

REGIONAL WATER AUTHORITY
PERSONNEL RULES – POLICY 400.1 APPENDIX G

Policy Type: Employment
Policy Title: Employee and Retiree Health Benefits
Policy Number: 400.1 Appendix G
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I. Employee Health Benefits

The Regional Water Authority (RWA) provides medical, dental and vision insurance benefits to employees pursuant to the terms and conditions set forth below.

(a) Medical and Hospital Insurance. Medical and hospital care benefits are provided by RWA to eligible employees under the provisions of the California Public Employees Medical and Hospital Care Act (PEMHCA) as administered by CalPERS. All eligible employees may participate in RWA’s medical and hospital insurance for themselves and all eligible dependents in accordance with the terms of the medical and hospital insurance policy or policies provided under PEMHCA and pursuant to the terms set forth in this Policy Number 400.1, Appendix G.

The RWA contribution available to each eligible employee will be equal to the Median Premium for the applicable coverage level in which an eligible employee enrolls. The “Median Premium” is the premium of the Basic Plan in the Sacramento Area Region that falls directly in the middle of all the Basic Plans which are *available* to eligible employees. In the event that the number of Basic Plans is an even number, the Median Premium will be higher of the two middle rates. For example, for the 2019 plan year, there are nine Basic Plans in the Sacramento Area Region that are available to RWA employees (the PORAC plan is not available to miscellaneous members). Of these, the rate for the BSC Access+ plan is the Median Premium (\$881.01 for employee only, \$1,762.02 for employee +1 and \$2,290.63 for family). An eligible employee can enroll in any available plan offered by CalPERS. However, if the premium of the selected plan is higher than the RWA contribution, then the employee must pay the difference out of pocket, but on a pre-tax basis through payroll deductions. If an eligible employee enrolls in a plan with a premium that is less than the RWA contribution, the remaining RWA contribution is forfeited.

(b) Medical Opt-Out Amount. Employees eligible for the RWA contribution pursuant to the preceding section that are covered by another group health plan may receive a monthly taxable payment equal to one-half of the Median Premium for employee only coverage in lieu of enrolling in a group health plan offered by RWA. The monthly opt-out amount is \$440.50 for the 2019 calendar year. Employees may elect this option by completing an opt-out agreement provided by RWA and providing satisfactory proof of

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enrollment of the employee and his or her spouse and dependents, if any, in an alternative group health plan. This election will only apply for the calendar year in which it was made. A new opt-out election must be made each calendar year during open enrollment to be eligible to receive the opt-out amount.

(c) Dental Insurance Benefits. RWA provides dental benefits to employees through the Delta Dental Plan. The details of the RWA dental plan are set forth in the Delta Dental Plan. RWA pays 100% of the premium for employees and all eligible family members.

(d) Vision Insurance Benefits. RWA provides vision benefits through the Vision Service Plan. The details of RWA vision plan are set forth in the Vision Service Plan. RWA pays 100% of the premium for employees and all eligible family members.

(e) Medical FSA/HSA. RWA provides optional participation in a medical Flexible Spending Account (FSA) and/or Limited Purpose Health Savings account (HSA). RWA pays 100% of the annual administrative charge for employee's eligible medical expenses.

(f) Medical FSA Dependent Care Program. In conjunction with the Medical FSA, RWA provides an FSA Dependent Care Program option for dependents up to 13 years of age. RWA pays 100% of the annual administrative charge for employee's eligible dependents.

II. Retiree Health Benefits.

RWA contracts with CalPERS pursuant to PEMHCA to make medical insurance plans available to eligible retirees. Pursuant to the terms and conditions set forth below, RWA provides an Allowance, as defined below, to eligible retirees, to offset the costs of enrolling in such medical insurance plans.

The Allowance available to each eligible retiree will be determined on the basis of several factors set forth below which include the date of hire, date of retirement and years of service with RWA, Sacramento Groundwater Authority (SGA) and other CalPERS employers. The allocation of the Allowance is addressed in paragraph (b), below. The Allowance will only be available for the payment of premiums of a medical insurance plan offered by CalPERS.

An "Eligible Retiree" is an employee of RWA that has retired from service with RWA through CalPERS. An employee is deemed to be "retired from service with RWA" if his or her effective retirement date is within 120 days of separation from employment with RWA and he or she is receiving a service or disability retirement allowance from CalPERS resulting from the employee's service with RWA. The Allowance for an Eligible Retiree will be determined on the basis of the tier applicable to the Eligible Retiree set forth in paragraph (a), below. All Eligible Retirees, including retirees that fail to meet the

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requirements of below, will be eligible for the PEMHCA Minimum, defined below, if he or she enrolls in a medical insurance plan offered by CalPERS.

