



August 11, 2023

TO: CADA Board of Directors

SUBJECT: August 18, 2023, Board Meeting
AGENDA ITEM 7

CADA FLEX PLAN AND CALPERS HEALTH EMPLOYER CONTRIBUTIONS

CONTACT: Jill Azevedo, Human Resources Manager

RECOMMENDED ACTION: Staff recommends that the Board adopt resolutions that:

1. Set the CADA Flex Plan Employer Contribution for the 2024 calendar year, and
2. Set the CADA CalPERS Medical Contribution for the 2024 calendar year

BACKGROUND

Since 2001, CADA has provided a Flexible Benefits Program which provides CADA greater control over its benefits costs and provides employees optional supplemental health coverage and tax benefit options allowing them to tailor their benefits to their specific needs. As part of this program, the Board allocates fixed dollar amounts that employees can use towards the purchase of their benefits. These amounts are allocated at the "opt-out", "employee-only," "employee + 1," and "employee + family" levels, according to each employee's requested coverage amount

The first resolution proposed for adoption establishes the Flexible Benefits Plan rates for current employees in the 2024 calendar year. The resolution keeps the "opt out" contribution rate at \$275 per month, increases the "employee-only" rate from \$929 to \$975, increases the "employee + 1" rate from \$1,433 to \$1,505, and increase the "employee + family" from \$1,762 to \$1,850.

In addition to setting its flexible benefit rates, CADA must also notify CalPERS of the portion of these fixed dollar amounts that are allocated to medical benefits. This is accomplished through the Board's adoption of the second resolution. For the 2024 calendar year, these amounts will be maintained at their current levels, which are up to a maximum of \$485 per month for those at the "employee-only" level and up to a maximum of \$889 for those at the "employee +1" and the "employee + family" levels (these amounts do not include CalPERS administrative fees). This resolution also establishes the medical rate contribution that is applied to CADA retirees under Government Code 22892.

POLICY ISSUES

CalPERS requires annual governing board approval from employers providing medical care coverage. Action on the resolutions proposed for adoption at this meeting is required in order for employees to know the rates and benefits that will be in effect when they make their decisions during the upcoming CalPERS open enrollment period (September 18 – October 13, 2023).

CADA's commitment to providing affordable health care is an integral element in attracting and retaining its professional and high performing staff, which is key to CADA's success.

The 2024 health premiums range from a 4.51% increase up to an 11.78% increase for the plans CADA staff are currently enrolled in. As shown in Table 1 below, Kaiser, which the majority of CADA staff are currently enrolled in, will see a significant premium increase in 2024. Therefore, staff is recommending that CADA increase its cafeteria allowances by 5% to mitigate the out-of-pocket costs arising from the premium increases in 2024.

Plan	# of Employees	2024 Increases
Blue Shield Trio	1	6.51%
Kaiser	22	11.78%
Western Health	4	6.19%
United Healthcare Alliance	3	4.51%

Increasing the cafeteria flex benefit by 5% shares the increased cost with employees, though some may still see an increase in direct health insurance costs depending upon household size and coverage selection. Staff feels that the recommendation is a balanced approach of sharing this cost and staying competitive with like agencies in our area.

STRATEGIC PLAN

This action contributes to the achievement of CADA's goal of maintaining organizational excellence by ensuring that its benefit program allows CADA to attract and retain a professional and high-performing staff.

FISCAL IMPACT

In the FY 2023-24 General Operating Budget, \$522,000 is allocated for payment of flexible plan benefits for current employees and retirees. Increasing the cafeteria allowance by 5% will require increasing the budget by \$20,000 to \$542,000. This will be incorporated into the mid-year budget revision.

ENVIRONMENTAL REVIEW

Not applicable. This is an administrative action and is not a project subject to the guidelines of the California Environmental Quality Act (CEQA).

CONTRACT AWARD CONSIDERATIONS

Not applicable. This action is not subject to CADA Contract Policy.

Attachments:

1. Resolution 23-39: CADA Flex Plan Employer Contribution for the 2024 calendar year
2. Resolution 23-40: CADA CalPERS Medical Contribution for the 2024 calendar year

RESOLUTION NO. 23 - 39

Adopted by the Capitol Area Development Authority

August 18, 2023

**RESOLUTION SETTING THE EMPLOYER CONTRIBUTION FOR
THE CADA FLEXIBLE BENEFITS PLAN EFFECTIVE JANUARY 1, 2024**

WHEREAS, the Authority implemented the CADA Flexible Benefits Plan (IRS Sec. 125 Cafeteria Plan) effective July 1, 2001; and

WHEREAS, the staff has presented a staff report on this item dated August 18, 2023, that makes recommendations as to employer flexible benefits contribution rates to be in effect for employees for the period of January 1, 2024 through December 31, 2024.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby set the CADA Flexible Benefits Plan Employer Contribution at \$275 per month for those who "opt-out" of medical benefits, \$975 for those at the "employee only" level, \$1,505 for those at the "employee + 1" level, and \$1,850 for those at the "employee + family" level. These rates are effective from January 1, 2024 through December 31, 2024.

Ann Bailey, Chair

ATTEST:

Tara Gandara
Secretary to the Board of Directors

RESOLUTION NO. 23 - 40

Adopted by the Capitol Area Development Authority

August 18, 2023

**RESOLUTION FIXING THE EMPLOYER'S CONTRIBUTION UNDER
THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT**

WHEREAS, (1) Government Code Section 22892(a) provides that a local agency contracting under Public Employees' Medical and Hospital Care Act shall fix the amount of the employer's contribution at an amount not less than the amount required under Section 22892(b)(1) of the Act; and

WHEREAS, (2) Capitol Area Development Agency is a local agency contracting under the Act; now therefore be it

RESOLVED, (a) That the employer's 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 or plans up to a maximum of Four Hundred Eighty Five Dollars (\$485) per month with respect to employee or annuitants enrolled for self alone, Eight Hundred Eighty Nine Dollars (\$889) per month for an employee or annuitant enrolled for self and one family member, and Eight Hundred Eighty Nine Dollars (\$889) per month for an employee or annuitant enrolled for self and two or more family members, plus administrative fees and Contingency Reserve Fund assessments.

RESOLVED, (b) That Capitol Area Development Authority has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above.

Adopted at a regular meeting of the Board of Directors of the Capitol Area Development Authority, 1522 14th Street, Sacramento.

Ann Bailey, Chair

ATTEST:

Tara Gandara
Secretary to the Board of Directors

CalPERS Revision July 2009