



TO: BOARD OF DIRECTORS **BOD Meeting: 08/22/2024**
FROM: Kathy Wylie, Agency Administrator **Item: 6a)**
SUBJECT: DISCONTINUATION OF HEALTH CARE REIMBURSEMENT
PROGRAM FOR BOARD MEMBERS

RECOMMENDATION

It is recommended that the Mendocino Coast Health Care District Board of Directors take immediate action to discontinue the current health care reimbursement program for Board members and repeal the relevant section in the Board Bylaws. This action is advised based on the conclusion that the program is not permitted under current state law, as described in a Confidential memo received from Board Counsel Steele, and circulated to members of the Board on August 9, 2024.

BACKGROUND

The Mendocino Coast Health Care District has been providing certain Board members with reimbursements for their individual health insurance premiums, with some members receiving up to \$600 per month. This program was adopted by a prior Board, and there is uncertainty regarding the level of analysis conducted at that time.

ANALYSIS

A legal review conducted by Craig A. Steele of Richards, Watson & Gershon has determined that the current reimbursement system conflicts with the Health & Safety Code and Government Code. Specifically:

1. **Health & Safety Code Section 32103:** Limits Board member compensation to \$100 per meeting for up to six meetings per month. There is no provision for additional cash compensation, including health insurance reimbursements.
2. **Government Code Section 53208.5(b):** Restricts the health and safety benefits available to Board members to those provided to the agency's non-safety employees. As the District has no employees, there are no comparable benefits available, rendering the current reimbursement program non-compliant with the law.

The memorandum also references an opinion from the California Attorney General, stating that cash payments to school district board members for health insurance coverage are considered additional compensation and are not permitted under state law. Continuing the health care reimbursement program as it currently stands may expose the District to legal



challenges due to non-compliance with state law. Immediate discontinuation is advised to mitigate this risk.

FISCAL IMPACT

Discontinuing the health care reimbursement program will result in cost savings for the District. The exact amount saved will depend on the number of Board members currently receiving reimbursements. During fiscal year 2023-24, \$11,924.04 was paid to the plan administrator, P&A Admin.