

SACRAMENTO RETIRED CITY EMPLOYEES ASSOCIATION

7.1

Don Sperling

November 20, 2000

Mayor and City Council Members in Session:

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My name is Don Sperling. I am the President of the Sacramento City Retired Employees Association. I know that it is unusual to speak in support of an item on the consent calendar. However, adoption of the contract with Stationary Engineers Local 39 will have a significant impact on the members of our retirees' association.

We understand that the agreement calls for a ballot measure in November 2001 to amend the City Charter provisions governing the SCERS Retirement System. For those active City employees who are now members of SCERS, their retirement benefits would be equalized to the PERS Retirement System (or 2% of salary at age 55 based on one year's final compensation).

There are now about 368 active City employees in this group. We have no objection and would support the proposal, even though the City Manager has advised us that it would be too costly to treat current SCERS retirees in a similar fashion.

However, all of us need to be acutely aware that this measure will take up a significant portion of the current surplus in the SCERS System. We believe that actuarial studies have estimated that this is a major cost factor.

The second provision of the Charter Amendment would increase the City contribution for retiree health insurance. This is the critical issue I would like to address in a moment.

The third provision calls for an additional employer pick-up of the employee member's retirement contribution. I am not certain what that means exactly.

Our Association now includes retirees who are members of the SCERS and PERS Systems. They are from the Public Safety and Miscellaneous categories.. Some are surviving spouses or beneficiaries.

As of June 30, 2000 there were 1574 people in this retired group. Then there are 368 active employees who are also in SCERS. Thus, there are a total of 1,942 SCERS participants today. The City Council members need to know that the average annual SCERS pension for Miscellaneous members is \$14,386 per year. I repeat \$14,386 per year. For Public Safety Retirees, it is \$21,714.

Last month all retirees received a notice in the mail from the City that Health and Dental Insurance premiums will increase effective January 1, 2001. These increases range from 6.9% to 92.4%. At the same time the City Manager has advised us that he is not recommending any increase in the City's \$150 per month contribution to retiree health benefits. Our Association submitted a formal request last June that retirees be given an additional amount equal to the highest paid City-Sponsored health insurance for a single coverage. Fire Safety Retirees will be receiving \$206.94 per month due to the Local 522 Firefighters Agreement.

Under 7.1

Page 2

With the exception of Fire Safety Retirees, the City's contribution has remained unchanged at \$150 per month since 1993. Since 1993! Health costs have soared during this period. Next year for retirees over age 65 who are covered by Medicare, there will be an increase of \$50 per month. This represents an added "out of pocket" cost not eligible for reimbursement under the City's health contribution. For eight years, we have asked for City help and have been rejected eight times. When the City faced difficult financial times in the early 1990's, we understood the need for everyone to sacrifice - the City, the employees and retirees. Now we are being told to wait until 2002 after a Special November Election next year to amend the SCERS provisions of the City Charter.


We find this troubling for several reasons. For one thing, Health and Dental Benefits are not now in the City Charter, but rather are an annual budget item. Some retirees are PERS members and not affected by any SCERS Charter amendment.

In our discussions with council members, virtually everyone has expressed sympathy and concern for those at the lowest retirement levels. A flat dollar amount increase in health benefits would immediately help the least fortunate the most. In addition, the City's health contribution trails the contributions of the County of Sacramento, SHRA, the State of California, Sacramento City Unified School District, and SMUD.

I would now like to distribute to the council four exhibits detailing the data I have discussed. Again, I would respectfully renew our request to the City Council to provide a flat increase of its monthly health benefit contribution for retirees.

Thank you for your consideration.

Respectfully,



Donald Sperling, President
Sacramento City Employees Retirement Association

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Exhibit I

CITY CONTRIBUTION: Effective January 1, 2001, the City's contribution toward retiree health and dental insurance premiums will be as follows:

- Retirees and Beneficiaries represented by Firefighters' Local 522 - The maximum monthly City contribution for health insurance will increase from \$180.38 to \$206.94.
- All Other Retirees and Beneficiaries - The maximum monthly City contribution for health insurance will remain at \$150.00.
- The maximum monthly City contribution for dental insurance premiums will increase from \$21.02 to \$22.06 for all retirees and beneficiaries.

PREMIUM RATES: Insurance premiums will increase effective January 1, 2001. The current and new premium rates are provided below:

