



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 12/03/2019

ITEM NO: 5

DATE: November 20, 2019
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Adopt a Resolution for the California Public Employees' Retirement System Health Plan to Update the Region Name from Bay Area to Region 1

RECOMMENDATION:

Adopt a resolution (Attachment 1) for the California Public Employees' Retirement System health plan to update the region name from Bay Area to Region 1.

BACKGROUND:

The Town has an existing agreement with the California Public Employees' Retirement System (CalPERS) to provide its health program to active Town employees and retired annuitants. The CalPERS health program is governed by the Public Employees Medical and Hospital Care Act (PEMHCA), and the California Code of Regulations (CCR) of the California Public Employees Retirement Law (PERL). PEMHCA contains all the rules and regulations that a contracting agency must adhere to. PEMHCA is the health contract and the resolution is the method by which an agency elects to become subject to PEMHCA. The Town currently has a resolution (Attachment 2) adopted on December 16, 2014 that identifies the Town as a contracting agency of PEMHCA and defines the calculation of the employer health contribution for active employees and retired annuitants.

DISCUSSION:

CalPERS provides its health program to public agencies and schools throughout California. Since health care costs vary throughout California, CalPERS uses a regional pricing model to reflect the actual cost of health care based upon specific regions. There are currently five different regions and the Town of Los Gatos participates in the Bay Area region. In December 2018, the CalPERS Board approved a health pricing region change that will reallocate the five regions into three regions. Beginning January 1, 2020, the Town will be designated in Region 1.

PREPARED BY: Lisa Velasco
Human Resources Director

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Finance Director

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SUBJECT: Adopt CalPERS Health Resolution to Update Region Name

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DISCUSSION (continued):

Because the current adopted Resolution defines the calculation of the employer health contribution method for active employees and retired annuitants based on Kaiser Bay Area rates, CalPERS requires that the Town revise its contribution method by adopting a new Resolution to reflect Kaiser Region 1.

CONCLUSION:

Staff recommends that the revised CalPERS Resolution is adopted to identify the Region change in the employer contribution method so that the Town's monthly health premium cost is correctly calculated by CalPERS.

FISCAL IMPACT:

The revised resolution is an administrative change, therefore, there is no fiscal impact.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:

1. Proposed CalPERS Health Resolution
2. Current CalPERS Health Resolution