

Human Resources Committee Meeting Douglas County, Nebraska

Monday, October 20, 2014

The meeting convened at 10:01 a.m. in Room 903 of the Omaha-Douglas Civic Center, 1819 Farnam Street, Omaha, NE 68183. A copy of the Open Meetings Act is located on the wall near the entrance of the room. A notice of the meeting was published in the October 10, 2014 issue of The Daily Record. County Commissioners present at the meeting were Mary Ann Borgeson, Marc Kraft, and PJ Morgan. Others present at the meeting were Patrick Bloomingdale, Diane Carlson, Joe Lorenz, Marcos San Martin, and Karen Cole of Administration; Lee Lazure, Tim McNally, Kathy Adair, Debbie Otwell, and Mark Williams of Human Resources/Civil Service Commission (HR); Wayne Hudson of the Sheriff's office; and Dan Esch of the Clerk/Comptroller's office. Commissioner Borgeson conducted the meeting.

1. Discussion about reducing the 90-day waiting period for new employees.

Ms. Cole left the meeting during this item. Speaking during this item were Ms. Carlson, Mr. Lazure, Commissioner Borgeson, Commissioner Morgan, Ms. Adair, and Mr. Lorenz. Highlights from the discussion included the following:

- Ms. Carlson said currently the waiting period for new County employees to be eligible for health insurance and other benefits is 90 days.
- Ms. Carlson said when it comes to recruiting employees, reducing the waiting period may be a good idea from a competitive standpoint.
 - Ms. Carlson said when someone takes a job with the County, they have to continue their coverage with their prior employer, which would be COBRA rates and that can be expensive.
 - Mr. Lazure said the 90-day waiting period was originally established because people would take a job and utilize the dental plan or medical plan to have procedures done and then jump to another job, but that does not happen much anymore.
- Mr. Lazure said HR would recommend a waiting period of 30 days.
 - Mr. Lorenz said 30 days is pretty standard in the private sector.
- Ms. Carlson said she'll place a recommendation to reduce the waiting period to 30 days on the consent agenda for the County Board meeting on October 28th.
 - Ms. Carlson said United Healthcare will then make the change in the plan.
 - Ms. Adair said this change would be effective January 1, 2015.

2. Affordable Care Act compliance update.

Speaking during this item were Ms. Carlson, Commissioner Borgeson, Mr. McNally, Commissioner Kraft, Commissioner Morgan, Ms. Adair, and Mr. Lorenz. Highlights from the discussion included the following:

- Ms. Carlson said currently the County offers health insurance to employees who work more than 20 hours per week, but employees classified as seasonal, temporary, or on-call are not offered health insurance no matter how many hours they work.

- Ms. Carlson said effective January of 2015, the Affordable Care Act (ACA) will require the County to offer health insurance coverage to any employee who works at least 30 hours per week on average.
 - Mr. McNally said this only applies to the County's health insurance and dental insurance; it does not apply to other benefits.
- Ms. Carlson said in order to find out which uncovered employees qualify for coverage, the ACA allows a 12-month look-back measurement period.
 - Ms. Carlson said this measurement period is used to track the amount of hours worked by uncovered employees during the previous 12 months.
 - Ms. Carlson said if an employee averaged 30 hours of work or more per week over the course of that 12-month look-back period, then that employee needs to be offered health insurance coverage come January of 2015.
- Ms. Carlson said HR ran a 12-month look-back period report last week, and only two County employees categorized as seasonal, temporary, or on-call averaged 30 hours of work or more per week over the course of that period.
 - Ms. Carlson said those two employees will need to be offered coverage if they are employed with the County come January.
 - Ms. Carlson said if these two employees want coverage, then under the rule they would be covered for all of 2015.
 - Ms. Carlson said if these employees don't meet the 30 hours of work per week average in the next 12-month measurement period, then these employees would not be offered coverage the following year.
 - Ms. Adair said a letter will be sent to these two employees letting them know that they are eligible for coverage.
 - Ms. Adair said the letter will make it clear that the insurance is on a year-to-year basis.
 - Ms. Adair said these employees have the option of filling out a waiver card if they don't want coverage.
 - Ms. Carlson said typically temporary or seasonal employees are not employed longer than a year, so the departments that these two employees work for will be contacted to see why the employee has worked longer than 12 months, and to see if that employee ought to be categorized as full-time.
- Ms. Carlson said going forward the County will run reports every year, and on a monthly basis, to track the hours worked of new employees and to make sure the County is catching everything.
 - Ms. Carlson said there are hefty penalties under the IRS for not offering coverage.
- Ms. Carlson said there will also be reporting requirements that the County must do with the IRS regarding how many employees were offered coverage and why some employees do not have coverage.
 - Ms. Carlson said the County Clerk's office and DOT.Comm are working to make sure that the County has systems in place to capture the information needed for this reporting.
 - Ms. Carlson said these IRS reporting deadlines are not until 2016.
- Ms. Carlson provided [a draft](#) of a formal policy she put together regarding patient protection and ACA employer shared responsibility rule.

- Ms. Carlson said this policy goes into greater detail over the issues she brought forth at this meeting.
- Ms. Carlson said she think it's a good idea for the County Board to adopt a formal policy.
- Ms. Carlson said she'll put the policy on the County Board's agenda for the October 28th meeting.
- Ms. Carlson said the ACA will also require the County to pay a transitional reinsurance fee.
 - Ms. Carlson said the fee is used to fund a transitional reinsurance program that's meant to spread the risk of insurance.
 - Ms. Carlson said the fee is required through plan year 2016.
 - Ms. Carlson said the fee will cost \$5.25 per covered individual per month.
 - Mr. Lorenz said he encumbered \$275,000 for this.

