

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



ITEM: 3.29  
(ID # 30619)

**MEETING DATE:**  
Tuesday, June 23, 2026

**FROM :** HUMAN RESOURCES

**SUBJECT:** HUMAN RESOURCES: Approval to Align Employee and Retiree Benefit Administration Costs with the Appropriate Funding and Cost Center Structure beginning Fiscal Year 2025/26 and subsequent years. [Total Cost \$2,900,000; 100% COR Benefit and Insurance Fund Reserves Funded (4/5 Vote Required)]

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Authorize the Human Resources Director, in coordination with the Auditor-Controller and Executive Office, to align employee and retiree benefit administration costs, including associated appropriations and expenditures within Benefit Cost Center (113014\*), with the COR Benefits and Insurance Fund beginning Fiscal Year 2025/26 and subsequent years to ensure proper accounting process and alignment of program costs with employee and retiree benefit administration operations and
2. Approve and Direct the Auditor Controller to make budget adjustments on the Attached Schedule A.

**ACTION:4/5 Vote Required**

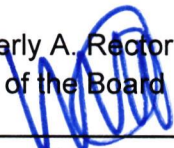
  
Tami Douglas-Schatz, Director of Human Resources 6/11/2026

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**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Perez, seconded by Supervisor Gutierrez and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Medina, Spiegel, Washington, Perez, and Gutierrez  
Nays: None  
Absent: None  
Date: June 23, 2026  
xc: HR

Kimberly A. Rector  
Clerk of the Board  
By:   
Deputy

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<b>FINANCIAL DATA</b>	<b>Current Fiscal Year:</b>	<b>Next Fiscal Year:</b>	<b>Total Cost:</b>	<b>Ongoing Cost</b>
<b>COST</b>	\$ 2,900,000	\$ 2,900,000	\$ 2,900,000	\$ 0
<b>NET COUNTY COST</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b>SOURCE OF FUNDS: COR Benefit Fund Reserves</b>			<b>Budget Adjustment:</b> Yes	
			<b>For Fiscal Year:</b> 25/26 and ongoing	

**C.E.O. RECOMMENDATION:** Approve

**BACKGROUND:**

**Summary**

The purpose of this item is to align employee and retiree benefit administration costs with the appropriate funding and cost center structure supporting the County's employee and retiree benefit programs.

Fund 22040 – COR Benefit and Insurance Fund was established pursuant to Board action on June 25, 2019 (Item 3.23), effective September 1, 2019. The fund was established to centralize resources supporting employee and retiree benefit obligations, including retiree medical benefits and other post-employment benefit (OPEB) commitments.

The Human Resources Department is responsible for administering these programs, including enrollment, compliance, accounting, financial reporting, supplier management, and ongoing program oversight. Fund 22040 serves as the County's funding mechanism for employee and retiree benefit obligations and the administration of the programs that support those benefits.

**Current State**

Fund 22040 currently supports a variety of direct employee and retiree benefit program expenditures, including insurance-related costs, Employee Assistance Program (EAP) services, consulting support, supplier services, and other benefit program expenses. However, certain administrative costs associated with operating and managing these programs, including salaries and benefits for Human Resources staff dedicated to benefits administration and operational expenses such as open enrollment materials and communications, are budgeted and funded through a separate cost center.

As a result, Human Resources relies on transfers, allocations, and pass-through methodologies to support benefit program administration, creating an ongoing disconnect between the funding source established to support employee and retiree benefits and certain costs incurred to administer those programs.

**Proposed State**

This action aligns the Benefits Cost Center (113014\*) and associated expenditures with the employee and retiree benefit programs they support by incorporating the salary, benefits, and operating costs of staff and resources dedicated to benefit administration within Fund 22040.

The proposed alignment includes:

- Salaries and benefits for employees responsible for benefits administration, retiree health administration, enrollment, compliance, accounting, reporting, and program oversight;

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- Open enrollment and employee communication materials;
- Program operating and administrative costs;
- Supplier and consulting services supporting benefit programs;
- Employee Assistance Program and other benefit-related services; and
- Other costs necessary to administer and support County employee and retiree benefit programs.

This action does not expand the purpose of Fund 22040. Rather, it aligns the full cost of administering employee and retiree benefit programs with the funding structure established to support those programmatic obligations. By consolidating both direct program expenditures and administrative costs within the same funding framework, the County will improve accounting consistency, strengthen fiscal stewardship, reduce administrative complexity, and provide greater transparency regarding the true cost of administering employee and retiree benefit programs.

