



**Human Resources Department
Employee Benefits & Services Division**

Nurses Unit: Enhanced Wage Option (Modified Benefit Option)

Special Open Enrollment
February 26 - March 23, 2018

- ✓ New and exciting enhanced wage option available!
- ✓ What is the Modified Benefit Option (MBO)?
- ✓ Potential Benefits of the Modified Benefit Option
- ✓ Flexible Spending Account (FSA)
- ✓ How is the Modified Benefit Option different from the Traditional Benefit Option?
- ✓ Things to Consider Before Electing the MBO
- ✓ Enrollment Process

- The Modified Benefit Option (MBO) is now available to employees in the Nurses Unit who work 72 or more hours per pay period.
- The MBO allows Nurses to:
 - Increase Pay
 - Maximize pension and lifetime earnings
 - Accrue Flexible Paid Time Off (PTO) hours which can be accrued beyond the allowed maximum unused leave balance

- The MBO is an enhanced wage option that provides:
 - ✓ A higher salary of up to \$4,160 per year for an 80-hour nurse or up to \$3,744 per year for an 72-hour nurse (\$2.00 per hour above base rate of pay)
 - ✓ Flexible Paid Time Off (PTO) in lieu of separate use-specific leave accruals. PTO time which offers more flexibility in use, greater cash-out value upon separation, accrual of PTO beyond max allowed vacation time, and carry-over and utilization of existing unused leave balances.
 - ✓ Double-time for all hours worked on holidays, not limited to 8 hours per holiday
 - ✓ A County match to the Flexible Spending Account (FSA) of up to \$520 per year with enrollment in the Bronze Plan and employee's contribution to the FSA
 - ✓ The choice of:
 - ✓ Electing the lower-premium, higher deductible Blue Shield PPO Bronze Plan (Bronze Plan) OR
 - ✓ Maintaining current medical plan, while receiving a reduced MPS amount

Higher salary of \$2.00 per hour above your base rate of pay (up to \$4,160 per year for an 80 hour Nurse will also provide for increases in the following areas :

- ✓ Retirement Benefit calculation resulting in higher annual pay when you retire
- ✓ Rate of pay for overtime calculated at higher pay amount
- ✓ Leave time that you cash out will be paid at higher amount
- ✓ County contributions to the Retirement Medical Trust (RMT)

Nurses who may benefit from MBO are those who:

- ✓ Are near retirement and want to maximize their pension and lifetime earnings
- ✓ Want the flexibility provided by PTO
- ✓ Do not exhaust their leave accruals
- ✓ Accrue significant amount of comp time
- ✓ Often work holidays
- ✓ Opt-out/waive medical coverage
- ✓ Are low health-care consumers/have low medical expenses (may benefit from Bronze Plan)

The MBO allows you to maintain your coverage in the Traditional Blue Shield or Kaiser HMO Plan or change to the Blue Shield PPO Bronze Plan. Below is a summary of the premium and out of pocket costs for the Traditional Blue Shield HMO Plan (lowest premium traditional plan) and the Blue Shield Bronze Plan (lowest premium, high deduction plan offered exclusively to MBO eligible)

If employee elects	Bi-weekly Premium		Bi-Weekly Cost to Nurse	
	Traditional Blue Shield HMO Plan	Modified Benefit Option Blue Shield PPO Bronze Plan	Traditional Blue Shield HMO Plan	Modified Benefit Option Blue Shield PPO Bronze Plan
Employee only	\$241.08	\$147.51	\$103.57	\$10.00
Employee + 1	\$480.17	\$293.01	\$293.01	\$18.25
Employee + 2 or more	\$678.61	\$413.77	\$413.77	\$30.00

Medical Plan Options - Example

Employee Only example: *Specialty Care RN – Critical Care* enrolled in Employee-Only medical plan **may increase pay by approximately \$3,500 to \$6,000 per year.**

Annual	Traditional HMO Plan	MBO HMO Plan	MBO Bronze PPO Plan
A) Salary	\$101,920	\$106,080	\$106,080
<i>Medical Premium (2017/18)</i>	\$6,268	\$6,268	\$3,835
<i>Medical Premium Subsidy (MPS) Provided by County</i>	-\$4,166	-\$3,575	-\$3,575
B) Nurse's Share of Premium	\$2,102	\$2,693	\$260
C) Approximate Pay After Nurse's Share of Premium	\$99,818	\$103,387	\$105,820
Potential Annual Increase		\$3,569	\$6,002