3. Compensation Policy.

Speaking during this item were Mr. Lazure, Ms. Otwell, Commissioner Borgeson, Mr. Lorenz, and Commissioner Kraft. Highlights from the discussion included the following:

- Mr. Lazure said last year when the County Board met to set the salaries of the elected officials for the offices up for election in 2014, it was found that some of the County's elected officials were being paid less than what they probably should be.
- Mr. Lazure said a structure started to be put together that reflected a hierarchy of pay and responsibilities.
 - Mr. Lazure said earlier this year at the Strategic Planning Meeting, it was brought up that the County has a number of offices and department heads that are a bit out of alignment in respect to having a structure that reflects a hierarchal order.
 - Mr. Lazure said after the Strategic Planning Meeting, HR was given an assignment to come up with a compensation philosophy or policy that would be a guideline as to how the County pays elected officials, how the County negotiates union contracts, and how the County pays non-union employees.
- Mr. Lazure said some of the following reasons are why an organization should have a compensation philosophy/policy:
 - It establishes a set of guiding principles on how an organization should provide fair and equitable basis for compensating its employees, and set the foundation that will guide the fair treatment of employees for pay for work performed.
 - It will make sure the costs of salaries and benefits support the goals of the organization and are in sync with the core values of the organization.
 - It will provide a solid basis to pay employees in a defensible and equitable manner that enables management to make salary decisions based on good management principles.
- Ms. Otwell reviewed [a slideshow presentation](#) HR put together regarding compensation philosophy, which included:
 - What a compensation philosophy is comprised of.
 - What the objectives are of a compensation philosophy.
 - Key considerations of a compensation philosophy.
 - Excerpts from other counties' compensation philosophy statements.

- A draft compensation philosophy for Douglas County.
- Mr. Lazure said HR can place compensation philosophy on the agenda for the County Board's October 28th meeting.
- Mr. Lazure said HR will be bringing forth salary recommendations for 2015 at a County Board meeting in November or December, but HR would like to present their data at a Human Resources Committee meeting prior to that.
 - Commissioner Borgeson said she'll plan on scheduling a Human Resources Committee meeting for Friday, November 14th at 10:00 a.m.

4. Other business.

Speaking during this item were Ms. Adair, Commissioner Kraft, Mr. Bloomingdale, Mr. San Martin, Commissioner Borgeson, and Mr. Lorenz. Highlights from the discussion included the following:

- Ms. Adair said last year the IRS passed a new regulation for Flexible Spending Accounts (FSA).
- Ms. Adair said for individuals who have money in their medical reimbursement accounts at the end of the year, this new regulation allows them to carry over up to \$500 of that money into the following year and utilize that money for the entire following year's claims, along with putting in their max of \$2,500.
 - Ms. Adair called this new regulation the "\$500 Carryover."
 - Ms. Adair said ultimately it allows individuals to have up to \$3,000 in their medical reimbursement accounts.
- Ms. Adair said right now the County utilizes the "Grace Period" for FSAs.
 - Ms. Adair said the Grace Period allows individuals who have a medical reimbursement balance at the end of the year to utilize those monies for claims within the first three months of the next year.
- Ms. Adair said an employer cannot offer both the \$500 Carryover and the Grace Period; it has to be one or the other.
- Ms. Adair said currently the County has 402 individuals who have an FSA.
 - Ms. Adair said her next step is to find out from PayFlex how many of those individuals have a balance of more than \$500.
 - Ms. Adair said if the County went with the \$500 Carryover, then individuals who have a balance that's higher than \$500 at the end of the year wouldn't be able to carry over more than \$500 of that balance into the next year.
 - Under the Grace Period, they would be able to carry over all of that balance into the next year, but they would only have the first three months of the next year to use it.
- Ms. Adair handed out [a packet](#) from PayFlex regarding FSA Carryover.
 - Ms. Adair said out of the 2,500 clients PayFlex has, last year 65 of those clients elected to take the \$500 Carryover and eliminated the Grace Period.
 - Ms. Adair said there were no complaints from these clients and it was a smooth process.
 - Ms. Adair said another 428 PayFlex clients will change to the \$500 Carryover for 2015.

- Under a section of the packet titled “Employer Considerations,” Mr. Bloomingdale asked Ms. Adair to ask PayFlex for an elaboration of the statement “potential state and contractual issues with elimination” of the Grace Period.
- Mr. Bloomingdale said it’s his opinion that it would be better to go with the \$500 Carryover, rather than the Grace Period, because people would have an entire year to spend that balance and the amount of money they can spend could be increased to \$3,000.
 - Mr. Bloomingdale said or if someone only wants to have \$2,500, then that person may only have to contribute \$2,000 to get to that amount.
- Ms. Adair said if the County decides to go with the \$500 Carryover and eliminate the Grace Period, then the County will need to amend its plan and communicate that during the open enrollment process, which starts October 31st.
 - Ms. Adair said if the County chose the \$500 Carryover, she would send out a letter to those individuals with a balance of more than \$500.
- Ms. Adair said she could provide a resolution and the appropriate PayFlex documents to amend the FSA plan at the County Board’s October 28th meeting.

The meeting adjourned at 10:54 a.m.