**Impact on Residents and Businesses**

This action does not have a direct impact on residents or businesses. However, proper alignment of employee and retiree benefit administration costs supports sound fiscal management, strengthens oversight of benefit-related expenditures, and promotes the long-term sustainability of County benefit programs. This provides an indirect benefit to residents and businesses by ensuring the County can maintain a benefit program necessary to attract and retain the workforce to deliver essential public services.

**Additional Fiscal Information**

This action does not create new costs; it reallocates existing authorized appropriations and expenditures to the appropriate cost center and funding structure.

The Fiscal Year 2025/26 budget adjustment aligns salaries and benefits, operating expenditures, insurance-related costs, and benefit administration expenses with Fund 22040 – COR Benefit and Insurance Fund.

Future budget development cycles will incorporate this corrected structure, reducing the need for ongoing transfers and accounting adjustments while improving consistency in financial reporting and budget administration.

**ATTACHMENTS:**

- Attachment A:** SCHEDULE A BUDGET ADJUSTMENT  
**Attachment B:** BOARD ACTION ITEM 3.23, 6.25.19  
**Attachment C:** CURRENT STATE VS PROPOSED STATE

  
Brett Austin, Supervising Accountant 6/18/2026

ATTACHMENT A.

BENEFIT COST CENTER REALIGNMENT

BUDGET ADJUSTMENT

FY 2025-2026 & FY 2026-2027

Schedule A

**INCREASE APPROPRIATIONS:**

22040-1130100000-551100	Contribution to Other Fund	\$2,900,000
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**INCREASE APPROPRIATIONS:**

22040-1130100000-781220	Contribution & Donations	\$2,900,000
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**INCREASE APPROPRIATIONS**

10000-1130100000-790600	Contribution From Other County Funds	\$2,900,000
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**INCREASE FUND BALANCE**

10000-1130100000-370100	Unassigned Fund Balance	\$2,900,000
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**ITEM: 3.23**  
**(ID # 10130)**

**MEETING DATE:**  
Tuesday, June 25, 2019

**FROM :** HUMAN RESOURCES

**SUBJECT:** HUMAN RESOURCES: Adoption of Resolution No. 2019-149 for Exempt Management, Management, Confidential, and Other Unrepresented Employees; and Approval of Resolutions 2019-151 thru 2019-156 to be Subject to the Public Employees' Medical and Hospital Care Act; All Districts. [\$0 ]

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Adopt Resolution No. 2019-149 for Exempt Management, Management, Confidential, and Other Unrepresented Employees (Attachment A)
2. Adopt Resolutions No. 2019-151 thru 2019-152 (Attachments B – C), Election To Be Subject To The Public Employees' Medical and Hospital Care Act At An Equal Amount For Employees and Annuitants With Respect To A Recognized Employee Organization for County of Riverside Management – Unrepresented and County of Riverside Confidential – Unrepresented; and
3. Adopt Resolutions No. 2019-153 thru 2019-154 (Attachments D – E), Election To Be Subject To The Public Employees' Medical and Hospital Care Act At An Equal Amount For Employees and Annuitants With Respect To A Recognized Employee Organization for Riverside County Flood Control and Water Conservation District Management – Unrepresented and Riverside County Flood Control and Water Conservation District Management – Unrepresented; and
4. Adopt Resolution No. 2019-155 (Attachment F), Election To Be Subject To The Public Employees' Medical and Hospital Care Act At An Equal Amount For Employees and Annuitants With Respect To A Recognized Employee Organization for Riverside County Waste Resources Management/Supervisory – Unrepresented; and
5. Approve Resolution No. 2019-156 (Attachment G) Election To Be Subject To The Public Employees' Medical and Hospital Care Act At An Equal Amount For Employees and Annuitants With Respect To A Recognized Employee Organization Riverside County Regional Park and Open Space District, Management Unit – Unrepresented
6. Authorize the Chairperson to sign three (3) copies of each document; retain one (1) copy of the signed document and return two (2) copies of the signed document to Human Resources for distribution.

**ACTION:** Policy

**ACTION:Policy**

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Brenda Diederichs, Assistant CEO / Human Resources Director 6/16/2019

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<b>FINANCIAL DATA</b>	<b>Current Fiscal Year:</b>	<b>Next Fiscal Year:</b>	<b>Total Cost:</b>	<b>Ongoing Cost</b>
<b>COST</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b>NET COUNTY COST</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b>SOURCE OF FUNDS: Department Budgets</b>			<b>Budget Adjustment: No</b>	
			<b>For Fiscal Year: 19/20</b>	

**C.E.O. RECOMMENDATION:** Approve

**BACKGROUND:**

**Summary**

Over the last several years, the County has experienced declining enrollment in its Health Maintenance Organization (HMO) and Preferred Provider Option (PPO) plans due to increasing employee out-of-pocket premium costs. The increase to employee medical premiums is most notable in the Two-Party and Family coverage levels. To address these adverse trends, Human Resources researched available options to assist in controlling health care costs long term for our employees and retirees.

