



**TRUCKEE TAHOE AIRPORT DISTRICT
BOARD OF DIRECTOR STAFF REPORT**

AGENDA TITLE: Review and Approve Resolution to Provide Access to Group Health Coverage to Board Members Pursuant to the Public Employees’ Medical and Hospital Care Act (PEMHCA) and Discuss Director Health Benefits

MEETING DATE: August 28, 2024

PREPARED BY: Josh Nelson, General Counsel

RECOMMENDED ACTION:

1. Adopt Resolution Fixing the Employer’s Contribution Under PEMHCA for Board Members; and
2. Provide feedback regarding Director health benefits.

DISCUSSION: At the March 27, 2024 meeting, the Board was informed that the District has the following options for providing “health and welfare” benefits to Board Members: (1) pursuant to Government Code sections 53200-53210 (“Group Insurance Statutes”) by contracting with insurance carriers, directly or through a broker, for group health and welfare benefits, (2) under the PEMHCA, the health program operated by the CalPERS for medical coverage; or (3) a combination of both.

Under the Group Insurance Statutes, the District may provide and pay for health and welfare benefits for its Board Members, as long as such benefits do not exceed “the most generous schedule of benefits being received by any category of non-safety employees.” (Gov. Code, § 53208.5(b).) This is the present authority that the District uses to provide health benefit reimbursements to Board Members.

The Board has been advised by legal counsel that it is necessary to transition from the current reimbursement method of ensuring that Board Members have access to health coverage to

making group health coverage sponsored by the District available to Board Members. After exhaustive research it was determined that the only source of group health coverage for Board Members is pursuant to PEMHCA, the health benefit program administered by CalPERS. The District's group health coverage provider for regular employees has declined to extend coverage to Board Members.

To contract with CalPERS to make group health coverage available to Board Members, the Board must adopt a resolution that identifies the contribution that the District will make available to offset the cost of a CalPERS health insurance plan in which a Board Member enrolls ("PEMHCA Resolution"). To ensure parity with the District contribution for employee health coverage to the extent possible, legal counsel recommends that the District contribution for Board Member health coverage be equal to the full cost of a specific CalPERS plan available in the Truckee region that is closest in cost to that provided to employees. At this time, the only CalPERS health plans available in the Truckee region are the PERS Gold and PERS Platinum plans.

Staff requests Board feedback on this approach. If the Board is comfortable with it, staff will work with legal counsel to develop a formula that is consistent with the foregoing recommendation and will incorporate such formula into a revised Policy Instruction Number 212 ("PI 212") that will be brought forward for the Board's consideration at a subsequent meeting.

However, it is necessary for the Board to consider approval of the PEMHCA Resolution at this meeting because CalPERS advises that it could take up to 90 days for the onboarding process to be completed once the PEMHCA Resolution is approved. To facilitate the transition to the CalPERS health program, legal counsel recommends that the effective date be deferred to January 1, 2025.

CalPERS requires that the PEMHCA resolution applicable to Board Members while in office identify the contribution to be made by the District. That contribution value has to be provided to CalPERS in order for them to prepare the PEMHCA Resolution. To allow for the greatest flexibility and avoid having to bring forward a new PEMHCA Resolution every time that the contribution changes based on the aforementioned formula, the PEMHCA Resolution reflects a contribution equal to the minimum employer contribution required under Government Code section 22892(b) ("PEMHCA Minimum"). The PEMHCA Minimum for 2025 is \$158 per month. The District will contribute an additional amount as a supplement in accordance with PI 212. This dual contribution model has been confirmed as permissible by CalPERS.

In addition, PEHMCA requires that the District identify the amount of the retiree health benefit available to Board Members. This can be done through one of three ways: (1) equal method which duplicates the contribution made available while in office; (2) the unequal method which starts out at \$1/month and then increases annually by 5% of the contribution while in office until it reaches 100% of the contribution while in office after 20 years; and (3) the vesting method.

The District does not currently offer retiree health benefits to Board Members. Thus, to conform to District policy while complying with PEMHCA, legal counsel has recommended that the District select the unequal method.

In order to qualify for the retiree health benefit, a Board Member would have to qualify as a “annuitant” as that term is defined in PEMHCA. To qualify as annuitant, a Board Member would have to participate in a retirement plan sponsored by the District in his or her capacity as a board member and receive a pension benefit from such plan when their tenure on the board concludes. The District’s board members are ineligible to enroll in the CalPERS pension plan in their capacity as board members. As a result, a Board Member will not qualify for retiree health benefits under the unequal method.

ATTACHMENT:

RESOLUTION 2024-07 – Truckee Tahoe Airport District CalPERS PEMHCA