



# STAFF REPORT

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**Meeting Type:** Board of Directors  
**Title:** Adopt a Marin Municipal Water District Health Reimbursement Arrangement Plan to Allow the District to Administer Healthcare Premium Reimbursements to District Retirees  
**From:** Vikkie Garay, Human Resources Manager  
**Through:** Ben Horenstein, General Manager  
**Meeting Date:** December 17, 2024

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**TYPE OF ACTION:**      X      Action                              Information                              Review and Refer

**RECOMMENDATION:** Approve a resolution adopting a Marin Municipal Water District Health Reimbursement Arrangement Plan (HRA Plan) to allow the District to administer healthcare premium reimbursements to District retirees in accordance with the District's Retiree Healthcare Contribution Schedule

**SUMMARY:** As a result of labor and employment contract negotiations, in November 2023, the Board approved changes to the retirement health care benefits for new employees. All District employees hired after January 1, 2024, may receive District paid contributions towards their and their spouse's, if applicable, healthcare premiums based on the vesting schedules outlined in the Memorandum of Understanding (MOU) between the Marin Municipal Water District and Service Employees International Union (SEIU), Local 1021, for represented employees, and Resolution No. 8760 for unrepresented employees ("District's Retiree Healthcare Contribution Schedule").

CalPERS, the District's benefit administrator, does not administer healthcare contribution payments that align with District's vesting and tiered benefits schedule. To ensure that the District's contributions are in alignment with the District's Retiree Healthcare Contribution Schedule, the District must administer the payment of retiree healthcare premium contributions outside of the CalPERS program.

**DISCUSSION:** To ensure that District retiree healthcare premium contributions are in alignment with the District service requirements outlined in the MOU and Resolution No. 8760 for unrepresented employees, the District will pay CalPERS only the required Public Employees' Medical and Hospital Care Act (PEMHCA) minimum healthcare premium for all District retirees, which the District is required to pay for all retirees. The remainder of the healthcare premium will be paid by the retiree to CalPERS, typically through a deduction from their monthly pension payment. The District will then provide

monthly payments via check or direct deposit through a third-party administrator to reimburse the retirees for any amount over the PEMHCA minimum to which they are entitled based on the District's Retiree Healthcare Benefits Schedule. This will allow the District to implement different retiree health care benefits, consistent with the revised vesting schedule adopted in November 2023, for newer employees once they retire.

A health reimbursement arrangement (HRA) is an employer-funded plan that can be used to reimburse retirees for healthcare insurance premiums. The benefit of a HRA is that, pursuant to Section 105 of the Internal Revenue Service Code, reimbursement dollars received by retirees are generally deemed tax-free by the IRS.

Staff recommends that the Board approve the resolution adopting the HRA Plan and Plan Summary to allow the District to reimburse retirees participating in the District's retiree healthcare program for qualifying healthcare premium costs consistent with the District's Retiree Healthcare Contribution Schedule.

**ENVIRONMENTAL REVIEW:** Not Applicable.

**FISCAL IMPACT:** The budget for health insurance is included in each department's operating budget.

**ATTACHMENT(S):**

1. Proposed Resolution Adopting HRA Plan and Plan Summary

DEPARTMENT OR DIVISION	DEPARTMENT MANAGER	APPROVED
Human Resources Department		
	<b>Vikkie Garay</b> Human Resources Manager	<b>Ben Horenstein</b> General Manager