annuitants of Local Agency Formation Commission of San Luis Obispo County shall be subject to determination of its status as an “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 Local Agency Formation Commission of San Luis Obispo County would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, CalPERS may be obligated, and reserves the right to terminate the health coverage of all participants of the employer; and be it further

RESOLVED, (g) That the executive body appoint and direct, and it does hereby appoint and direct, Imelda Marquez, Commission Clerk, to file with the Board a verified copy of this resolution, and to perform on behalf of Local Agency Formation Commission of San Luis Obispo County all functions required of it under the Act; and be it further

RESOLVED, (h) That coverage under the Act be effective on January 1, 2021.

Adopted at a regular meeting of the San Luis Obispo Local Agency Formation Commission (virtual meeting), this 19th day of November, 2020.

Signed: _____
Thomas Murray, Presiding Officer

Attest: _____
Mike Prater, Executive Officer