Medical Opt-out/Waive Coverage

Opt-Out/Waive example: *Specialty Care RN – Critical Care* who opts out or waives medical plan **may increase pay by approximately \$4,160 per year.**

Annual	Traditional Benefits Option (TBO)	Modified Benefits Option (MBO)
A) Salary	\$101,920	\$106,080
B) Opt-Out/Waive Pay	\$1,040	\$1,040
C) Approximate Pay	\$102,960	\$107,120
Potential Annual Increase		\$4,160

If you elect to enroll in the Blue Shield Bronze Plan* and are enrolled or choose to enroll in the Flexible Spending Account (FSA) Plan you will receive a County match of up to \$520 per year** to an FSA which can be used to help pay the medical plan deductibles associated with the Blue Shield Bronze Plan.

**The Blue Shield PPO Bronze Plan is a high deductible plan with higher copayment amounts when compared to the County's Traditional HMO plan.*

***Employee must enroll in and contribute to the FSA, and the County will match employee's contribution dollar for dollar up to \$20 per pay period (\$520/year).*

- ✓ The FSA can be used to Pay for qualified medical expenses e.g., co-payment/deductibles, dental treatment, prescription, glasses, etc.
 - ✓ Can be used for expenses for your eligible dependents
- ✓ Access FSA funds conveniently at point of service and pay for medical (FSA) with the benefit card (Benny card).
- ✓ Easily check your account balance online through your FSA portal



Learn more about the FSA plan here:

[http://cms.sbcounty.gov/hr/Benefits/TaxSavings\(DCAP,FSA,Section125\)/MedicalExpenseReimbursementPlan.aspx](http://cms.sbcounty.gov/hr/Benefits/TaxSavings(DCAP,FSA,Section125)/MedicalExpenseReimbursementPlan.aspx)

✓ Higher pensionable salary

Examples of potential increase in pension* when MBO is elected:

Retire at 55 Rate 60%

- Annual Pension Increase = **\$2,496**
- Monthly Pension Increase = **\$208**

Retire at 59 Rate 74.19%

- Annual Pension Increase = **\$3,086**
- Monthly Pension Increase = **\$257**

Retire at 62 Rate 90.39%

- Annual Pension Increase = **\$3,760**
- Monthly Pension Increase = **\$313**

*Assumes a Tier 1 80-hr *Specialty Care RN – Critical Care* at top longevity step (30-year) upon retirement. Highest Annual Salaries: TBO = \$112,590 and MBO = \$116,750

- ✓ In lieu of separate specific-use leave accruals. PTO allows nurses:
 - ✓ **Greater flexibility in use**
 - ✓ **To maintain and utilize existing leave balances** (i.e., sick, holiday, vacation)
 - ✓ **To accrue PTO hours beyond the max allowed unused vacation balance**
 - ✓ **Greater cash-out value**



Comparison of Leave Accruals and PTO Annual Accruals*:

Approximate Years of County Service	TBO – Leaves	MBO – PTO**	Max Allowed Unused PTO	Max Allowed Combined Vacation and PTO Balance
Leaves: 0-4 years PTO: 0-5 years	Sick - 88 hrs Vacation - 80 hrs <u>Holiday - 112 hrs</u> Total - 280 hrs	180 hrs	270 hrs	320 hrs
Leaves: 5-9 years PTO: 6-10 years	Sick - 88 hrs Vacation - 120 hrs <u>Holiday - 112 hrs</u> Total - 320 hrs	204 hrs	306 hrs	467 hrs
Leaves: 10+ years PTO: 11-20 Years	Sick - 88 hrs Vacation - 160 hrs <u>Holiday - 112 hrs</u> Total - 360 hrs	228 hrs	342 hrs	410 hrs
Leaves: 10+ years PTO: 21+ years	Sick - 88 hrs Vacation - 160 hrs <u>Holiday - 112 hrs</u> Total - 360 hrs	252 hrs	378 hrs	446 hrs

*Nurses who work less than 80 hrs. per pay period will accumulate PTO on a pro-rata basis.

**MBO-PTO per pay period accruals: 0-5 yrs. 6.92 hrs.; 6-10 yrs. 7.85 hrs.; 11-20 yrs. 8.77 hrs and 21 plus yrs. 9.69 hrs.

