

ORDINANCE NO. 5496

ORDINANCE OF THE COUNCIL OF THE CITY OF ROSEVILLE ADDING
CHAPTER 3.09 OF TITLE 3 OF THE ROSEVILLE MUNICIPAL CODE REGARDING
RETIREE MEDICAL INSURANCE

THE CITY OF ROSEVILLE ORDAINS:

SECTION 1. Chapter 3.09 is hereby added to Title 3 of the Roseville Municipal Code and shall read as follows:

Chapter 3.09

Retiree Medical Insurance Optional Benefit

3.09.010 Retiree medical insurance.

The city offers retiree medical insurance to former city employees through its contract with the California Public Employees Retirement System (“CalPERS”). Retiree medical insurance benefits are governed by the Public Employment Medical and Hospital Care Act (“PEMHCA”) (Cal. Gov. Code §§ 22750.). Under the PEMHCA, the city contributes a set amount towards retiree medical insurance premiums on a monthly basis. The amount of the city’s contribution is the statutory minimum as prescribed by PEMHCA (PEMHCA minimum). Pursuant to Memoranda of Understanding (“MOUs”) with various bargaining units, including the Management and Confidential Terms, Conditions and Understanding resolution, the city makes additional contributions to some retirees.

3.09.020 Categories of current and former employees (current retirees) who qualify for the optional benefit.

Current and former city employees eligible for Tier 1 or Tier 2 retiree medical contributions (as defined in the applicable MOU under which they retired) will be permitted to waive participation in the retiree medical benefit described in their applicable MOU and opt in to the benefit described in Section 3.09.030 effective the 2017 Plan Year. Current and former city employees who do not exercise this option will remain eligible for and/or continue to receive their Tier 1 or Tier 2 city contribution, as defined by their applicable MOU.

- A. **Current Retirees.** Generally, members who (1) have retired from the city on or before December 31, 2015, (2) are currently eligible to receive city retiree medical benefits through the PEMHCA, and (3) qualify for either Tier 1 or Tier 2 retiree medical benefits under their applicable MOU, will be permitted to elect the benefit described in Section 3.09.030 instead of their MOU-defined city contribution. This election must occur prior to or during the open enrollment period for the 2017 Plan Year.

- B. Current City Employees/Future Retirees. Current city employees who retire from the city after December 31, 2015, who (1) qualify to receive PEMHCA medical benefits from the city and (2) qualify as either Tier 1 or Tier 2 retiree medical benefits under their applicable MOU, will be permitted to elect the benefits described in Section 3.09.030 instead of the applicable MOU-defined city contribution upon retirement. Members must elect to be subject to these benefits prior to the city's first retiree medical payment.

Those opting to receive benefits under Section 3.09.030 will be required to sign an Irrevocable Election Agreement waiving all rights to their former Tier 1 or Tier 2 city contribution and shall no longer be subject to any future changes to their MOU regarding Tier 1 or Tier 2 contributions. Current and former city employees who elect not to receive benefits under Section 3.09.030 will remain eligible for retiree medical benefits pursuant to state law and their applicable MOU. It is not the intent of this chapter to alter any local, state, and federal tax laws and any individual deciding whether to opt to receive benefits under this chapter is encouraged to consult with their tax advisor.

3.09.030 Optional retiree medical benefit.

Effective January 1, 2017, current or former employees described in Section 3.09.020, who sign an Irrevocable Election Agreement electing to receive benefits under this section, will receive a monthly reimbursement by the city for retiree medical insurance premiums as described below.

- A. Tier 1.

Effective Plan Year 2017, retirees who qualify as Tier 1 pursuant to the applicable MOU will receive a city reimbursement for an amount up to \$1296 per month for retiree medical insurance premiums less the PEMHCA minimum and any Medicare supplement. If the retiree medical insurance premium is less than \$1296 per month, the retiree will only be reimbursed the amount of the actual premium less the PEMHCA minimum and any Medicare supplement.