Human Resources requested annual renewals for medical plan rates with its current providers and conducted a Request for Information (RFI) with Anthem insurance company for additional medical plan quotes. The County has previously contracted with most of the health insurance companies in the market, so the health insurance carriers willing to provide rates to the County has been exhausted. As a result, remaining in County sponsored medical plans and seeking proposals from new carriers, which can often result in initially reduced premiums, is not a viable option.

Based on the preliminary renewal rates and information received through the RFI, the County's medical plan rates are expected to increase (approximately 9.75% - 19.2%) due to heavy utilization and claims experience the 2020 plan year.

The County had previously contracted with CalPERS for medical insurance coverage for employees and retirees from 1990 to 2002. In January 2003, the County withdrew from the CalPERS Health Program due to dramatic increases in CalPERS medical plan rates. Initially after withdrawing from the CalPERS Health Program, the County experienced significant savings in premiums. However, within a few years, County medical premiums have incrementally increased, making the County's medical costs a major concern. Although the County withdrew from the CalPERS Health Program, three County bargaining units (DDAA, PSU and LEMU) negotiated to remain under the CalPERS Health Program for medical coverage and continue to receive their medical coverage through CalPERS. CalPERS has since modified its pricing methods and has been successful in achieving greater premium discounts than previously experienced.

CalPERS is the largest public employer purchaser of health benefits in California and is the second largest employer purchaser in the nation, after the federal government. Its medical plans are compliant with the Affordable Care Act (ACA), provide more plan options for retirees

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living outside of California and offers affordable rates that are priced in alignment with medical plans in the healthcare market.

Human Resources has obtained the preliminary renewal rates for the CalPERS rates for the 2020 plan year. The County's 2020 medical rates are expected to exceed CalPERS 2020 rates by a noticeable margin.

After thorough research of funding distribution and plan and price comparisons, staff recommends that all employees covered by the Management Resolution:

- 1) Transition from County sponsored medical plans to medical plan benefits through the CalPERS Health Program. Exclusive Care will remain as a medical plan option to all employees covered under the Management Resolution, while under the CalPERS Health Program.
- 2) Employees who select a County sponsored medical plan will receive a Flexible Contribution of \$823/month and will no longer receive cash back when excess Flexible Benefit Contribution monies remain after healthcare premiums for medical or dental have been deducted.
- 3) Employees who currently qualify for the Medical Waiver amount (\$534/month) and were hired prior to November 13, 2003, shall receive \$534/month if the Medical Waiver option is elected.
- 4) Employees hired or rehired on or after November 13, 2003 who elect and qualify shall receive a Medical Waiver in the amount of \$200 per month.

Eliminating cash back of Flexible Benefit contributions and reducing the amount of the Medical Waiver option will assist the County to direct monies given towards benefits to be allocated for benefit costs only, which will provide the County the ability to make medical coverage more affordable to employees, by offering free coverage for most plans to those electing Single coverage. Employees electing Two-Party and Family coverage levels will notice an improvement in their out-of-pocket costs due to the redirected benefit monies. These changes will also assist County departments that have been experiencing issues with retention and recruitment concerns of retaining existing employees and attracting new talent.

CalPERS medical plan rates are the same for both active employees and retirees. As a result, County retirees who were covered by the Management Resolution will receive more affordable retiree healthcare and will have more medical plan options to choose from. Additionally, retirees won't be forced into one expensive plan option if living outside of California. CalPERS' program offers portability to retirees by offering a variety of plan choices to accommodate their individual and family needs. All eligible retirees may elect to opt-in the CalPERS Health Program upon implementation of the proposed move to the CalPERS program.

Per Government Code Section 22892 of the Public Employees' Medical and Hospital Care Act (PEMHCA), CalPERS requires a minimum employer contribution for each participating member. This monthly contribution is paid for each employee or retiree enrolled in a County-sponsored health plan provided through CalPERS. The PEMHCA amount is calculated on the medical care component of the Consumer Price Index-Urban (CPI-U). The 2019 PEMHCA contribution is \$136 per/month. The County currently provides a \$256/month PEMHCA contribution for employees and retirees covered by the Management Resolution.

