



Board of Supervisors Memorandum

August 16, 2021

COVID-19 Vaccination Incentives and Disincentives

Governor and Legislature Handcuff Public Health Standards

The Board of Supervisors declined to require County employees to be vaccinated primarily due to the passing of the State legislation during the budget adoption process where a vaccine prohibition was amended to Senate Bill (SB) 1824, passed in the Senate on one day and the House another day and signed into law by the Governor. This action was sponsored by Senate President Karen Fann and included as part of the Health Budget Reconciliation Bill.

The Legislature passed a similar bill prohibiting face masks for K-12 students. This legislation is possibly flawed and I understand is also the subject of ongoing litigation with the Phoenix Union School District and potentially others.

Court guidance from this litigation may be helpful in determining the likelihood of a challenge to the vaccine prohibition. If the Court sides with the school district, this would be a strong indication that a vaccine prohibition could suffer the same fate.

Until clarified by a Court, the County is precluded from enforcing recognized public health principles. This legislation is contrary to long established and scientifically proven public health principles.

Vaccination Incentives and Disincentives for Employees

In discussing the matter, the Board also asked if there were other options to encourage employees to be vaccinated. These range from the following actions:

Disincentives for Unvaccinated Employees

1. Required mandatory weekly COVID-19 testing for unvaccinated employees;
2. Voiding the health insurance premium discounts for unvaccinated employees, which would add a financial vaccination incentive that increases premiums paid by employees by up to \$35.00 per pay period or \$910.00 annually; and,
3. Developing a separate health insurance medical premium for unvaccinated employees due to medical expense risk related to contracting COVID-19. An additional \$25.51 remaining surcharge can be applied to all tier levels (employee only, employee plus spouse, employee plus children, and employee plus family) or \$663.26 annually.

Items 2 and 3 above are regulated by the Affordable Care Act (ACA) which permits employers to offer up to 30 percent of the cost of health plan coverage as an incentive to participate in a wellness program (or surcharge). An employer may offer up to 30 percent of the total cost of self-only health plan coverage to an employee as an incentive (surcharge) to participate in a wellness program. If the employer offers more than one plan, the 30 percent applies to the lowest cost plan. Here, the total amount that can be applied to a surcharge for any employee

The Honorable Chair and Members, Pima County Board of Supervisors
Re: **COVID-19 Vaccination Incentives and Disincentives**
August 16, 2021
Page 2

is \$60.51 per pay period (\$35.00 + \$25.51) or \$1,573.26 annually. While public sector entities are not subject to the material modification rule, our systems application would require 60 days to implement this change.

I have asked our Human Resources (HR) Department to circulate this communication to all department HR representatives to ensure all employees are informed of the consequences of not being vaccinated. Of course, valid health and religious objection will be accommodated and the financial sanctions will not apply.

Incentives for Vaccinated Employees

The Board may also offer a financial incentive to vaccinated employees. I would propose that the Board provide a one-time \$300 COVID-19 Health Incentive for any employee who is fully vaccinated by October 1, 2021. This would include all of our employees who are presently vaccinated. The cost of the incentive program would be paid by American Rescue Plan Act funds. Presently, the average cost to our health plan for an employee needing medical treatment for COVID-19 is \$3,289.

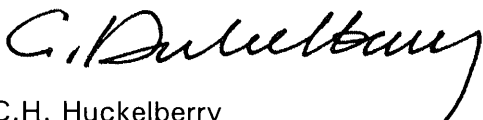
Recommendation

I recommend the Board of Supervisors adopt incentives for vaccinated employees and disincentives for unvaccinated employees.

To consist of:

- a) A one-time \$300 COVID-19 Health Incentive for all employees fully vaccinated by October 1, 2021.
- b) A financial disincentive for unvaccinated employees effective October 1, 2021 that eliminates all health insurance premium discounts (\$35 per pay period) and add a 30 percent base plan surcharge of \$25.51 per pay period for a total disincentive amount of \$60.51 per pay period or \$1,573.26 per year. Unvaccinated employees with a valid medical or religious exemption would not be subject to the surcharge.

Sincerely,



C.H. Huckelberry
County Administrator

CHH/anc – August 12, 2021

- c: Jan Lesher, Chief Deputy County Administrator
Carmin DeBonis, Jr., Deputy County Administrator for Public Works
Francisco García, MD, MPH, Deputy County Administrator & Chief Medical Officer,
Health and Community Services