



Legislation Text

File #: DIS 19-128, **Version:** 1

Discussion of issues relating to proposed changes to the retiree health insurance policy.

Summary:

It is proposed that the City adjust its retiree health program for future employees effective in the next few months. It is important to note that current employees will not be negatively impacted by these changes. The reasoning for these changes is to clarify existing policy language, to establish retiree health options for mid-career staff and to assist in preparation of newly mandated Other Post-Employment Benefits (OPEB) liability reporting.

As proposed, beginning next month for existing employees with between 10 and 19 years of Deer Park service there is an added option for retiree health coverage with a city premium subsidy at either the 25% or 50% of premium cost level.

New TMRS-eligible employees hired on or after January 1, 2020 will be eligible to participate in applicable city medical plans at retirement but there will be no city funding towards employee/retiree or dependent premium costs.

Criteria for eligibility for city subsidy with retiree health coverage:

1. Employees hired before January 1, 2020 in a TMRS-eligible position with 20 years of City of Deer Park service and an attained age of 55 and whose age when added to years of service equals or exceeds the sum of 80, can participate in the city's retiree medical insurance coverage with a contribution by the city, which equates to 75% of the existing retiree rate. (This is in existing policy).
2. Employees hired before January 1, 2020 in a TMRS-eligible position with 25 years of City of Deer Park service and are TMRS retirement eligible can participate in the city's retiree medical insurance coverage with a contribution by the city, which equates to 75% of the existing retiree rate (This is in existing policy).
3. Employees hired in a TMRS-eligible position with the city of Deer Park prior to January 1, 2020 and having at least 10 but less than 15 years of service with the city, an attained age of 60, and are TMRS retirement eligible; can participate in the city's retiree medical insurance coverage with a contribution by the city which equates to 25% of the existing retiree rate. TMRS-eligible employees hired prior to January 1, 2020 and having 15 - 19 years of service with the city, an attained age of 60 and are TMRS retirement eligible, are eligible to participate with a contribution by the city, which equates to 50% of the existing retiree rate (This is a new addition to the policy).

To reiterate no current employees will be negatively impacted by these changes. In fact, employees will now have an additional option if they have 10-19 years of service (see number 2 above).

We realize this is a lot of information in a condensed form. As you have questions, we would ask you

to direct those to human resources personnel.

Fiscal/Budgetary Impact:

Cost would be based on the actual number of retirees in the new group discussed in #3 above, which could range between \$0 -34k annually.

Discuss recommended changes