

W. 8.C.1.

AGENDA MEMORANDUM

Date: June 30, 2006
Order Date: July 19, 2006

TO: Board of County Commissioners

DEPARTMENT: County Counsel

PRESENTED BY: David Williams, Assistant County Counsel *DJW*

AGENDA ITEM TITLE: ORDER NO. _____/IN THE MATTER OF AMENDING LANE MANUAL 2.300(3) TO SPECIFY THAT REIMBURSEMENT FOR PREMIUMS PAID TO THE SOCIAL SECURITY ADMINISTRATION IS LIMITED TO REIMBURSEMENT FOR PREMIUMS PAID FOR PART B MEDICARE COVERAGE (LM 2.300(3)) [EFFECTIVE JANUARY 1, 2006]

I. MOTION:

ORDER NO. _____/In the Matter of Amending Lane Manual 2.300(3) to Specify that Reimbursement for Premiums Paid to the Social Security Administration Is Limited to Reimbursement for Premiums Paid for Part B Medicare Coverage (LM 2.300(3)) [Effective January 1, 2006].

II. ISSUE OR PROBLEM:

Lane Manual 2.300(3) presently states that the County will reimburse eligible retirees for medical insurance premiums paid to Social Security. That provision has existed and has been applied to Part B Medicare premiums, which were the only applicable premiums until the adoption of a new Part D coverage. The new Part D coverage has generated a need to clarify that the scope of the reimbursement policy.

III. DISCUSSION:

A. Background.

As reflected in a December 23, 2005 e-mail to the commissioners from Assistant County Counsel David Williams, retirees eligible for the County-paid health coverage have received reimbursement of Medicare premiums they have paid. Since its adoption, our reimbursement program has covered only the

doctors' services and out-patient care covered under Medicare Part B, which was the only Medicare program available when the County adopted the reimbursement program. The County coverage for retirees has not covered prescriptions. As you probably know, there is now a new Medicare Part D program that went into effect in January. The new Medicare program will provide at least some coverage for prescriptions

Because there has been no Medicare "Part D" before now, the Lane Manual has not needed to refer to any Medicare "Parts." With the distinction between Medicare Part B and the new Part D, the lack of any distinction in the Lane Manual creates the potential for confusion as to whether the County program for retirees includes prescription coverage. It has not and does not.

B. Analysis: This change does not affect the availability of prescription coverage for retirees through PERS.

This change reflects actual practice since January 1, 2006, and the order is therefore made effective as of that date.

C. Alternatives/options:

1. Adopt the proposed LM changes.
2. Decline to adopt the LM change.

D. Recommendation:

1. Approve the order.

E. Timing:

There are no unusual timing issues.

IV. IMPLEMENTATION/FOLLOW-UP:

Because this change will reflect current practice, there is no required implementation or follow up other than making the change to the Lane Manual.

V. ATTACHMENTS:

- A. Board Order with accompanying LM 2.300(3).
- B. Legislative format-LM 3.300(3).
- C. December 23, 2005, e-mail

IN THE BOARD OF COUNTY COMMISSIONERS OF LANE COUNTY, OREGON

ORDER NO.

IN THE MATTER OF AMENDING CHAPTER 2 OF THE LANE MANUAL TO SPECIFY THAT REIMBURSEMENT FOR PREMIUMS PAID TO THE SOCIAL SECURITY ADMINISTRATION IS LIMITED TO REIMBURSEMENT FOR PREMIUMS PAID FOR PART B MEDICARE COVERAGE (LM 2.300(3)) [EFFECTIVE JANUARY 1, 2006]

The Board of County Commissioners of Lane County orders as follows:

Lane Manual Chapter 2 is hereby amended by deleting, substituting, and adding the following section:

DELETE THIS SECTION

2.300
as located on page 2-24
(a total of 1 page)

INSERT THIS SECTION

2.300
as located on page 2-24
(a total of 1 page)

Said section is attached hereto and incorporated herein by reference. The purpose of this substitution and addition is to specify that reimbursement for premiums paid to the Social Security Administration is limited to reimbursement for premiums paid for Part B Medicare coverage (LM 2.300(3)).

This change, being reflective of actual practice since January 1, 2006, is effective January 1, 2006.

Adopted this _____ day of _____ 2006.

Chair, Lane County Board of Commissioners

APPROVED AS TO FORM

Date 6/29/06 Lane County


OFFICE OF LEGAL COUNSEL

Exceptions taken to unauthorized payroll items shall be noted in writing and shall constitute the Management Services Director's official notification to the Board that such items are in violation of the Lane Code and these Rules and Regulations.

(2) Effect of Payroll Checking. The Payroll Officer shall not make or approve, or take any part in making or approving, any payment for personal service to any person holding a position in the County service unless the payroll bears the signature of the Department Head or other authorized representative. *(Revised by Order No. 98-4-1-11, Effective 4.1.98)*

2.295 RULE XIII: Retirement.

(1) Retirement shall not be considered mandatory upon an employee reaching any specific age. *(Revised by Order No. 97-10-29-4, Effective 10.29.97)*

2.300 RULE XIV: Health and Life Insurance.

(1) Employees in permanent positions who regularly work 20 hours or more each week shall be eligible for County-paid life and health insurance beginning with the first of the month following completion of 30 calendar days of continuous service. Other temporary or seasonal employees are not eligible for County group health or life insurance.

(2) Retired Employees.

(a) Upon retirement, all employees employed in permanent positions on or before March 5, 1991, and who have worked 10 continuous years shall be eligible for County-paid retiree medical insurance and may transfer from the active group to the retired group.

(b) Upon retirement all employees hired on or after March 6, 1991, shall not be eligible for retiree medical insurance benefits on a County paid basis.

(c) The County Administrator may establish in the Administrative Procedures Manual a pre-retirement incentive program with respect to permitting eligible employees to self-pay premiums for health insurance for up to five (5) years in order to retain their County-paid retiree medical insurance benefit.

(3) Medicare Reimbursement. Medicare supplemental medical insurance premiums for Part B Medicare coverage paid to the Federal Social Security Administration by retired employees eligible for County-paid retiree medical insurance shall be considered as part of the cost of such insurance and eligible retired employees shall be reimbursed at least quarterly for any such Medicare premiums paid by them. *(Revised by Order No. 97-10-29-4, Effective 10.29.97)*

| At right margin indicates changes
Bold indicates material being added
~~Strikethrough~~ indicates material being deleted

2.295

Lane Manual

2.300

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WILSON Teresa J

From: WILLIAMS David B
Sent: Tuesday, December 20, 2005 10:21 AM
To: *LC Board of County Commissioners
Cc: UTECHT Greta L; WILSON Teresa J; VANVACTOR William A
Subject: Medicare Part D premiums--not covered under County reimbursement plan

In case you get inquiries from retired Lane County employee/constituents about the new Medicare Part D:

Retirees eligible for the County-paid health coverage have received reimbursement of Medicare premiums they have paid. Since its adoption, our reimbursement program has covered only the doctors' services and out-patient care covered under Medicare Part B, which was the only Medicare program available when the County adopted the reimbursement program.

As you probably know, there is a new Medicare Part D program will go into effect in January. It will provide at least some coverage for prescriptions. County retirees may wonder if our reimbursement program for retirees covers Part D premiums paid by the retirees. It does not.

Because there has been no "Part D" before now, the Lane Manual has not needed to refer to any Medicare "Parts." With the distinction between Part B and the new Part D, we will be bringing forward a clarifying change to the Lane Manual to eliminate the potential for confusion.