

**Economic Proposal  
SEIU 1021/County of Sonoma  
October 2, 2008 (conceptual proposals) AMENDED PROPOSAL**

*Proposal is a package; all other issues are as proposed by Union.*

**TERM: 2 years**

**COLA: Year 1: 3%, effective July 1, 2008**

**Year 2: 2% COLA, 2% Pension Pickup, effective July 1, 2009.**

**ARTICLE 9.1.1 Nursing Shift Differential:**

Existing language.

**Health, Retiree Health (GASB 45)**

**SEIU 1021/County of Sonoma**

**General Principles:**

- 1) Although the current proposed term is 2 years, the retiree health piece will have components which are long term, reflecting the long-term nature of the accrued obligation for retiree health.
- 2) Although many aspects of a sound plan to deal with the OPEB issue are presently calculable, it is clear that the impact of some agreed upon changes to health plans cannot be known except experimentally, through successive GASB valuations. The parties therefore agree to adjust the plan as OPEB valuations are completed and successor MOU's are negotiated.
- 3) Contributions toward funding the County's retiree health obligation during the term of the agreement shall be considered to be the beginning of a "ramp up" to fully funding the County's obligation which will be completed as quickly as possible, but in no case in a period of time greater than 8 years.
- 4) The goal of the plan will be to ensure quality, affordable health care for retirees while requiring the least possible sacrifice from actives.

## **Health: Actives and Retirees**

Year 1: Status Quo

Year 2:

a) SEIU agrees to County's proposal to move represented employees and retirees from County Health Plan #1 to County Health Plan #2, PacifiCare \$5 co-pay to PacifiCare \$10 co-pay, and Kaiser \$0 co-pay to Kaiser \$10 co-pay, effective July 1, 2009.

b) It is the intent of the Union to transition from percentage based share of cost to a dollars and cents share of cost. Effective July 1, 2009, fixed rates of contribution for active employees and retirees will be set in a two step process, as follows:

### **Active Employees**

**Step #1:** Each active employee will receive up to \$700 a month for health care; each active employee with 1 dependent will receive an additional \$350 per month for a total of \$1,050; and each employee with 2 or more dependents will receive an additional \$750 per month for a total of \$1450 per month.

**Step #2:** Any employee who chooses a health plan and level of coverage the premium for which amounts to less than the base allotment laid out in #1 above will not receive the full \$700. In no case will the County's contribution for any employee and eligible dependents be set greater than 80% of the premium for the plan chosen by the employee.

### **Retirees**

**Step #1:** Each SEIU retiree will be allotted up to \$700 per month.

**Step #2:** Any qualified retiree who chooses a health plan and level of coverage the premium for which amounts to less than \$700 will not receive the full \$700. In such cases the County share will not exceed 80% of the total cost of the plan. In no case will the retiree's contribution be set greater than 30% of premium. Any retiree choosing a health plan the premium for which would cause the employee's share, after being offset by the County's contribution of \$700, to be an amount greater than the cash equivalent of 30% of total premium, shall have his or her share decreased until it equals the cash equivalent of 30% of total premium.

### **Examples:**

**Example 1:** An active employee or qualified retiree is enrolled at Kaiser. The full monthly premium for Kaiser, employee or retiree only, is \$416.42. In this case the employee or retiree is not entitled to the full \$700. Instead, the County's share is \$333.14, or 80% of \$426.42; and the employee or retiree's share is \$83.28, or 20% of \$416.42.

**Example 2:** A qualified retiree is enrolled in the County Health Plan with 1 dependent. The full monthly premium for CHP with 1 dependent is \$1381.65. In this case \$700 dollars falls short of 70% of premium. Instead, the retiree pays \$414.50 and the County pays \$967.15.

3) Qualification for retiree medical coverage will be according to existing MOU language.

4) Fixed rates for a successor agreement will be determined by collective bargaining.

### **County Health Plan #3**

County agrees to convert County health plan #3 to the plan provisions (deductibles, co-pays, out-of pocket maximums, etc.) equivalent to PERS Choice immediately upon ratification.

**Approved Medi-gap plans** The Union proposes that retirees may during any open enrollment period elect to use their retiree health stipend to enroll in an approved "Medi-gap" plan instead of a County offered plan. Retirees choosing to participate in outside Medi-gap plan may return to participation in a County-offered plan

**Alternatives:** The parties agree to meet and discuss potentially more advantageous alternatives health plans at the request of either party.

### **Contributions toward retiree health**

a) It is understood that the discretion exercised by the Board in meeting and conferring regarding the funding of OPEB is the same discretion the Board exercises under the "Ad Hoc" Retiree Health increases policy, adopted on August 19, 2008.

b) For the term of this labor agreement, County contribution toward the Annual Required Contribution (ARC) for retiree medical will be 7.5% of payroll.

c) Union will divert 1% of its 2008-2009 COLA to the retiree medical trust. For example, if negotiated COLA is 3%, then 1% will be re-directed to the County's retiree medical trust and 2% will remain as a COLA.

Until the present, the County has contributed 85% of the premium cost of the chosen health plan for actives employees and retirees. In the second year of the proposed term of agreement, any savings realized by the County by virtue of adopting the Union's proposed fixed dollar amounts for actives and retirees will be deposited in the Irrevocable Trust and segregated as SEIU funds.

## **Dental and Vision**

Union agrees to increase in employee contribution as proposed by the County; dual coverage for dental and vision is maintained.