

COUNTY OF NEVADA
DEPARTMENT OF HUMAN RESOURCES
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NEVADA COUNTY BOARD OF SUPERVISORS
Board Agenda Memo

MEETING DATE: September 10, 2019

TO: Board of Supervisors

FROM: Steve Rose, Director of Human Resources

SUBJECT: RESOLUTION APPROVING A FLEXIBLE SPENDING ARRANGEMENT FOR NEVADA COUNTY EMPLOYEES AND AN ADMINISTRATIVE SERVICES AGREEMENT WITH NAVIA BENEFIT SOLUTIONS TO ADMINISTER THE FLEXIBLE SPENDING ARRANGEMENT AND OTHER EMPLOYEE BENEFIT PLANS AND AUTHORIZING THE CHAIR OF THE BOARD OF SUPERVISORS TO EXECUTE THE AGREEMENT

RECOMMENDATION: Approve the attached resolution.

FUNDING: The Dependent Care Flex Agreement is fully funded by employee contributions. The Flexible Spending Agreement is also funded by employees allocating pre-tax dollars for health care expenses each calendar year. The County will place on deposit with Navia Benefit Solutions an amount equal to 5-10% of the employee allocated benefit each year to cover cash flow for initial claims. The initial deposit will come from the General Fund through the Human Resources budget, and it is anticipated that the initial deposit will be fully returned as the program gets underway and has sufficient cash flow, so no net use of General Fund is expected in the long-run. The administrative fee of \$3.50 per month (\$42.00 per year) per participating employee will initially be paid by through the County's initial deposit but ultimately will also be paid through funds remaining in the program. Until open enrollment is complete, it is unknown how many employees will participate.

BACKGROUND: A Flexible Spending Arrangement (FSA) is an employer-established benefit plan that allows employees to be reimbursed for certain expenses, including medical expenses. Employees contribute to the plan through voluntary, pre-tax salary reductions. Reimbursements from the FSA may remain tax free if they are used to pay for certain qualified medical expenses, such as health insurance co-pays. Administrative costs for the program are paid from the funds that are voluntarily contributed by participating employees. Participation in this program is entirely optional for the employee.

To help offset the impacts of ever increasing healthcare costs, the County proposes to create and implement an FSA for the benefit of County employees, and has selected Navia Benefit Solutions to administer the FSA. Alliant, the County's outside benefits provider, in conjunction with the Human Resources Department, conducted an RFP process to identify potential administrators for this new benefit plan. Navia was selected as the preferred provider because of its focus on customer service and ease of benefit use (multi-platform benefit access) and competitive administrative fee.

Historically the Auditor Controller has administered the Dependent Care Benefit program in conjunction with Human Resources. Under the proposed agreement with Navia, Navia will also take on the administration of this plan concurrent with implementation of the new Flexible Spending Arrangement benefit.

Employees will be educated during this year's Open Enrollment Education Sessions regarding the possible tax savings and relief the new FSA benefit could provide if an employee chooses a PPO health coverage plan from the CalPERS health suite.

Your consideration of this request is appreciated, and approval of this resolution is recommended.

Item Initiated and Approved by: Steve Rose, Director of Human Resources

Submitted Date: August 28, 2019