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**FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCo)  
EXECUTIVE OFFICER'S REPORT**

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**AGENDA ITEM No. 11**

**DATE:** September 11, 2013

**TO:** Fresno Local Agency Formation Commission

**FROM:** David E. Fey, AICP, Executive Officer

**SUBJECT:** Consider Approval: Update on Status of Health Insurance for LAFCo Employees

**RECOMMENDED ACTIONS:**

Extend reimbursement of COBRA premiums for the Executive Officer until such a time that health benefits can be provided by LAFCo or provide direction.

**BACKGROUND:**

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 contains provisions providing for Local Agency Formation Commissions to seek independence when possible and practical and the Commission has since voted to become independent from the County. The Commission determined that the two current County employees working for LAFCo would remain County employees working on contract to the Commission, but any new employees hired by LAFCo would be employees of LAFCo and not the County. As a result of this change, employee benefits (i.e. health care benefits, retirement, etc.) would no longer be provided by the County, but would become the responsibility of LAFCo to provide.

The first employee hired as a LAFCo employee was the last Executive Officer, Jeff Witte. Though LAFCo is obligated to provide health insurance to all new LAFCo employees, Mr. Witte declined health insurance because it was available through his spouse's employment. At the time Mr. Witte retired, it was thought that LAFCo could join the San Joaquin Valley Insurance Authority (SJVIA) which includes but is not limited to Fresno County employees and Tulare County employees. Other options explored by Mr. Witte were insurance provided by private carriers (deemed more expensive than government group plans), the Special District Risk Management Authority, and CalPERS health coverage.

It has since been determined that LAFCo did not have the minimum number of employees required to be part of the SJVIA. Staff continues to explore other insurance options (CalPERS and the SDRMA, for example). Staff was recently authorized by the Commission to approach the Fresno County Board of Supervisors and regarding a Memorandum of Understanding with the Fresno County Local Agency Formation Commission allowing employees of the Commission to participate in Health Insurance Plans offered by the County.

When your current Executive Officer was hired in May 2013, LAFCo agreed to reimburse his COBRA premiums for four months while a permanent health insurance solution could be found. To date, staff has not been able to obtain health insurance for LAFCo. In the interim, your

Executive Officer would request that the Commission continue reimbursement for his COBRA premiums until such time that LAFCo can obtain health insurance for its employees.

**DISCUSSION:**

Staff is in process of looking at other options for health insurance if the County of Fresno decides not to allow LAFCo to be part of its health plans. Those options include CalPERS, SDRMA (Special District Risk Management Association), and other private insurance companies. Due to the number of health plans that are being offered it is difficult to give an “apples to apples” comparison. Staff offers the following for comparison purposes only.

Fresno County Health Insurance:

Currently Fresno County contributes approximately \$303 biweekly toward an employee’s premium. This comes to approximately \$7,900 per year per employee. The County’s monthly premiums are as follows:

<u>Anthem Blue Cross - 2013 Rates</u>	
Employee+ Child(ren)	\$ 623
Employee + Family	\$1,540

\*These are the County’s 2013 rates as the 2014 rates have not been released yet.

If LAFCo staff were to obtain health benefits through the County, the coverage could probably begin almost immediately.

CalPERS

CalPERS has 13 different health plans that vary greatly in cost and benefits. The cost for one of the least expensive plans is as follows:

<u>Blue Shield NetValue – 2014 Rates</u>	
Employee + 1 Dependent	\$980
Employee + 2 Dependents	\$1,189

\*CalPERS does not include dental or vision benefits; its plans only cover about 80% and includes a yearly deductible.

The process for obtaining health insurance through CalPERS is very time consuming. It would most likely take at least six months before LAFCo could get insurance through CalPERS.

SDRMA

<u>Access + HMO 15 – 2014 Rates</u>	
Employee + 1	\$1,442
Employee + 2 or more	\$1,877

\*These are the 2014 rates and although they appear to be more expensive, this plan is very comparable to the County’s plan.

If LAFCo were to decide to get health insurance through SDRMA, it would take less than two months to start receiving benefits.