✓ Paid Time Off (PTO) (cont.)

✓ Nurses can accrue PTO hours beyond the max allowed unused vacation balance

Example: A nurse with 11 years of service who has reached the maximum allowed unused vacation time (i.e., 320 hrs.), may accrue PTO hours under the MBO until a combined total of 410 hours is reached. Consequently, the employee's bank of hours and the amount that may be cashed-out upon separation also increases.

Vacation/PTO	Hours
Traditional Benefit Package - Max Allowed Unused Vacation	320
MBO - PTO Hours Accrued Until Combined Max is Reached	90
Max Combined Unused Leave/PTO Hours	410

Note: Holiday and sick time are *not* included in the total maximum combined unused leave/PTO hours.

✓ Paid Time Off (PTO) (cont.)

✓ Greater cash-out value upon separation –

- ❖ 100% of PTO hours can be cashed-out upon separation
- ❖ No minimum years-of-service requirement for cash-out of PTO

Example: Employees can cash-out 100% of PTO regardless of years of service, unlike sick leave which requires employees to have 10 years of service and only converts up to 60% of its value to the Retirement Medical Trust.



✓ **Paid Time Off (PTO) (cont.)**

- ✓ **Greater flexibility in use** – A nurse who elects MBO will have PTO hours to use as needed.

Example: A nurse with 1 year of service who elects MBO will have up to **180 PTO hours to use for vacation or for other personal reasons.** Whereas, a similar nurse in the **TBO would be limited to 80 hours** of vacation/personal time.



✓ Higher pay for hours worked on a holiday

Pay for Hours Worked on a Holiday	
Traditional – 13 Fixed Holidays + 1 Floating	MBO – 10 Fixed Holidays
<i>Straight time</i> for all hours worked plus up to 8 hours straight holiday pay	<i>Double time</i> with no cap on hours paid per holiday

Example of a 12-hr nurse who works 12 hours on a fixed holiday:

In the TBO, the nurse is paid straight time for 12 hours worked and has the option to accrue 8 hours Holiday Leave or receive straight time payment of up to 8 hours in lieu of accrual. **Nurse is be paid for 20 hours.**

In the MBO, the same 12-hour nurse is paid for 24 hours (i.e., Double time for all hours worked on a holiday).

How is the Modified Benefit Option different from the Traditional Benefit Option?

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- The Modified Benefit Option (MBO) differs from the Traditional Benefit Option (TBO) in the following areas:
 - ✓ Increased Pay – the MBO increases your pay by \$2.00 per hour above base rate of pay.
 - ✓ Medical Premium Subsidy (MPS) – the County contribution applied to the cost of Medical Insurance Premiums is slightly lower in the MBO than TBO
 - ✓ Medical Plan Enrollment Selection - the MBO provides an additional medical plan election option that is not offered under the TBO. The new plan option is the Blue Shield Bronze plan which is a low premium, high deductible health plan

How is the Modified Benefit Option different from the Traditional Benefit Option?

- The Modified Benefit Option (MBO) differs from the Traditional Benefit Option (TBO) in the following areas (cont.):
 - ✓ Leave Accruals - The MBO provides for Paid Time Off (PTO) in lieu of separate leave accruals for sick, vacation and holiday.
 - ✓ Existing Leave Balances – Existing balances for sick, vacation, and holiday under the TBO will remain in place upon electing MBO.
 - ✓ Holiday Pay - The MBO provides double time pay for all hours worked on a holiday. The TBO is limited to 8 hours per holiday.
 - ✓ Flexible Spending Account (FSA) – If the MBO is elected and employee is enrolled in both the Blue Shield Bronze Plan and the Flexible Spending Account Plan, a County contribution up to \$520 per year will be applied towards the employees Flexible Spending Account Plan. The TBO allows for enrollment in the FSA, but does not provide a County contribution.

- ✓ **Are you a frequent user of your medical plan and have a lot of medical expenses?**
 - ✓ If so, you may still want to consider the MBO while keeping your current Traditional HMO plan and paying slightly more for health premiums, which would be offset by the increase in income.



- ✓ **Is your work location usually closed for holidays (i.e., *not* a 24/7 facility)?**
 - ✓ If so, keep in mind that if you do not work holidays that fall on a regularly scheduled work day, you will need to code PTO to receive pay for that day.
 - ✓ Ask yourself if PTO hours provided by the MBO and any existing unused leave hours are sufficient for your time-off needs.



