

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
5	03/22/10	Open	Action	03/01/10

Subject: Enrolling AEA And MCEG Groups Into CALPERS Medical Insurance Programs

## ISSUE

Whether or not to authorize the participation and enrollment of Administrative Employees Association (AEA) and Management and Confidential Employee Group (MCEG) employees in the CALPERS health benefit system pursuant to the Public Employees' Medical and Hospital Care Act and authorize the General Manager/CEO to execute any and all agreements, forms and documents necessary to effectuate enrollment.

## RECOMMENDED ACTION

Adopt Resolution 10-03-\_\_\_\_\_, Authorizing Regional Transit (RT) to Elect to be Subject to the Public Employees' Medical and Hospital Care Act with Respect to the Administrative Employees Association (AEA) and Management and Confidential Employee Group (MCEG) Employee Groups, Fixing the Contribution for Employees and the Employers' Contribution for Retirees at Different Amounts and Authorizing the General Manager/CEO to Execute Any and All Agreements, Forms and Documents Necessary to Effectuate Enrollment.

## FISCAL IMPACT

Budgeted:	Yes	This FY:	\$	(68,989.00) <sup>2</sup>
Budget Source:	Operating	Next FY:	\$	(808,000.00) <sup>3</sup>
Funding Source:	Federal/State/Local	Annualized:	\$	(808,000.00)
Cost Cntr/GL Acct(s) or Capital Project #:	520003	Total Amount:	\$	(876,989.00)
Total Budget:	\$ 1,989,538.00 <sup>1</sup>			

1: Budget based on AEA and MCEG premiums at 2010 contract rates

2: Net savings for June 2010 entry into CALPERS

3: Annual net savings from CALPERS rates vs. current contract rates and associated expenses

## DISCUSSION

In the Fall of 2009, District staff began a review of the costs/cost savings associated with transitioning from current medical benefits contracted directly between RT and medical providers HealthNet and Kaiser to medical benefits provided through CALPERS.

Based on a thorough review of current rates and the projected annual rate increases compared to the projected CALPERS increases, RT will experience savings by enrolling in the CALPERS' Medical Program. The projected savings extends to the share of premiums paid by active employees, as well as retirees, thus benefitting both the active employees and retirees.

Approved:

Presented:

FINAL 3/18/10

General Manager/CEO

Chief Administrative Officer

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Subject: Enrolling AEA And MCEG Groups Into CALPERS Medical Insurance Programs

Staff recommends the Board adopt the attached resolution authorizing the enrollment of Regional Transit's AEA and MCEG employees into the CALPERS Public Employees' Medical and Health Care Act, and authorizing the General Manager/CEO to execute any and all agreements, forms, and documents necessary to effectuate the enrollment.

RESOLUTION NO. 10-03-\_\_\_\_\_

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

March 22, 2010

**AUTHORIZING REGIONAL TRANSIT (RT) TO ELECT TO BE SUBJECT TO THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT WITH RESPECT TO THE ADMINISTRATIVE EMPLOYEES ASSOCIATION (AEA) AND MANAGEMENT AND CONFIDENTIAL EMPLOYEE GROUP (MCEG) EMPLOYEE GROUPS, FIXING THE CONTRIBUTION FOR EMPLOYEES AND THE EMPLOYER'S CONTRIBUTION FOR RETIREES AT DIFFERENT AMOUNTS AND AUTHORIZING THE GENERAL MANAGER/CEO TO EXECUTE ANY AND ALL AGREEMENTS, FORMS AND DOCUMENTS NECESSARY TO EFFECTUATE ENROLLMENT.**

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS AS FOLLOWS:

- WHEREAS, (1) Government Code Section 22922(b) provides that a contracting agency may elect upon proper application to participate under the Public Employees' Medical and Hospital Care Act with respect to a recognized employee organization only; and
- WHEREAS, (2) Government Code Section 22920(b) defines any Special District as a contracting agency, and
- WHEREAS, (3) A Special District is hereby defined as a non-profit, self-governed public agency within the State of California, and comprised solely of public employees performing a governmental rather than proprietary function, and
- WHEREAS, (4) Sacramento Regional Transit District, hereinafter referred to as Special District is an entity meeting the above definition; and
- WHEREAS, (5) The Special District desires to obtain for the members of Administrative Employees Association (AEA) and Management and Confidential Employee Group (MCEG), who are active and retired employees and survivors of the agency, the benefit of the Act and to accept the liabilities and obligations of an employer under the Act and Regulations; now, therefore, be it.
- RESOLVED, (a) That the Special District elect, and it does hereby elect, to be subject to the provisions of the Act; and be it further
- RESOLVED, (b) That the employer's contribution for each active or retired employee or survivor 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 or plans up to a maximum of minimum employer contribution per month as prescribed in Section 22892(b)(1) of the Government Code dollars per month plus administrative fees and Contingency Reserve Fund assessments; and be it further

RESOLVED, (c) That the Sacramento Regional Transit District 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, (d) That the executive body appoint and direct, and it does hereby appoint and direct, the General Manager/CEO to file with the Board of Administration of the Public Employees' Retirement System a verified copy of this Resolution, and to perform on behalf of said Special District all functions required of it under the Act and Regulations of the Board of Administration; and be it further

**RESOLVED**, that coverage under the Act be effective on June 1, 2010.

Adopted at a regular meeting of the Sacramento Regional Transit District Board of Directors at Sacramento, California this 22<sup>nd</sup> day of March, 2010.

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STEVE MILLER, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: \_\_\_\_\_  
Cindy Brooks, Assistant Secretary