

TO: James L. App, City Manager
FROM: Meg Williamson, Assistant to the City Manager
SUBJECT: Employee Group Health Insurance Contract Renewal
DATE: September 20, 2005

NEEDS: For City Council to consider renewal of the City's Group Health Insurance Contract.

FACTS:

1. The City's one-year Health Insurance contract with Blue Cross will expire on September 30, 2005.
2. The renewal rates quoted by Blue Cross are 8.5% higher than the current contract.
3. All employee contracts require that any increase in health benefit premiums be shared proportionally, with the City covering 75% and the employee covering 25% of the premium increase. This increase would be in addition to what base premium share the employee is already paying.
4. The City's Health Committee met in September 2005 and recommended that the City Council renew its current Health Plan (PPO One) with Blue Cross.
5. Each employee bargaining group has endorsed renewal of the current Health Plan with Blue Cross consistent with the Health Committee's recommendation.

ANALYSIS &
CONCLUSION: The extension of the current health contract would continue the same level of employee coverage at a shared cost between employees and the City in accordance with employee contracts. The increased cost in the medical contract is consistent with trends in the health industry, our geographic area, and the City's "loss experience." The increased premium costs will cause both employer and employee costs to rise. All employee bargaining groups have endorsed continuation of the current health contract for another year.

POLICY
REFERENCE: Employee Group Contracts.

FISCAL
IMPACT: Cost of the health contract increase is within established budget parameters.

OPTIONS:

- a. Adopt Resolution No. 05-xx authorizing the City Manager to execute a contract with Blue Cross for medical coverage for one additional year;
- b. Amend, modify or reject the above option.

Attachments:

1. Resolution approving extended contract with Blue Cross

RESOLUTION NO. 05-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
AUTHORIZING RENEWAL OF EMPLOYEE GROUP
HEALTH INSURANCE PLAN CONTRACT

WHEREAS, the City's contract for health insurance is with Blue Cross and that contract expires on September 30, 2005; and

WHEREAS, Blue Cross has proposed a one year contract for the continuation of the PPO One (90/70) plan that will result in an 8.5% cost increase effective October 1, 2005; and

WHEREAS, the City's Health Committee has reviewed the proposal and recommends renewal of the Blue Cross PPO One contract; and

WHEREAS, all employee bargaining groups have endorsed the Health Committee's recommendation; and

WHEREAS, the cost sharing agreement within each employee group contract will require that the City of Paso Robles cover 75% and the Employee 25% of the 8.5% premium increase (with new employee shares being shown in Exhibit A);

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of El Paso de Robles that the City Manager shall execute a contract with Blue Cross for Health Insurance for the year commencing on October 1, 2005.

PASSED AND ADOPTED by the City of El Paso de Robles this 20th day of September 2005 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Frank R. Mecham, Mayor

ATTEST:

Sharilyn M. Ryan, Deputy City Clerk

Exhibit A
Share of Monthly Medical Premiums By Employee Group

September 20, 2005

P.O.A. - Police

For Blue Cross PPO One Plan:

| | |
|-----------------|----------|
| Employee Only | \$0 |
| Couple coverage | \$75.31 |
| Family coverage | \$119.83 |

I.A.F.F. Local 4148 - Firefighters Association

For Blue Cross PPO One Plan:

| | |
|-----------------|----------|
| Employee Only | \$0 |
| Couple coverage | \$75.31 |
| Family coverage | \$119.83 |

Unrepresented Confidential, Professional and Management

For Blue Cross PPO One Plan:

| | |
|-----------------|----------|
| Employee Only | \$0 |
| Couple coverage | \$75.31 |
| Family coverage | \$119.83 |

S.E.I.U. Local 620 - Service Employees

For Blue Cross PPO One Plan:

| | |
|-----------------|---------|
| Employee Only | \$0 |
| Couple coverage | \$46.38 |
| Family coverage | \$71.83 |