

TRUCKEE TAHOE AIRPORT DISTRICT  
BOARD OF DIRECTORS AGENDA ITEM SUMMARY

Topic: Medical Insurance Coverage for Directors and Employees

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Purpose	Information:	Guidance:	Decision: <b>X</b>
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Recommendation	Approve Policy Instruction 135.1 as revised.
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Last Action	At the February 24, 2011 meeting the topic was discussed.
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Discussion	<p><b>The District currently provides medical insurance to its directors. The discussion at hand, which is continued from the previous board meeting, has the potential of financial impact of at least \$420/year to any of the directors. District Counsel advises that all directors present should identify the potential conflict and recuse themselves from the discussion. The three directors selected at the February 24, 2011 meeting will preside over the discussion. Any director may make comment during the public comment section for this agenda item.</b></p>
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Government Code section 53208.5 reads as follows: *"...the health and welfare benefits of any member of a legislative body of any...special district...shall be no greater than that received by nonsafety employees of that public agency."*

Government Code 53200 (d) defines "Health and Welfare Benefits" as follows:

"Health and welfare benefit" means any one or more of the following: hospital, medical, surgical, disability, legal expense or related benefits including, but not limited to, medical, dental, life, legal expense, and income protection insurance or benefits, whether provided on an insurance or a service basis, and includes group life insurance as defined in subdivision (b) of this section.

As discussed at the February meeting, the concept of "greater benefit" could be measured in various ways. Staff believes that to be within the law, the benefit provided to directors – whether measured as the "coverage" they receive or as the "premium" paid on their behalf, must not exceed the health and welfare benefits allowed to employees. A discussion of both types of measurement follows.

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**Coverage**

As the definition of health and welfare benefits includes more than medical insurance, by treating the issue on composite basis, it can be stated that the benefit received by directors (medical insurance) does not exceed the benefit received by employees, as employees also receive dental and vision coverage.

**Premium**

Ninety-three percent of the premiums paid on behalf of an employee for health and welfare benefits will be the maximum allowed for a director of the same age.

The District will address the issue of employees who are covered by a spouse's policy as follows:

An employee may elect to show proof of sufficient coverage through a plan provided by a spouse's employer – and be reimbursed their **actual out-of-pocket cost of premiums**. This would be subject to a cap of ninety-three percent of the premiums paid on behalf of the employee for health and welfare benefits were he/she on the District's policy.

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**Fiscal Impact**

Cost for the policies the directors currently have in effect is approximately \$74,000/year. As all of their current policies are under the proposed cap there would be no additional fiscal impact related to the directors – at this time.

By adding the option for employees to obtain coverage elsewhere, there may be reimbursement for the one employee who currently isn't covered under our policy. If additional employees opt to decline our coverage at the next open enrollment, they would be reimbursed for out-of-pocket premiums – but that amount would be capped by the amount the District pays currently, so there would not be an increase in expense and could possibly be a decrease.

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**Communication Strategy**

Policy Instruction 135.1 is public record and is available as requested.

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**Attachments**

Draft of Revised Policy Instruction 135.1