

Memorandum No. 10-53

TO: Mayor and City Commissioners
FROM: Doug Russell, City Manager DR
RE: Union Contract – Retiree Insurance
DATE: April 8, 2010

As part of the approved contract with the Union, a modification was made to the current practice of including retirees on the health insurance program. Currently, retirees are allowed to be included on the City's health insurance plan with the City contributing 50% of the premium, in accordance with the guidelines of an executive policy statement dated December 22, 1992, and attached to this memorandum.

This policy has been in question due to the costs of insurance payments for non-employees and higher overall premium costs for the organization. In fact, several of the health quotes we received last year would have precluded any new retirees from joining the program if they had been awarded the bid.

Through the negotiation process, the insurance program for retirees was removed, with an agreement that no new retirees would be allowed to join the City's health insurance policy after January 1, 2014.

This current policy does not exist in the employee benefit manual but was enacted originally by a resolution in 1965, and reinstated by policy in 1992. This policy is also dependent upon the health insurance carrier, and future recommendation of health plans by the newly formed Health Insurance Committee. Therefore enacting the modification can be done not by adjusting the personnel manual, but rather by enacting the attached resolution.

Recommendation: It is recommended that the City Commission approve Resolution#10-14, in accordance with the previously completed negotiation process with the Collective Bargaining Unit, according to the following terms:

1. The Health Insurance Policy for Retirees as identified in executive policy statement dated December 22, 1992, will remain in effect for employees retiring up to January 1, 2014. Following that date, no new retirees shall be admitted into the program.
2. Following January 1, 2014, participants on the program will continue to be allowed to participate according to the terms of the statement dated December 22, 1992.
3. As stated in the December 22, 1992 document, the City has the right to discontinue this policy at such time as the City's health insurance carrier does not allow insurance for retirees or non-employees or, by further City Commission action.

RESOLUTION #10-14

WHEREAS, the City has recently completed negotiations on the collective bargaining agreement with its employee labor union, and

WHEREAS, the removal of the retiree health insurance program identified in executive policy statement dated December 22, 1992, was part of the negotiation process.

NOW, THEREFORE, BE IT RESOLVED by the City Commission of Yankton, South Dakota, that:

1. The Health Insurance Policy for Retirees as identified in executive policy statement dated December 22, 1992, will remain in effect for employees retiring up to January 1, 2014. Following that date, no new retirees shall be admitted into the program.
2. Following January 1, 2014, participants on the program will continue to be allowed to participate according to the terms of the statement dated December 22, 1992.
3. As stated in the December 22, 1992 document, the City has the right to discontinue this policy at such time as the City's health insurance carrier does not allow insurance for retirees or non-employees or, by further City Commission action.

Adopted:

Dan Specht
Mayor

Attest:

Al Viereck
Finance Officer

City of Yankton Health Insurance Policy for Retirees

Any retiree of the City of Yankton may continue with the City's health insurance group until he or she reaches the age of eligibility for Medicare. In addition, the City will pay 50% of the premium for any employee who has a minimum of 15 years' service and who has been insured through the City's group health insurance for a minimum of 5 years. A retiree's spouse may also be continued on the group policy until eligible for Medicare with the City paying half of the premium. The spouse must be added to the group prior to retirement. No other dependents may be carried on the group after retirement. Any dependents discontinued upon retirement are not eligible for COBRA benefits if the retiree remains with the group.

All premiums for retirees are due and payable to the City of Yankton at least sixty (60) days in advance of coverage. Billing notices shall not be mailed after the first premium upon retirement. However, late notices shall be sent on or about the 20th of the month with termination scheduled for the first day of the following month. If payment is not received by the first of the month, a certified letter will be sent indicating if payment for two months is not received within ten days, final coverage will be the last day of the current month. The City may cancel any membership when premiums are overdue more than thirty (30) days and canceled membership shall not be reinstated at any time. Such persons are not eligible for COBRA benefits.

This policy is in line with Resolution 615 adopted by the City Commission on November 22, 1965, in conjunction with SDCL 9-14-35, and will be reinstated effective January 1, 1993. The City has the right to discontinue this policy at such time as the City's health insurance carrier does not allow insurance for retirees or non-employees or, by further City Commission action.

December 22, 1992



City Manager



Finance Officer