



ADMINISTRATIVE SERVICES DEPARTMENT

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CITY COUNCIL STAFF REPORT

Meeting: October 20, 2020

Subject

Adopt a resolution increasing the employer's contribution for medical and hospitalization insurance consistent with the Meyers-Geddes State Employees Medical and Hospital Care Act for the Unrepresented (Management and Confidential), Cupertino Employees' Association (Employees Association), Operating Engineers, Local Union No. 3 (Operating Engineers), Appointed (City Attorney and City Manager), Elected Official groups and retired annuitants.

Recommended Action

Adopt the draft resolution increasing the employer's contribution for medical and hospitalization insurance for employees under the Unrepresented, Cupertino Employees' Association, Operating Engineers, Local union No. 3, Appointed, Elected Officials, and retired annuitant groups.

Discussion

Each year, CalPERS requires public agencies to notify them of any employer health contribution increase/decrease by an adopted resolution by City Council. Health Premium Adoption of the attached resolution fulfills reporting requirements associated with the Meyers-Geddes Act that "a contracting agency shall perform the functions necessary to enroll its employees and submit reports as may be required by the board."

On July 16, 2019, City Council approved a three-year Memorandum of Understanding (MOU) that extends through June 30, 2022, for Cupertino Employees' Association and the Operating Engineers, Local Union No. 3 groups. The MOU's include an increase in the City's health contribution for employee medical insurance effective January 1, 2021, as shown below:

- Employee Only - \$891.32/month
- Employee plus one dependent - \$1,515.24/month
- Employee plus 2 or more dependents - \$1,969.81/month

The same benefit has been extended to the Unrepresented, Appointed, Elected Official, and Retiree Annuitant groups.

Retiree Annuitants – Retirees hired prior to August of 2004 are eligible for the above City monthly health contributions. Retirees hired after August of 2004 are under the 100/90 Vesting Requirement which was adopted by Cupertino City Council on July 6, 2004. Effective January 1, 2021 the 100/90 Vesting Requirement for City health contributions for Retired Annuitant will increase as follows:

- Retiree Only - \$798.00/month
- Retiree plus one dependent - \$1,519.00/month
- Retiree plus 2 or dependents - \$1,937.00/month

Retiree Annuitants who reach age 65 and are Medicare eligible, are placed in the CalPERS Supplement/Managed Medicare health program. Under this program, Medicare becomes primary for health coverage, therefore, reducing the City's health contribution premiums by approximately 60%. For example, 2021 Retiree Kaiser under the CalPERS Basic Plan is \$813.64 per month whereas the CalPERS Medicare Kaiser Senior Advantage premium is \$324.48 per month.

Health Premium Adoption of the attached resolution fulfills CalPERS reporting requirements associated with the Meyers-Geddes Act.

Sustainability Impact

No sustainability impacts.

Fiscal Impact

This will increase the City's retiree annuitant medical contribution by approximately \$12,585.00 in Fiscal Year 2020-21. No budget adjustments are requested because the cost was factored in when calculating salary and benefit costs for the fiscal year.

Prepared by: Vanessa Guerra, Human Resources Manager

Reviewed by: Kristina Alfaro, Director of Administrative Services

Approved for Submission by: Dianne Thompson, Assistant City Manager

Attachments:

A – Draft Resolution