



● **Board of Directors**

Organization, Personnel and Technology Committee

9/13/2022 Board Meeting

7-7

Subject

Adopt resolution designating Metropolitan's maximum contribution for medical benefits 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, 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 2, 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

A new resolution must be received by CalPERS no later than October 28, 2022, to be effective January 1, 2023

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 changes, Metropolitan is required to submit a board-approved resolution to CalPERS 60 days prior to any change being implemented. Effective January 1, 2020, Metropolitan complied with the new MOU agreements by selecting Anthem HMO Traditional, Region 2, Basic rate, which was the highest HMO plan of CalPERS' two geographic regions. Effective January 1, 2023, to comply with the current MOU language, the highest HMO plan will be Anthem HMO Traditional, Region 3, Basic rate. Therefore, a new resolution must be adopted, which reflects this new plan effective January 1, 2023. (**Attachment 1**).

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 will not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment and involves continuing administrative activities such as general policy and procedure making (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 other government fiscal activities, which do not involve any commitment to any specific project that 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 contribution for medical benefits in order to comply with the current authorized Memoranda of Understanding.

Fiscal Impact: The current budget for FY 22/23 and FY 23/24 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 Understanding and to provide benefits to Metropolitan employees.

Option #2

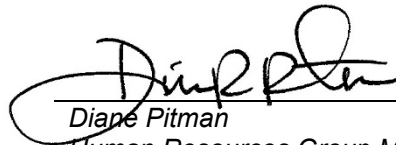
Do not adopt a resolution providing for a change in Metropolitan's health benefit premium contribution for employees and annuitants under Government Code Section 22892(a).

Fiscal Impact: Unknown

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

Staff Recommendation

Option #1


Diane Pitman
Human Resources Group Manager

9/1/2022
Date


Adel Hagekhalil
General Manager

9/2/2022
Date

Attachment 1 – 2023 Health Plan Board Resolution

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) Metropolitan Water District of Southern California 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 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 3 Basic (Party Rates 1-3)
002 Employees Association	100% Anthem HMO Traditional Region 3 Basic (Party Rates 1-3)
003 Field Supervisors & Professional Employees Association	100% Anthem HMO Traditional Region 3 Basic (Party Rates 1-3)
004 Management & Professional Employees Association	100% Anthem HMO Traditional Region 3 Basic (Party Rates 1-3)
005 Association of Confidential Employees	100% Anthem HMO Traditional Region 3 Basic (Party Rates 1-3)

plus administrative fees and Contingency Reserve Fund assessments; and be it further

- RESOLVED, (b) 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 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 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 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, 2023.

Adopted at a regular meeting of the Board of Directors at Metropolitan Water District of Southern California at Los Angeles, CA, this 13 day of September, 2022.

Signed: _____
Gloria D. Gray, Chairwoman of the Board

Attest: _____
Rosa Castro, Board Administrator