



● **Board of Directors**
Ethics, Organization, and Personnel Committee

9/12/2023 Board Meeting

7-3

Subject

Adopt resolutions designating Metropolitan's maximum contribution for medical benefits for Active Employees and Retirees in order to comply with the current authorized Memoranda of Understanding; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

Metropolitan is required to set the employer contribution for medical benefits, as necessary, on an annual basis under the Public Employees' Medical and Hospital Care Act (PEMHCA), and CalPERS requires that a resolution be approved by the Board of Directors in order to reflect any changes as required to comply with current Memoranda of Understandings (MOUs). Metropolitan's maximum contribution is currently based upon the highest Health Maintenance Organization (HMO) rate, Anthem HMO Traditional, Region 3, Basic rate. Under the authorized MOUs between Metropolitan and the Employees Association/AFSCME Local 1902, MAPA/AFSCME 1001, Supervisors Association, and Association of Confidential Employees, the maximum premium Metropolitan pays for medical insurance is 100 percent of the highest cost HMO plan in either Region 2 (Other Southern California) or Region 3 (Los Angeles, Riverside, San Bernardino), not to exceed the premiums of the medical plan elected by the employee. These two regions are where the vast majority of Metropolitan employees are located.

Timing and Urgency

Two new resolutions must be received by CalPERS no later than October 27, 2023, to be effective January 1, 2024, to ensure all active employees and retirees receive the same maximum employer contribution.

Details

Background

The CalPERS board adopted the new regions in 2020 following a year-long evaluation that included a cost-of-care analysis, assessment of market trends, options for different regional scenarios, and comprehensive outreach with employers and stakeholders. The regional rates are designed to bring premiums more into alignment with the actual cost of care to members living in those areas and keep prices competitive with the market. CalPERS will reassess regions every five years to ensure that our premiums remain competitive with area market prices.

In order to comply with our current MOUs, CalPERS requires Metropolitan to evaluate the following year's medical premiums and to select a specific plan in a specific geographic region upon which to base its maximum employer contributions. Whenever the selected plan and geographic region change, Metropolitan is required to submit a board-approved resolution to CalPERS 60 days prior to any change being implemented. Effective January 1, 2023, Metropolitan complied with the new MOU agreements by selecting Anthem HMO Traditional, Region 3, Basic rate which was the highest HMO plan of CalPERS' two geographic regions. Effective January 1, 2024, to continue to comply with the current MOU language, the highest HMO plan will be Anthem HMO Traditional, **Region 2**, Basic rate. Therefore, new resolutions must be adopted, which reflect this new plan effective January 1, 2024. A resolution (**Attachment 1**) is necessary to ensure compliance for employees and retirees under the Basic schedule. A resolution (**Attachment 2**) is necessary to ensure compliance for retirees under the 10/20 Vesting schedule.

Policy

Current authorized Memoranda of Understanding between Metropolitan and the Employees Association/AFSCME Local 1902, MAPA/AFSCME 1001, Supervisors Association and the Association of Confidential Employees

Metropolitan Water District Administrative Code Section 6522: Medical Insurance.

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA (Public Resources Code Section 21065, State CEQA Guidelines Section 15378) because the proposed action involves continuing administrative activities, such as general policy and procedure making, and will not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not defined as a project under CEQA because it involves the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options

Option #1

Adopt a resolution designating Metropolitan’s maximum medical contributions on the highest HMO Plan Region 2, Anthem Traditional HMO, to comply with the current authorized Memoranda of Understandings.

Fiscal Impact: The current budget for FY 23/24 and FY 24/25 includes estimated costs, and the fiscal impact will be absorbed in the current and future budgets.

Business Analysis: A revised resolution is required based on the current authorized Memoranda of Understandings and to provide benefits to Metropolitan employees.

Option #2



Do not adopt a resolution providing for any change in Metropolitan’s health benefit premium contribution for employees and annuitants under Government Code Section 22892(a) and 22893(a)(1).

Fiscal Impact: Unknown

Business Analysis: This option would require a renegotiation of the current MOUs and may result in an unfair labor practice for not complying with the existing MOU.

Staff Recommendation

Option #1

	8/29/2023
Katano Kasaine Assistant General Manager/CFO	Date
	8/30/2023
Adel Hagekhalil General Manager	Date

Attachment 1 – 2024 Health Plan Board Resolution, GC 22892(a)

Attachment 2 – 2024 Health Plan Board Resolution, GC 22893(a)(1)

**Please staple on top of your health resolution(s) or cover letter.
This will ensure that the CalPERS mailroom expedites delivery to our office.
Mail packet to either:**

Overnight Mail Service

California Public Employees' Retirement System
Health Resolutions & Compliance Services, HAMD
400 Q Street
Sacramento, CA 95811

Regular Mail

California Public Employees' Retirement System
Health Resolutions & Compliance Services, HAMD
PO BOX 942714
Sacramento, CA 94229-2714

HEALTH RESOLUTION

CalPERS ID #	4104962804
Agency Name	The Metropolitan Water District of Southern California
Desired Effective Date	January 1, 2024

