



AGENDA COVER MEMO

Memorandum Date: 1/24/24

Order Date: 2/6/24

TO: Board of County Commissioners

DEPARTMENT: Human Resources

PRESENTED BY: James Trujillo, Workforce Wellness Manager

AGENDA ITEM TITLE: In the Matter of Approving the Establishment of a Paid Leave Oregon Equivalent Plan with a Third-Party Administrator (The Standard) and Delegation of Authority to the County Administrator to Execute a One-Year Agreement with the Potential for Three (3) One-Year Extensions

I. MOTION

Move approval of the establishment of a Paid Leave Oregon Equivalent Plan with a third-party administrator, The Standard Insurance Company, (The Standard) and delegation of authority to the County Administrator to execute a one-year agreement with the potential for three (3) one-year extensions.

II. AGENDA ITEM SUMMARY

The County provides leave benefits which include short-term disability, long-term disability insurance, and protected leaves consisting of Family and Medical Leave (FMLA) and Oregon Family Leave (OFLA) for Lane County employees. These benefits are currently administered through The Standard Insurance Company. The County currently offers Paid Leave Oregon (PLO) benefits through the State of Oregon administered through the Oregon Employment Department Paid Leave program. Staff seek approval to consolidate administration and develop an equivalent plan for the delivery of the PLO benefit program through a single provider, The Standard Insurance Company.

III. BACKGROUND/IMPLICATIONS OF ACTION

a. Board Action and Other History

In November of 2022, the Board of County Commissioners voted to implement the PLO program with the State of Oregon's administered plan. Since that time, staff have negotiated the program impacts with bargaining units, updated policies, and formed an advisory team to administer the program.

The County began collecting funds for the program in January 2023 and the benefits became available as of September 2023. At the time of Board approval, the Board requested staff to provide an update on the status of implementation about a year from the decision. On January 24, 2024, staff provided an update on the PLO program and the Board requested staff return with a proposal to authorize a consolidation of all County leaves through a third party administrator (TPA).

b. Policy Issues

Paid Leave Oregon is a complex benefit with overlapping implications for County policies, Oregon Family Leave, Federal Leave, Short Term Disability, payroll practices, and union contracts.

c. Board Goals

The County has a strategic plan to support our people and organizational health. Objective A2 of the strategic plan specifically calls upon staff and management to *"develop strategies to improve employee well-being, addressing workload capacity and the mental, physical, and financial components of wellness."* Establishing an equivalent plan with a TPA keeps the purpose of PLO intact and contributes to our goal for a healthy and productive workforce. The use of a TPA will allow for a unified leave administration platform for all employees to access. We believe this will be a positive impact on customer service to our employees.

d. Financial and/or Resource Considerations

The County will fund the fully insured benefit through the reallocation of County and employee contributions already required by the State of Oregon for PLO benefits, regardless of plan administrator, and through the temporary reallocation of benefit reserve funding, if needed. There will be no additional charges allocated to County departments or employees to fund this administrative change.

e. Health Implications

The effective delivery of this benefit is crucial to the health and wellness of employees in need of leave. Optimally, leave programs should be clear, effective, compassionate, and efficient in the use of County resources. Making this change and authorizing The Standard to assume the administration of the PLO benefit will reduce employee stress during times they need the most support.

f. Analysis

A fully insured plan for one (1) calendar year will cost the County \$1,296,243 for the duration of the initial term of the contract (through December 31, 2024). This cost includes the administration and payment of Federal Insurance Contributions Act (FICA) and Medicare Taxes for employees receiving paid leave.

The TPA will pay all claims in accordance with the provisions of a PLO equivalent plan

which will eliminate many internal administrative costs, currently estimated at \$185,000 per year, and reduce administrative workload related to PLO for staff in Human Resources, Finance/Payroll, County Counsel, and Budget.

A fully insured benefit model mitigates risk and can be re-evaluated on a calendar year basis to consider a self-insured model in the future.

The County will gain access to consulting support, legal support, and can support employees when issues arise due to documentation problems and other administrative matters not currently possible with the state administered program. The County, in partnership with the TPA, will work to ensure high customer service standards and strive for on-time approvals and payments for all claims, where it is within our collective control.

g. Alternatives/Options

- i. Award a contract to The Standard to administer a PLO equivalent plan starting April 1, 2024, to secure a guaranteed fully insured rate through December 31, 2024, with delegated authority to the County Administrator to extend the contract for up to three (3) one-year extensions.
- ii. Maintain the status quo with a dual administration of leave benefits through The Standard for OFLA, FMLA and STD, and through the State of Oregon administered program for PLO benefits.

IV. RECOMMENDATION

Human Resources staff recommend the Board authorize the County Administrator to execute a contract to a fully insured third-party administered equivalent plan for PLO through The Standard. The Standard is already under contract to support administration of the County's Short Term Disability benefit (paid benefit), Long Term Disability (paid benefit), Oregon Family Medical Leave (unpaid protected leave), and Federal Family Medical Leave (unpaid protected leave).

V. TIMING/IMPLEMENTATION

Upon approval, County staff will work with The Standard to develop a comprehensive transition plan, enter into a contract for the addition of equivalent plan coverage, and institute any system/data integration changes. County staff will update frequently asked question documents, training materials, communications, and implement administrative adjustments. This work will be supported in large part by the TPA.

VI. FOLLOW-UP

N/A

VII. ATTACHMENTS

A. Board Order 24-02-06-XX

BEFORE THE BOARD OF COMMISSIONERS OF LANE COUNTY, OREGON

ORDER NO: 24-02-06-07

In the Matter of Approving the Establishment
of a Paid Leave Oregon Equivalent Plan with
a Third-Party Administrator (The Standard)
and Delegation of Authority to the County
Administrator to Execute a One-Year
Agreement with the Potential for Three (3)
One-Year Extensions

WHEREAS, the Lane County life and disability insurance services and leave administration program is provided in accordance with applicable law, the Administrative Procedure Manual and all labor agreements; and

WHEREAS, the Board of Commissioners have previously awarded contracts to insurers and third-party administrators to provide insurance services and leave administration; and

WHEREAS, Human Resources has completed a comprehensive review of the current state of leave administration from both The Standard Insurance company (the County's current administrator for short-term disability, long-term disability, unpaid state and federal leaves) and paid leave through the State of Oregon; and

WHEREAS, a proposal from The Standard to consolidate leave administration to improve services to employees and reduce County administration has been analyzed by County Human Resources and Budget staff in conjunction with the County's benefit consultants and is recommended for approval.

NOW, THEREFORE, the Board of County Commissioners of Lane County **ORDERS** as follows:

1. Award a contract to administer all leaves and fully insure the Paid Leave Oregon equivalent plan to The Standard beginning April 1, 2024, with the option to extend on a calendar year basis up to (3) three one-year extensions.
2. Authority is delegated to the County Administrator, or his designee, to execute the contract and extensions for the addition of the Paid Leave Oregon equivalent plan administration and benefit payments.

ADOPTED this 6th day of February 2024.

Laurie Trieger Chair
Lane County Board of Commissioners