- ✓ **Do you utilize most of your leave accrual hours (vacation, sick, and holiday)?**
 - ✓ Keep in mind that the MBO provides Paid Time Off for all of your time off needs
 - ✓ Make sure to ask yourself if the PTO hours provided by the MBO and any existing leave time bank hours (e.g. sick, vacation, holiday) are sufficient for your time-off needs.



- An election to enroll in the MBO can be made during the Special Open Enrollment period occurring February 26 – March 23, 2018
 - Elections will be effective March 31, 2018
- You will also have the opportunity to elect the MBO during the annual Open Enrollment period held each year in June.

Enrolling in the MBO During the Special Open Enrollment

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What you'll need to do:

- ✓ Elect the MBO by completing the MBO Election form for nurses
- ✓ If you wish to change your medical plan to a plan other than the Blue Shield Bronze PPO, complete the Medical Enrollment form/Change Form and the Premium Deduction Election Form.
- ✓ If you wish to enroll in the Blue Shield Bronze PPO plan, complete the Essential Health Plan Coverage Enrollment/Election form and the Premium Deduction Election Form.
 - ✓ If enrolling in the Blue Shield Bronze PPO plan and wish to enroll in the FSA, you must also complete the FSA Enrollment Form.

All forms are available on the [MBO web pages](#) and [EMACS Forms website](#).

Submit completed forms to Norma Camacho in Employee Benefits & Services Division before 5:00 pm March 23, 2018. Forms can be submitted via:

Email: ebsd@hr.sbcounty.gov

Mail: 157 West Fifth Street, 1st Floor

Interoffice Mail: Mail Code EBSD – 0440

San Bernardino, CA 92415-0440



If you have questions about the MBO, contact:

Norma Camacho, Benefits Analyst

Norma.Camacho@hr.sbcounty.gov

(909) 387-5812

Or

Alexander (Sandy) Meier

Alexander.Meier@hr.sbcounty.gov

(909) 387-9638

**Or visit the Employee Benefits and Services MBO
page at:**

<http://cms.sbcounty.gov/hr/Benefits/BenefitCampaigns/MBO-SpecialOpenEnrollmentforNurses.aspx>

APPENDIX

Potential Benefits of the MBO

Employee + 1 example: *Specialty Care RN – Critical Care* enrolled in Employee +1 medical plan **may increase pay by approximately \$2,600 to \$7,500 per year.**

Annual	Traditional HMO Plan	MBO HMO Plan	MBO Bronze PPO Plan
A) Salary	\$101,920	\$106,080	\$106,080
<i>Medical Premium (2017/18)</i>	\$12,484	\$12,484	\$7,618
<i>Medical Premium Subsidy (MPS) Provided by County</i>	-\$8,674	-\$5,341	-\$475
B) Nurse's Share of Premium	\$2,102	\$2,693	\$260
C) Approximate Pay After Nurse's Share of Premium	\$98,109	\$100,739	\$105,606
Potential Annual Increase		\$2,630	\$7,496

Potential Benefits of the MBO

Employee + 2 example: *Specialty Care RN – Critical Care* enrolled in Employee +2 medical plan **may increase pay by approximately \$2,400 to \$9,300 per year.**

Annual	Traditional HMO Plan	MBO HMO Plan	MBO Bronze PPO Plan
A) Salary	\$101,920	\$106,080	\$106,080
<i>Medical Premium (2017/18)</i>	\$17,644	\$17,644	\$10,758
<i>Medical Premium Subsidy (MPS) Provided by County</i>	-\$11,708	-\$9,978	-\$9,978
B) Nurse's Share of Premium	\$5,936	\$7,666	\$780
C) Approximate Pay After Nurse's Share of Premium	\$95,984	\$98,414	\$105,300
Potential Annual Increase		\$2,430	\$9,316

✓ Paid Time Off (PTO)

✓ Nurses can maintain and utilize existing leave balances

Example 1: A nurse who needs to code time for not working on a fixed holiday may code existing unused vacation hours for that holiday instead of using PTO or holiday leave hours.

Example 2: A nurse who is ill and has unused sick hours and wants to preserve PTO hours for their cash-out value or to use for vacation/personal time may use existing unused sick time instead of PTO.