

Agenda Report

DATE: August 11, 2003

FROM: City Manager

RE: Adoption of Resolutions Electing to Cease to be Subject to the Public Employees Medical and Hospital Care Act For Employees Represented By the Pasadena Association of Clerical and Technical Employees (PACTE), and for Employees in the Unrepresented Executive, Top, Middle and Professional Management Groups, and for Employees in the Unrepresented Technical-Administrative, Confidential-Clerical, Hourly and Non-Represented Groups

RECOMMENDATION

It is recommended that the City Council adopt the attached three Resolutions to cease to be subject to the Public Employees Medical and Hospital Care Act, ending the City's participation in the medical plans offered by the California Public Employees Retirement System ("PERS medical") effective 12:00 midnight, December 31, 2003, for employees represented by PACTE, and for unrepresented employees in the Executive, Top, Middle and Professional Management, Technical-Administrative, Confidential-Clerical, Hourly and Non-Represented Groups.

BACKGROUND

Pursuant to Government Code Section 22850.3, the City of Pasadena elected in 1987 to be subject to the Public Employees Medical and Hospital Care Act, which allowed the City to participate in PERS medical benefits for City employees. In 1987 and 1988, the City elected this coverage by adopting individual Resolutions for individual bargaining units, as the City reached agreement regarding medical benefits with the various employee unions.

Since that time, and in particular during the last several years, PERS medical premiums have increased substantially, due in large part to the higher cost of medical care in northern California, and due to the vast number of State retirees covered by the plans. In response to these increasing costs, staff has solicited alternatives to PERS medical benefits. A joint labor-management group has evaluated proposals received from several brokers, and believes that one of the plans offered will provide a better value for the employees and the City, while still ensuring appropriate medical coverage for the

employees, their families, and the City's retirees. The labor-management group will continue to work to finalize the plan details and facilitate enrollment activities and member education for the upcoming 2004 plan year.

Under PERS regulations, each of the original Resolutions electing to be covered by PERS medical must be individually and specifically repealed in order to cease to be covered. The attached Resolutions must be adopted and delivered to the PERS offices prior to August 23, 2003, in order to end the City's participation in PERS medical at the end of the current calendar year.

Discussions with the remaining unions continue; additional Resolutions electing to cease to be covered by PERS medical may be presented to the City Council for adoption on August 18, 2003.

FISCAL IMPACT


It is anticipated that future increases in City contributions for health benefits will increase at a slower rate under the new plans, in that premium increases are anticipated to be less than increases expected in PERS medical premiums.

Respectfully Submitted,



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City Manager

Prepared by:



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