



CITY OF MENIFEE

SUBJECT: Employee Health Contribution Increase

MEETING DATE: November 1, 2023

TO: Mayor and City Council

PREPARED BY: Bryan Melton, Human Resource Analyst

REVIEWED BY: Jonathan Nicks, Deputy City Manager

APPROVED BY: Rebekah Kramer, Acting City Manager

RECOMMENDED ACTION

1. Adopt three resolutions approving the Tentative Agreements between the City and the Menifee City Employees' Associations General, Professional, and Mid-Management Units, to increase the monthly health contribution for employees who elect Employee + Family level medical coverage, beginning January 1, 2024; and
2. Authorize the Finance Department to make the necessary budget adjustments, appropriations, and transfers.

DISCUSSION

In August 2022 the City Council approved memorandums of understanding (MOUs) with the three Menifee City Employees' Association (MCEA) including General, Professional, and Manager units. During negotiations the CEA units requested to increase monthly contributions towards health insurance, but the City recommended tabling this item until a review and evaluation of other plans could be conducted. A limited reopener was included in the MOU to revisit this item. The Police Association MOUs and executive employment agreements also have clauses that if CEA units receive an increase in health contributions, they would receive the same ("me too" clause).

The City then conducted a request for proposals (RFP) for qualified organizations to provide Employee Benefits Broker Services. In October 2022, after a competitive process and reviewing proposals from eight firms, the City awarded a contract to USI Insurance LLC (USI) to broker dental, vision, life, disability, and ancillary benefits programs for its employees and dependents. USI was able to provide dental and vision service options that lowered cost to employees up to \$28 per month.

In July 2023 CalPERS, the City's current medical program provider, released the new health plan and rates effective January 1, 2024, with an average cost increase of about 11% across all plans.

Kaiser Permanente HMO (Kaiser) is the plan selected by most employees that receive health benefits and Kaiser's cost increased over 15% equating up to a \$282 increase per month.

In August 2023, the City explored other health provider options offered through the City's risk pool, California Intergovernmental Risk Authority (CIRA) that consists of over fifty agencies. The plans presented through CIRA were not as comprehensive as CalPERS, did not include Kaiser or other HMO options, and were at a higher cost. Based on this review, it was most prudent for the City to remain with CalPERS health.

In September 2023, the CEA units through the reopener clause in their MOUs, requested that the City consider an increase to health contributions. Human Resources met with the CEA units and shared that the City was successful with reducing dental and vision costs and explored other health provider options through CIRA, but that CalPERS still provided the most comprehensive options despite the recent notification of increases planned for 2024. Human Resources also presented information that although all rates are increasing, the amounts that the City provides for Employee Only and Employee + 1 dependent are sufficient to cover cost for health, dental, and vision monthly expenses with no out of pocket cost to those employees. Employees that select family coverage maintaining their current benefit selections would have out of pocket cost increase to about \$300 per month on average. Human Resources further shared that employees with family coverage have the option to change benefits to achieve little to no out of pocket cost such as combining Blue Shield Trio or United Healthcare Harmony with Dental HMO and Vision care.

After review of current costs and coverage provided by the City and some negotiations, the City and CEA units tentatively agreed to increase health contributions by \$100 per month for the Employee + Family contribution amount for a total monthly amount of \$1,950 per month, which would apply to 110 of the 276 current full time employees that receive benefits.

Background

Section 3505.1 of the Meyers-Milias-Brown Act provides that "If a tentative agreement is reached by the authorized representatives of the public agency and a recognized employee organization or recognized employee organizations, the governing body shall vote to accept or reject the tentative agreement within 30 days of the date it is first considered at a duly noticed public meeting. A decision by the governing body to reject the tentative agreement shall not bar the filing of a charge of unfair practice for failure to meet and confer in good faith. If the governing body adopts the tentative agreement, the parties shall jointly prepare a written MOU. Once approved by the governing body of a local agency, a MOU becomes a binding agreement between the employee organization and the local agency.

STRATEGIC PLAN OBJECTIVE

Regular City Business

FISCAL IMPACT

The current fiscal impact for this item for the remainder of the fiscal year is approximately \$66,000. Funding for the proposed agreements is available within the Fiscal Year 2023/24 budget, under

Account No. 50400 (Section 125 Benefit Plan), which falls under various funds and departments. Funding is available from budget savings due to conservative budgeting practices regarding Section 125 benefits and current year employee vacancies. The full annual fiscal impact for this item is approximately \$132,000. No additional budget appropriation action(s) is required.

ATTACHMENTS

1. Resolution Approving Tentative Agreement – General Unit
2. Tentative Agreement – General Unit
3. Resolution Approving Tentative Agreement – Professional Unit
4. Tentative Agreement – Professional Unit
5. Resolution Approving Tentative Agreement – Mid-Management Unit
6. Tentative Agreement – Mid-Management Unit