



Agenda Report

TO: City Council

DATE: August 18, 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 Management Association, the American Federation of State, County and Municipal Employees, Local 858, the International Union of Operating Engineers, Local 501, and the Service Employees International Union, Local 347.

RECOMMENDATION

It is recommended that the City Council adopt the attached four 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 Pasadena Management Association, the American Federation of State, County and Municipal Employees, Local 858 (AFSCME), the International Union of Operating Engineers, Local 501 (IUOE), and the Service Employees International Union, Local 347 (SEIU).

BACKGROUND

As a result of the discussions within the labor-management group, more than half of the Unions, representing approximately 75% of the City's employees, have agreed that leaving PERS medical is appropriate at this time. The labor-management group formed will continue to work to finalize the plan details and facilitate enrollment activities and member education for the upcoming 2004 plan year.

The discussions with the labor unions will continue, and it has been jointly decided to form an on-going labor-management coalition, which will examine issues impacting health insurance premiums, including claims experience, health care trends, and employee education opportunities. It is the intent of the group that in the coming plan years, appropriate recommendations can be developed regarding future benefits or premium structures, in an effort to better manage employee health care costs. It was further agreed that the Unions that have declined to leave PERS medical at this time will participate in the coalition, and it is hoped that the remaining Unions will be able to leave PERS medical for the 2005 plan year.

Since the City's bargaining units are considered to be separate groups under PERS regulation, a Resolution electing to end coverage must be adopted for each Union. 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.

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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