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Since the County's current PEMHCA amount for employees covered by the Management Resolution exceeds the minimum CalPERS required contribution, no additional cost will be incurred and no additional funding is requested.

Based on the options presented, it's requested the Board approve the transition the employees covered by the Management Resolution to be covered by the CalPERS Health Program and approve the proposed revisions to the Management Resolution and CalPERS Resolutions, which cover County of Riverside and Special Districts. If approved, the move to the CalPERS Health Program for active employees and retirees will become effective September 1, 2019. Both employees and retirees will be notified of the changes and offered a special one-time enrollment period to make plan elections and coverage changes.

**Impact on Residents and Businesses**

There is no direct impact to residents or private businesses in the County of Riverside.

**Additional Fiscal Information**

There is no additional cost to the County resulting from this contract amendment.

**Contract History and Price Reasonableness**

This is an amendment to the County's health program contract with CalPERS. The CalPERS Health Program contract has been in effect since 1990. The change is to add all employees covered by the Management Resolution to be included under the CalPERS Health Program.

**ATTACHMENTS:**

- A. Resolution No. 2019-149 for Exempt Management, Management, Confidential, and Other Unrepresented Employees (Attachment A)
- B. Resolution No. 2019-151 Election To Be Subject To The Public Employees' Medical and Hospital Care Act At An Equal Amount For Employees and Annuitants With Respect To A Recognized Employee Organization **County of Riverside Management – Unrepresented** (Attachment B)
- C. Resolution No. 2019-152 Election To Be Subject To The Public Employees' Medical and Hospital Care Act At An Equal Amount For Employees and Annuitants With Respect To A Recognized Employee Organization **County of Riverside Confidential – Unrepresented** (Attachment C)
- D. Resolution No. 2019-153 Election To Be Subject To The Public Employees' Medical and Hospital Care Act At An Equal Amount For Employees and Annuitants With Respect To A Recognized Employee Organization **Riverside County Flood Control and Water Conservation District Management – Unrepresented** (Attachment D)
- E. Resolution No. 2019-154 Election To Be Subject To The Public Employees' Medical and Hospital Care Act At An Equal Amount For Employees and Annuitants With Respect To A Recognized Employee Organization **Riverside County Flood Control and Water Conservation District Confidential – Unrepresented** (Attachment E)
- F. Resolution No. 2019-155 Election To Be Subject To The Public Employees' Medical and Hospital Care Act At An Equal Amount For Employees and Annuitants With


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- Respect To A Recognized Employee Organization **Riverside County Waste Resources Management/Supervisory – Unrepresented** (Attachment F)
- G. Resolution No. 2019-156 (Attachment F) Election To Be Subject To The Public Employees' Medical and Hospital Care Act At An Equal Amount For Employees and Annuitants With Respect To A Recognized Employee Organization **Riverside County Regional Park and Open Space District, Management Unit – Unrepresented** (Attachment G)

# Benefits Program: Current State vs Proposed State


*Aligning resources with the administration of employee and retiree benefit programs to improve transparency, consistency, and fiscal stewardship.*

## CURRENT STATE




**BENEFIT PROGRAM VENDORS & SERVICES**


- Alliant Insurance Services Inc
- AON Consulting Inc
- Aon Investments USA
- ASIFlex
- Public Risk Innovation Solutions
- Talkspace Provider Network PA



Benefit program costs are funded through a limited set of vendors and services, while internal administration costs are funded outside of the benefits fund.



## PROPOSED STATE



**BENEFIT PROGRAM VENDORS & SERVICES**

Insurance brokerage, consulting, investment management, flex administration, EAP services, public risk solutions, and other benefit-related vendors and services.

**SALARIES & BENEFITS**

Salaries and benefits for staff dedicated to benefits administration, retiree health administration, enrollment, compliance, accounting, reporting, and program oversight.

**ADMINISTRATIVE & OPERATING COSTS**

**Necessary to staff/administer the program,** including payroll services, telecommunications, office supplies and equipment, printing, records management, mail and fulfillment, legal and compliance support, open enrollment materials and communications, and other general administrative costs.

**ALREADY HAPPENING**



**RESULT:**



**IMPROVED ALIGNMENT**

Resources are aligned with the programs they support.



**ENHANCED TRANSPARENCY**

More accurate visibility into the full cost of benefit administration.



**REDUCED COMPLEXITY**

Eliminates reallocations and manual adjustments.



**STRONGER STEWARDSHIP**

Supports long-term sustainability of benefit programs.