(a) Determination of Allowance.

(1) **Tier I Retiree.**

(i) “Tier I Retiree” means an Eligible Retiree who retired prior to September 1, 2007.

(ii) The Allowance for a Tier 1 Retiree is a fixed monthly amount equal to \$400. The allocation of the Allowance is discussed in paragraph (b), below.

(2) **Tier II Retiree.**

(i) “Tier II Retiree” means an Eligible Retiree who: (a) was hired prior to July 1, 2019, (b) retired on or after September 1, 2007, and (c) has at least five (5) years of CalPERS service credit accrued from service with RWA and/or SGA *plus* at least five (5) years of additional CalPERS service credit accrued from service with RWA, SGA or other CalPERS employers.

(ii) The Allowance for a Tier II Retiree will be equal to the Applicable Percentage, defined in subparagraph (4) below, of the contributions determined by CalPERS using the State Contribution 100/90 Formula and published annually on the CalPERS website for the coverage level in which the Tier II Retiree enrolls. The allocation of the Allowance is discussed in paragraph (b), below.

(3) **Tier III Retiree.**

(i) “Tier III Retiree” means an Eligible Retiree who: (a) was hired on or after July 1, 2019 and (b) has at least five (5) years of CalPERS service credit accrued from service with RWA and/or SGA *plus* at least five (5) years of additional CalPERS service credit accrued from service with RWA, SGA or other CalPERS employers.

(ii) The Allowance for a Tier III Retiree will be equal to the Applicable Percentage, defined in subparagraph (4) below, of the contributions determined by CalPERS using the State Contribution 100/90 Formula and published annually on the CalPERS website for the coverage level in which the Tier III Retiree enrolls up to the contribution for the Employee +1 coverage level. The allocation of the Allowance is discussed in paragraph (b), below.

(4) **Determination of Applicable Percentage.** The “Applicable Percentage” will be determined on the basis of the Tier II or Tier III Retiree’s years of CalPERS service credit (with a minimum of ten (10) years of service, inclusive of five (5) years of service with RWA/SGA) pursuant to the table below. No more than five (5) years of CalPERS

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service credit accrued from service with other CalPERS employers may be counted for purposes of determining the Applicable Percentage for Tier III Retirees.

Years of Service Credit	Applicable Percentage
10	50%
11	55%
12	60%
13	65%
14	70%
15	75%
16	80%
17	85%
18	90%
19	95%
20 or More	100%

For reference, the contributions determined by CalPERS using the State Contribution 100/90 Formula for the 2019 calendar year are the following:

Employee Only: \$734*
Employee +1: \$1398*
Family: \$1,788*

**These contribution amounts are subject to change each year based on CalPERS' determination.*

For example, a Tier III Retiree with five (5) years of service with RWA/SGA and ten (10) years of service with other CalPERS employers enrolled in family coverage level will be eligible for a monthly Allowance of \$699 (e.g., 50% x \$1,398) in 2019. No more than five (5) years of service with other CalPERS employers count for purposes of determining the Allowance for a Tier III Retiree *and* the contribution coverage level is capped at the Employee +1 level for a Tier III Retiree. A Tier II Retiree with the same scenario will be eligible for a monthly Allowance of \$1,341 (e.g., 75% x \$1,788) in 2019.

(b) Allocation of the Allowance. The Allowance for which each Tier I, Tier II and Tier III Retiree (collectively, "Retiree") is eligible shall be allocated in the following manner and payable in the following forms: (1) PEMHCA Minimum, described in (1) below, payable by RWA directly to CalPERS, and (2) Reimbursement Amount, described in (2) below, payable to the Retiree.

- (1) PEMHCA Minimum Contribution. Pursuant to Resolution No. 2019-07, RWA will pay to CalPERS, on behalf of each Retiree, a monthly employer contribution equal to the minimum contribution required under Government Code Section 22892(b)(2) (PEMHCA Minimum). This amount (\$136 for 2019) is established annually by CalPERS.

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- (2) Reimbursement Amount. A reimbursement paid by RWA to the Retiree for health insurance premiums actually paid by the Retiree in an amount not to exceed the difference between the Allowance and the PEMHCA Minimum. RWA has adopted a retiree health reimbursement plan (Retiree Plan) for the purpose of paying the Reimbursement Amount on a nontaxable basis to each Retiree enrolling in the Retiree Plan.

(c) Additional Terms. The PEMHCA Minimum *plus* the Reimbursement Amount will be available to Retirees solely for the purpose of paying for premiums for any group health plan offered through CalPERS. To the extent that the selected premium is less than the Allowance, the remaining Allowance shall not be available to the Retiree. To the extent the selected premium is more than the Allowance, the Retiree will be responsible for the additional premium.