

County of Santa Clara
Office of the County Executive
Office of Budget and Analysis




IHSS01 060909

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DATE: June 9, 2009

TO: Governing Board of the Public Authority for In-home Supportive Services

FROM: 
Gary A. Graves
Acting County Executive

SUBJECT: Delegation of Authority to the Acting County Executive or Designee to Amend Agreements with Valley Health Plan, Liberty Dental, and Vision Service Plan to Extend Terms and Modify Payments for Insurance Benefits to Independent Providers of the In-Home Supportive Services Program (IHSS) Program; and Information Regarding COBRA Subsidy for Health Insurance Premiums for IHSS Workers as a result of the American Recovery and Reinvestment Act

RECOMMENDED ACTION

Consider recommendations relating to agreements for the provision of insurance benefit plans for eligible In-Home Supportive Services Independent Providers (IP).

Possible action:

- a. Approve delegation of authority to the Acting County Executive, or designee, to amend

the existing medical benefit plan agreement with Valley Health Plan to extend the term of the agreement for three months from the current June 30, 2009 expiration date to September 30, 2009 at the current monthly premium rate of \$430.39 per eligible participating IP enrollee, following approval by County Counsel as to form and legality, and approval by the Office of the County Executive. Delegation of authority shall expire on September 30, 2009.

- b. Approve delegation of authority to the Acting County Executive, or designee, to amend the existing dental benefit plan agreement with Liberty Dental to extend the term of the agreement for one month from the current August 31, 2009 expiration date to September 30, 2009 at the current monthly premium rate of \$25.80 per eligible participating IP enrollee, following approval by County Counsel as to form and legality, and approval by the Office of the County Executive. Delegation of authority shall expire on September 30, 2009.
- c. Approve delegation of authority to the Acting County Executive, or designee, to amend the existing vision benefit plan agreement with Vision Service Plan (VSP) to extend the term of the agreement for three months from the current June 30, 2009 expiration date to September 30, 2009 at the current monthly premium rate of \$7.31 per eligible participating IP enrollee for period July 1 to August 31, 2009, and at the monthly premium rate of \$8.58 per eligible participating IP enrollee for period September 1 to September 30, 2009, following approval by County Counsel as to form and legality, and approval by the Office of the County Executive. Delegation of authority shall expire on September 30, 2009.

FISCAL IMPLICATIONS

Funding for the extension and modification of the health insurance benefit plan agreements have been included in the FY 2010 Recommended Budget, and is estimated at up to \$10.5 million for the three month period depending on the actual number of enrollees in the benefit plans. A portion of this funding is reimbursable by the State and Federal government.

Funding for the COBRA subsidy for the IHSS workers for FY 2010 is estimated at \$218,000, but is fully funded by the Federal government. This amount was not included in the FY 2010 Recommended Budget because the details of the subsidy program were not available at the time of budget development. Since the subsidy is fully funded, there is no net impact to the FY 2010 Recommended Budget. However, the FY 2010 Approved Budget will be adjusted during the Midyear Budget process in February to appropriate the expenditures that will be advanced by the County along with the reimbursements from the Federal government. At that time there will also be more information regarding how many IPs become eligible for the subsidy during the first half of the fiscal year, so the estimated budget can also be refined.

CONTRACT HISTORY

Valley Health Plan insurance benefits have been offered to eligible independent providers since September 2000.

Liberty Dental has provided dental insurance coverage since September 2007. The previous dental insurance provider was Pacific Union Dental.

Vision Service Plan has provided vision insurance coverage since October 2001.

REASONS FOR RECOMMENDATION

Insurance Benefit Plans

The current Memorandum of Agreement (MOA) between Santa Clara County Public Authority for IHSS and Local 521 SEIU expires on September 30, 2009. Realignment the various insurance benefit plans' expiration dates to coincide with the MOA expiration date will help facilitate bargaining and renegotiation of the MOA, particularly if there are any benefit changes that result from this renegotiation.

Therefore, the Office of the County Executive is requesting delegation of authority in accordance with Board of Supervisors policy to amend the existing benefit plan agreements in order to extend the current expirations dates to September 30, 2009. All of the current benefit plan providers - Valley Health Plan (health benefit), Liberty Dental (dental benefit), and Vision Service Plan (vision benefit) have agreed to maintain the current rates in effect for the duration of the extension, with the exception of VSP which is requiring an increase in the third month of the extension. The delegation of authority will allow the Office of the County Executive to proceed with finalizing the amendments.

COBRA Subsidy

The Consolidated Omnibus Budget Reconciliation Act (COBRA) provides temporary continuation of health insurance coverage of up to 18 months to former employees and their eligible dependents at the employer's group rates, under certain specific events resulting in loss of coverage. The participants are responsible for the cost of the premiums, which typically would be less expensive than if the participants were to purchase individual coverage.

Under the American Recovery and Reinvestment Act, employees who are involuntarily terminated (except for gross misconduct) during the period of September 1, 2008 to December 31, 2009 and are eligible for COBRA coverage, may be eligible for a reduced premium at 35% of the normal COBRA premium for up to a 9 month period. The remaining 65% of the premium is reimbursed to the employer via Federal payroll tax credits.

The \$218,000 adjustment to the FY 2010 Final Budget is based on staff's best estimate using the 3 month experience to date for the current fiscal year. When the IHSS budget is adjusted during the Midyear Budget process to add the expenditures and revenues associated with the COBRA subsidy, this figure may be refined based upon additional experience regarding the number of IPs who become eligible to receive the subsidy.

BACKGROUND

In 1992, California enacted legislation to define the role of Public Authorities established by County Boards of Supervisors to provide for the delivery of IHSS. In December 1996, the Santa Clara County Board of Supervisors adopted an ordinance creating the In-Home Supportive Services Public Authority to act as the employer of record of IHSS providers for purposes of collective bargaining. In addition to being the employer of record, Public Authorities are required to establish and operate a provider registry of available and qualified independent providers for referral, to investigate the qualifications and background of potential providers, and to provide access to training for providers and recipients.

The current Memorandum of Agreement between SEIU Local 521 and IHSS Independent Providers continues to offer benefit insurance plans for health, dental and vision services to eligible providers who participate in these plans. Participating providers pay a monthly participation rate of \$11.00 for the VHP health benefit.

CONSEQUENCES OF NEGATIVE ACTION

Failure to authorize this action would result in the termination of health, dental and vision plan services for eligible IHSS independent providers on their original expiration dates, which occur before the end of the current MOU expiration date.

STEPS FOLLOWING APPROVAL

The Office of the County Executive will send an executed copy of the Agreements to the Clerk of the Board within 30 days of execution.