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COUNTY OF SAN BERNARDINO

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April 25, 2014

Subject: Medical or Dental Premium Holidays

Dear Employee:

I am pleased to notify you that on February 25, 2014, the Board of Supervisors approved a premium holiday. A premium holiday means that you will either have no deduction or a reduced deduction to your out-of-pocket cost for medical and dental premiums. County and Special Districts/Fire employees participating in the County’s medical or dental plans as of pay period 9 ending April 18, 2014 will receive the premium holiday on the pay warrant received on April 30, 2014.

Our records indicate that you qualify to receive this premium holiday and will see a credit applied to either your medical or dental premium as follows:

1. Employees participating in one of the County’s medical plans will receive a medical premium holiday for one pay period in an amount not to exceed the out-of-pocket cost of the highest cost HMO option (currently Kaiser Permanente) at their current level of coverage.
2. Employees who currently opt-out or waive medical coverage, but are enrolled in dental coverage through the County, will receive a dental premium holiday for one pay period not to exceed the out-of-pocket cost of the dental HMO at their current level of coverage.

Note: You will only receive a premium holiday for either the medical or dental, not both.

To assist you with understanding how the premium holidays will be applied, enclosed are Frequently Asked Questions.

If you have any questions or concerns, contact Employee Benefits and Services Division at (909) 387-5787.

Sincerely,

Lori Goldman, Benefits Chief
Employee Benefits and Services Division

Medical or Dental Premium Holiday Frequently Asked Questions (FAQs)

1. What is a premium holiday?

A premium holiday means you will have either no deduction or a reduced deduction to your out-of-pocket cost for medical and dental premiums.

2. Who is eligible to receive the premium holiday?

Active employees are eligible if enrolled in one of the County's medical or dental plans, and are in paid status, as of pay period 9 ending on April 18, 2014. Paid status refers to any pay period in which an employee codes paid hours.

3. I waive to my spouse who is also a County employee, will each of us receive the premium holiday?

No, only the spouse who is the subscriber will receive the premium holiday.

4. Why am I receiving this premium holiday?

Over the last several years, the County has changed insurance carriers for the benefits provided to employees. When this occurs, funds are held in reserve until all claims are paid. If the funds held in reserve are not used, they are returned to the County. These funds were placed in an interest bearing account, entitled Defunct Funds.

The Employee Benefits Advisory Committee (EBAC) recommended using the funds held in the defunct fund account to help offset the premium costs for active employees participating in County sponsored medical and dental plans. EBAC is a labor-management committee that works with the Employee Benefits and Services Division in determining your benefit offerings. The Board of Supervisors approved EBAC's recommendation for a one pay period premium holiday to active County and Special Districts employees. To see more information about this recommendation, you can view Board Agenda Item no. 29 that was approved on February 25, 2014.

5. When will the premium holiday be applied?

The premium holiday will occur during pay period 9 and will be reflected on the pay warrant you will receive on April 30, 2014. For an example of how it will be reflected on the Leave and Earnings Statements, see the reverse side of these FAQs.

6. Will employees who currently opt-out of medical and dental coverage get extra "opt-out" dollars?

No. The premium holiday only applies to County employees enrolled in a County-sponsored medical or dental plan.

7. I opt-out of medical but I am enrolled in dental and receive \$40.00 in opt-out monies for medical in my pay check. Will the \$40.00 in opt-out monies be applied first before giving me a premium holiday on my dental?

No. Opt-out monies received for participating in other group medical coverage will not be applied to your dental premium, so you will still receive your full opt-out amount. You will receive a dental premium holiday not to exceed the out-of-pocket cost for the Cigna Dental HMO plan at your current level of coverage.

8. I opt-out of medical but I am enrolled in the Cigna Dental PPO plan. Will I receive a dental premium holiday equal to my current out-of-pocket cost?

You will receive a dental premium holiday; however, the amount will not exceed the out-of-pocket cost for the Cigna Dental HMO plan at your current level of coverage.

For example: You are a general employee and opt-out of medical and are enrolled in the Cigna Dental PPO with “employee + 1” coverage. Your out-of-pocket cost each pay period is \$45.67. You will receive a \$14.50 premium holiday (the cost of Cigna Dental HMO for “employee + 1” coverage) towards your dental premium.

9. I am enrolled in the Blue Shield PPO plan. Will I receive a medical premium holiday equal to my current out-of-pocket cost?

You will receive a medical premium holiday; however, the credit amount will not exceed the out-of-pocket cost of the highest cost HMO option (currently Kaiser) at your current level of coverage.

For example: You are a general employee and are enrolled in the Blue Shield PPO plan with “employee + 2” coverage. Your out-of-pocket cost each pay period is \$917.03. You will receive a \$287.85 premium holiday (the cost of Kaiser HMO for “employee + 2” coverage) towards your medical premium.

10. How is my premium holiday calculated?

Your premium holiday is the difference of the total bi-weekly premium for the medical or dental plan less the County contribution (flexible benefit plan dollars and/or medical premium subsidy), except if you are enrolled in the medical or dental PPO, see questions 8 and 9.

11. My Leave and Earning Statement shows I received a premium holiday. What is the reason my net pay did not increase by the same amount?

When you pay your medical or dental premium, you may be using before-tax dollars to lower your taxable income. Since you are not paying medical or dental premiums, the gross amount of your income that is subject to taxes will increase. However, you will still see an increase in your net pay.

Leave and Earnings Statement - Premium Holiday Example

Non Represented Special Districts Employee: Receiving Medical Premium Subsidy only for Blue Shield with employee plus 2 or more coverage:

Blue Shield bi-weekly premium:	\$614.86	
Less Employer Paid – Blue Shield:	-\$473.70	
Premium Holiday:	\$141.16	(This is the employee’s normal out-of-pocket costs.)

Before-Tax Deductions		
Description	Current	YTD
Blue Shield HMO Before Tax	141.16	988.12
Blue Shield Premium Holiday BT	-141.16	-141.16
CIGNA DPPO Before Tax	68.69	480.83
Retirement Refundable General	266.36	1,864.52
457/401a Deferred Compensation	60.72	425.04

Employer Paid Benefits		
Description	Current	YTD
Blue Shield HMO Before Tax	473.70	3,315.90
CIGNA DPPO Before Tax	9.46	66.22