RESOLUTION NO. Number
FIXING THE EMPLOYER CONTRIBUTION
UNDER THE PUBLIC EMPLOYEES’ MEDICAL AND HOSPITAL CARE ACT
AT AN EQUAL AMOUNT FOR EMPLOYEES AND ANNUITANTS

WHEREAS, (1) The Metropolitan Water District of Southern CA is a contracting agency under Government Code Section 22920 and subject to the Public Employees’ Medical and Hospital Care Act (the “Act”); and

WHEREAS, (2) Government Code Section 22892(a) provides that a contracting agency subject to Act shall fix the amount of the employer contribution by resolution; and

WHEREAS, (3) 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; now, therefore be it

RESOLVED, (a) That the employer contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the plus administrative fees and Contingency Reserve Fund assessments; and be it further

Medical Group	Monthly Employer Health Contribution
001 Unrepresented	100% Anthem HMO Traditional Region 2 Basic (Party Rates 1-3)
002 Employees Association	100% Anthem HMO Traditional Region 2 Basic (Party Rates 1-3)
003 Field Supervisors & Professional Employees Association	100% Anthem HMO Traditional Region 2 Basic (Party Rates 1-3)
004 Management & Professional Employees Association	100% Anthem HMO Traditional Region 2 Basic (Party Rates 1-3)
005 Association of Confidential Employees	100% Anthem HMO Traditional Region 2 Basic (Party Rates 1-3)

RESOLVED, (b) The Metropolitan Water District of Southern California 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, (c) That the participation of the employees and annuitants of The Metropolitan Water District of Southern California 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 The Metropolitan Water District of Southern California 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, (d) That the executive body appoint and direct, and it does hereby appoint and direct, Human Resources Group Manager to file with the Board a verified copy of this resolution, and to perform on behalf of The Metropolitan Water District of Southern California all functions required of it under the Act; and be it further

- RESOLVED, (e) That coverage under the Act be effective on January 1, 2024.

Adopted at a regular meeting of the Board of Directors at Los Angeles, CA, this 12 day of September, 2024.

Signed: _____
Adán Ortega Jr., Chairman of The Board

Attest: _____
Rickita Hudson, Interim Board Administrator

**Please staple on top of your health resolution(s) or cover letter.
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PO BOX 942714
Sacramento, CA 94229-2714

HEALTH RESOLUTION

CalPERS ID #	4104962804
Agency Name	The Metropolitan Water District of Southern California
Desired Effective Date	January 1, 2024

RESOLUTION NO. Number
FIXING THE EMPLOYER CONTRIBUTION FOR PUBLIC AGENCY VESTING UNDER SECTION 22893
OF THE PUBLIC EMPLOYEES’ MEDICAL AND HOSPITAL CARE ACT

WHEREAS, (1) The Metropolitan Water District of Southern CA is a contracting agency under Government Code Section 22920 and subject to the Public Employees’ Medical and Hospital Care Act (the “Act”); and

WHEREAS, (2) The Metropolitan Water District of Southern CA is a contracting agency has filed a resolution with the Board of the California Public Employees’ Retirement System to provide a postretirement health benefits vesting requirement to employees who retire for service in accordance with Government Code Section 22893; now, therefore be it

RESOLVED, (a) That the employer contribution for each annuitant subject to vesting 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:

Medical Group	Monthly Employer Health Contribution
001 Unrepresented	100% Anthem HMO Traditional Region 2 Basic (Party Rates 1-3)
002 Employees Association	100% Anthem HMO Traditional Region 2 Basic (Party Rates 1-3)
003 Field Supervisors & Professional Employees Association	100% Anthem HMO Traditional Region 2 Basic (Party Rates 1-3)
004 Management & Professional Employees Association	100% Anthem HMO Traditional Region 2 Basic (Party Rates 1-3)
005 Association of Confidential Employees	100% Anthem HMO Traditional Region 2 Basic (Party Rates 1-3)

but not less than the amounts prescribed by Section 22893(a)(1), plus administrative fees and Contingency Reserve Fund assessments; and be it further

RESOLVED, (a) That the employer contribution for each annuitant subject to vesting 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 amounts prescribed by Government Code Section 22893(a)(1), plus administrative fees and Contingency Reserve assessments; and be it further

RESOLVED, (b) The Metropolitan Water District of Southern California 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, (c) That the participation of the employees and annuitants of The Metropolitan Water District of Southern California 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 The Metropolitan Water District of Southern California would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, the California Public Employees’ Retirement System may be obligated, and reserves the right to terminate the health coverage of all participants of the employer; and be it further

RESOLVED, (d) That the executive body appoint and direct, and it does hereby appoint and direct, Human Resources Group Manager to file with the Board a verified copy of this resolution, and to perform on behalf of The Metropolitan Water District of Southern California all functions required of it under the Act; and be it further

RESOLVED, (e) That coverage under the Act be effective on January 1, 2024.

Adopted at a regular meeting of the Board of Directors at Los Angeles, CA, this 12 day of September, 2023.

Signed: _____
Adán Ortega Jr., Chairman of The Board

Attest: _____
Rickita Hudson, Interim Board Administrator