

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
June 17, 2008

To: Board of Supervisors

From: Office of Budget and Debt Management

Subject: Report Back – Retiree Medical and Dental Costs

Supervisorial
District: All

Contact: Linda Foster-Hall, County Budget Officer, 874-2453

BACKGROUND:

The County has never vested retirees with a medical or dental insurance benefit. However, since 1980, based upon annual determinations by the Board, County retirees have been provided a medical insurance and dental insurance offset to assist them with the purchase of medical and dental insurance. Beginning in Fiscal Year 2004-05, the Sacramento County Employees Retirement System (SCERS) stopped funding retiree medical and dental benefits. Since that time, the Board has adopted annual resolutions establishing retiree medical and dental care benefit programs for SCERS retirees. This program provides benefits to both County and participating Special District retirees who were drawing a pension check from SCERS. The County funds the program via allocated charges to all County departments. In May 2007, the Board approved continued funding of the program through December 31, 2008. The Department of Personnel Services has submitted a report to the Board recommending approval of the Retiree Medical and Dental Insurance Program 2009 eligibility guidelines and program for calendar year 2009.

The Board has asked whether this program can be eliminated and the funding used to finance other General Fund priorities.

DISCUSSION

There cost that is budgeted for this program in the Fiscal Year 2008-09 budget is \$13.3 million. This amount is split between the General Fund (\$9.8 million) and all the other funds (\$3.5 million) within the County. This cost represents the remaining six months of the 2008 plan (June through December 2008) and the first six months of the 2009 plan (January through June 2009). County Counsel has indicated that the Board can not rescind the benefits for the calendar year 2008. Therefore, if the Board does not approve the continuation of this program, the gross costs savings for Fiscal Year 2008-09 would be \$4.9 million. However, since the County receives reimbursements from a number of sources for a portion of this cost, the true savings to the County General Fund for Fiscal Year 2008-09 would be \$2.5 million.

Respectfully submitted,

LINDA FOSTER-HALL
County Budget Officer

APPROVED:
TERRY SCHUTTEN
County Executive

By: _____
NAVDEEP S. GILL
County Operations Officer