



MEMORANDUM

Date: September 20, 2021

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator *[Signature]*

Re: **Amending the Proposed Vaccine Disincentive in Order to Preserve the Health Insurance Premium Discount (Wellness) Program**

The Board of Supervisors approved a variety of recommended disincentives that have as their primary goal the health and wellness of both the general community and Pima County employees. After additional consideration, I am recommending that we maintain the health insurance premium discounts for unvaccinated employees. These discounts were earned by the employee in recognition of the employee's adherence to several key elements of a healthy lifestyle. If, for example, an employee is and remains tobacco free he or she earns \$20 per pay period. While we must encourage employees to become vaccinated, to penalize a nonsmoker for not being vaccinated could inadvertently negate the importance of not smoking. The same principle is true for the variety of healthy lifestyle incentives.

I am recommending, therefore, that we amend the disincentives to include only a separate health insurance medical premium for unvaccinated employees due to the increased medical expense risk related to contracting COVID-19. As a result, the full amount of the financial disincentive previously approved of \$60.51 per pay period or \$1,573.26 per year cannot be assessed to employees if we are to remain compliant with the Affordable Care Act as defined by the Equal Employment Opportunity Commission.

Instead, I propose we shift costs within our current wellness incentive program. As a group health plan wellness program, we are permitted to tie incentives to tobacco use status that can amount to 50% of the total cost of coverage applied to the lowest cost plan (\$201.71). The 50% (\$100.86) includes the wellness incentive program which cannot exceed 30% (\$60.51) of the lowest cost plan. By including the tobacco use status in the 50% category instead of the 30% category, this results in an allowable \$45.51 per pay period cost that can be assessed as a vaccine surcharge. Because there are no current federal rules concerning a vaccine surcharge, that cost must be included in the 30% attributed to the wellness incentive program.

I propose to keep the health insurance premium discounts in place and that we assess a \$45.51 per pay period (\$1,183.26 annually) vaccine surcharge for all unvaccinated

SEP 20 2021 10:03 AM PCD/KH/ID
MNA

The Honorable Chair and Members, Pima County Board of Supervisors

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September 20, 2021

Page 2

employees who are on our insurance plan effective November, 2021. Unvaccinated employees with a valid medical or religious exemption would not be subject to the surcharge.

CHH/anc

c: Jan Leshar, Chief Deputy County Administrator
Carmine DeBonis, Jr., Deputy County Administrator for Public Works
Francisco García, MD, MPH, Deputy County Administrator & Chief Medical Officer,
Health and Community Services
Cathy Bohland, Director, Human Resources