DEPARTMENT: County Counsel/CAO  BY: Thomas Guarino/ Rich Inman

RECOMMENDED ACTION AND JUSTIFICATION:

Discussion, Direction and Action regarding overpayment of Supplemental Medical Insurance Payment (SMIP). Recommend action to ratify prior payments of SMIP to protect employees from any potential claim that such amounts were not paid according to Board of Supervisors prior instructions.

BACKGROUND AND HISTORY OF BOARD ACTIONS:

In 2001 the Board of Supervisors passed Resolution 01-285 (attached) in response to the loss of a health insurance provider and the impact that loss would have on the employees of the County in the form of an unanticipated and substantial increase in the cost of insurance to employees that in some cases would cause an unexpected decrease in the employees income. It was the express instruction of the Board of Supervisors that the additional amount of County contribution for health insurance, voluntarily provided by the Board of Supervisors was not to be used for other benefits.

It has come to the attention of the County that there has been some confusion in the application of the SMIP such that employees were allowed to divert the SMIP into deferred compensation or possibly otherwise receive the SMIP by using it to offset other employee costs. County Administration has received information from the Auditor's staff and has received 4 separate analyses from the Auditor. The information received provides a variety of scenarios ranging from overpayments to no overpayment. It is unclear from the information provided that there is definitively no exposure to employees.

Health insurance premiums have risen to the point that currently the entire amount of the SMIP is now used solely for health insurance consistent with the Board of Supervisor’s original instructions.

Based on the above, the recommendation of staff is that the Board of Supervisors ratifies all prior SMIP payments made by the Auditor to avoid any concern by employees.

ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION:

County employees could be exposed to claims that the SMIP was improperly applied. Given the time over which the payments have been made, changes in insurance premiums and personnel, it would take a substantial investment of the Auditor’s staff’s time to reconstruct each employee’s individual payment history to ascertain whether the SMIP payments have been properly applied.

Financial Impact? ( ) Yes (X) No  Current FY Cost: $  Annual Recurring Cost: $  List Attachments, number pages consecutively
Budgeted In Current FY? ( ) Yes ( ) No ( ) Partially Funded
Amount in Budget: $
Additional Funding Needed: $  Res. 01-285
Source:
Internal Transfer
Unanticipated Revenue
Transfer Between Funds
Contingency ( ) General ( ) Other
4/5's vote
4/5's vote
4/5's vote
Revised Dec. 2002
The foregoing instrument is a correct copy of the original on file in this office.
Date: 
Attest: MARGIE WILLIAMS, Clerk of the Board
County of Mariposa, State of California
By: 
Deputy

COUNT

V Requested Action Recommended

Ministrative Office:

( ) No Opinion

Comments:

CAO: P. A. H.  

Revised Dec. 2002
MINUTE ORDER

TO: RICH INMAN, County Administrative Officer
    TOM GUARINO, County Counsel

FROM: MARGIE WILLIAMS, Clerk of the Board

SUBJECT: OVERPAYMENT OF SUPPLEMENTAL MEDICAL INSURANCE PAYMENT (SMIP)

Resolution No. 05-76

THE BOARD OF SUPERVISORS OF MARIPOSA COUNTY, CALIFORNIA

ADOPTED THIS Order on March 1, 2005

ACTION AND VOTE:

Discussion, Direction, and Action Regarding Overpayment of Supplemental Medical Insurance Payment (SMIP) (County Administrative Officer and County Counsel)

BOARD ACTION: Discussion was held with Tom Guarino, County Counsel. Ken Hawkins, Auditor, advised of changes in the payroll staff during this process; and he advised that after a thorough review, there is no doubt in his mind and he feels that the payments were made appropriately. Ken also advised that he concurred with the recommended action. (M)Stetson, (S)Turpin, Res. 05-76 was adopted ratifying the prior payments of SMIP to protect employees from any potential claim that such amounts were not paid according to the Board’s prior instructions/Ayes: Unanimous.

cc: File