For example, in 2017 the city's reimbursement amount is an amount up to \$1296 per month. If the retiree's medical benefit insurance premium is \$800 per month, the city's reimbursement will be \$800 per month less the PEMHCA minimum and any Medicare supplement.

- B. Tier 2.

Effective Plan Year 2017, current or former employees who qualify as Tier 2 pursuant to the applicable MOU will receive a city reimbursement for a proportionate amount up to \$1296 per month less the PEMHCA minimum and any Medicare supplement for retiree medical insurance premiums. The proportionate amount of reimbursement is based on total years of credited service

as defined in the following chart. If the retiree medical insurance premium is less than the amount the retiree is eligible to receive, the retiree will only be reimbursed the amount of the actual premium less the PEMHCA minimum and any Medicare supplement.

CITY TIER 2 VESTING SCHEDULE	
<u>Total Credited Years of Service</u>	<u>% of City Contribution</u>
10	50%
11	55%
12	60%
13	65%
14	70%
15	75%
16	80%
17	85%
18	90%
19	95%
20+	100%

For example, in 2017, the city's maximum reimbursement amount is \$1296 per month. A retiree with 10 years of credited service is eligible to receive a reimbursement amount of up to \$648 per month (50% of \$1296) less the PEMHCA minimum and any Medicare supplement. A retiree with 15 years of credited service is eligible to receive a reimbursement amount of up to \$972 per month (75% of \$1296) less the PEMHCA minimum and any Medicare supplement. If the retiree, with 15 years of credited service, has a medical benefit insurance premium of \$800 per month, the city's reimbursement will be \$800 per month less the PEMHCA minimum and any Medicare supplement.

For those opting to receive benefits under this Section 3.09.030 and effective January 1, 2018 and each subsequent January, the amount of the city's reimbursement will increase by 2%, rounded to the nearest dollar (for example, on January 1, 2018, the Tier 2 retiree with 10 years of service will qualify for a reimbursement of up to \$661 less the PEMHCA minimum and any Medicare supplement). Retirees are not eligible to receive any amount in excess of the actual retiree medical insurance premium. To receive and remain eligible for the city reimbursement, the retiree must be enrolled in a CalPERS health plan and subject to PEMHCA at all times.

3.09.040 Notice of amendment.

For any individual who has submitted a completed Irrevocable Election Agreement pursuant to Section 3.09.020, the city shall provide such individual with a minimum of 60 calendar days advance written notice of any proposed amendment to this chapter. Such notice shall be sent to the most recent known address of the individual on file with the city's Department of Human Resources. The notice shall contain a summary of the proposed changes to this chapter. Amendment or repeal of this Chapter 3.09 by the city council shall be exercised by an affirmative vote of at least four-fifths of the membership of the city council.

SECTION 2. This ordinance shall be effective thirty (30) days from the date of adoption.


SECTION 3. The City Clerk is hereby directed to cause this ordinance to be published in full at least once within fourteen (14) days after it is adopted in a newspaper of general circulation in the City, or shall within fourteen (14) days after its adoption cause this ordinance to be posted in full in at least three (3) public places in the City and enter in the Ordinance Book a certificate stating the time and place of said publication by posting.

PASSED AND ADOPTED by the Council of the City of Roseville this 3rd day of June, 2015, by the following vote on roll call:

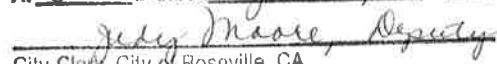
AYES	COUNCILMEMBERS:	Gore, Rohan, Herman, Roccucci, Garcia
NOES	COUNCILMEMBERS:	None
ABSENT	COUNCILMEMBERS:	None


MAYOR

ATTEST:


City Clerk

The foregoing instrument is the original ordinance, and has been published by posting in the following public places: Lobby of Clerk's Department, City Hall Entrance and Library.

At 3⁴⁵ O'Clock June 5, 2015

City Clerk, City of Roseville, CA