	<u>CURRENT</u>	<u>JANUARY 2001 RATES</u>	<u>CHANGE</u>	<u>%</u>
HEALTH NET HMO				
Retiree Only	\$180.38	206.94	+ \$26.56	14.7%
Retiree+1 Dependent	385.98	413.88	+ \$27.90	6.9%
Retiree+2 or More Dependents	503.40	550.46	+ \$47.06	9.3%
Retiree Medicare Supplement COB	177.06	206.94	+ \$29.88	16.9%
Retiree Medicare Seniority Plus	98.58	114.12	+ \$15.54	15.8%
FLEX NET Fee-For-Service (out-of-area plan)				
Retiree Only	180.38	206.94	+ \$26.56	14.7%
Retiree+ 1 Dependent	385.98	413.88	+ \$27.90	6.9%
Retiree+2 or More Dependents	503.40	550.46	+ \$47.06	9.3%
Retiree Medicare Supplement COB	177.06	206.94	+ \$29.88	16.9%
KAISER				
Retiree Only	196.46	210.30	+ \$13.84	7.0%
Retiree+1 Dependent	392.92	420.60	+ \$27.68	7.0%
Retiree+2 or More Dependents	522.60	559.42	+ \$36.82	7.0%
Retiree Medicare Supplement	155.36	191.22	+ \$35.86	23.1%
Retiree Medicare Senior Advantage	50.86	97.86	+ \$47.00	92.4%
DELTA DENTAL				
Retiree Only	31.26	31.26 (no change)		
Retiree+1 Dependent	58.88	58.88 (no change)		
Retiree+2 or More Dependents	108.56	108.56 (no change)		
BLUE SHIELD DENTAL				
Retiree Only	21.02	22.06	+ \$1.04	4.9%
Retiree+1 Dependent	39.60	41.58	+ \$1.98	5.0%
Retiree+2 or More Dependents	54.96	57.72	+ \$2.76	5.0%

Completed Open Enrollment forms must be received in this office by 5:00 p.m., Friday, December 1, 2000. The effective date of insurance changes is January 1, 2001. To obtain open enrollment forms or insurance plan brochures, contact this office or call (916) 264-5665.

CITY OF SACRAMENTO

RETIREE PREMIUM CONTRIBUTION INFORMATION

Eligible City Retiree's only or Survivor Dependents Health and Dental Insurance receive Monthly Premium Contributions by the City of Sacramento. Prior to July 1, 1991 the City's contribution was based on the lowest monthly premium of a City-Sponsored Health Plan available to a Retiree, **For All Retirees.**

Since July 1, 1993 , Only Local 522 Fire Safety Retiree's (ie. Firefighters, Engineers, and Captains) Health Insurance contribution is based on the lowest monthly premium of a City-Sponsored Plan that is available to Retirees. All Other Retiree's receive a flat City Contribution as shown below.

HEALTH INSURANCE CONTRIBUTIONS

<u>Period</u>	<u>All Other</u>	<u>Fire Safety</u>
Prior to 10/1/90	\$105.96	\$105.96
10/1/90 – 6/30/91	122.74	122.74
7/1/91 – 6/30/92	140.00	?
7/1/92 – 6/30/93	150.00	152.18
7/1/93 – 6/30/94	150.00	164.94
7/1/94 – 6/30/95	150.00	133.66
7/1/95 – 6/30/96	150.00	133.66
7/1/96 – 6/30/97	150.00	137.88
7/1/97 – 6/30/98	150.00	140.30
7/1/98 – 12/31/98	150.00	143.46
1/1/99 – 12/31/99	150.00	149.74
1/1/00 – 12/31/00	150.00	180.74
1/1/01- 12/31/01	150.00	206.94

DENTAL INSURANCE – ALL RETIREES

Since July 1, 1985, the City's Contribution is the lowest premium of a City-Sponsored Dental Plan that is available to its Retirees.

CITY OF SACRAMENTO
HEALTH & DENTAL INSURANCE PREMIUMS
IMPACT OF JANUARY 1, 2001
HEALTH INSURANCE RATE CHANGES

Example: Retiree and Spouse both over 65 years of age, with Medicare

<i>Coverage</i>	<i>Current Rate</i>	<i>Jan 1, 2001 Rate</i>	<i>\$ Increase</i>	<i>% Increase</i>
Health Net-Retiree	\$177.07	\$206.94	\$29.88	
Dependent	<u>177.07</u>	<u>206.94</u>	<u>29.88</u>	
Sub-Total	\$354.12	\$413.88	\$59.76	+16.9%
Dental-Retiree + 1 Dep.	<u>\$58.88</u>	<u>\$58.88</u>	<u>-0-</u>	-
Total Monthly Premium	\$413.00	\$472.76	\$59.76	+14.5%
City Contribution:				
Health	\$150.00	\$150.00	-0-	
Dental	<u>21.02</u>	<u>22.06</u>	<u>\$1.04</u>	+4.9%
Total City Contribution	<\$171.02>	<\$172.06>	<\$1.04>	
Net Monthly Premium Cost	\$241.98	\$300.70	\$58.72	+24.3%
Plus Medicare Cost	<u>\$91.00</u>	<u>\$100.00</u>	<u>\$9.00</u>	+9.8%
OUT-OF POCKET COST				
Total Monthly Cost	\$332.98	\$400.70	\$67.72	+20.3%
Total Annual Cost	\$3,995.76	\$4,808.40	\$812.64	

November 20, 2000

PUBLIC ENTITY'S CONTRIBUTION TOWARDS RETIREES MEDICAL & DENTAL PROGRAMS FOR YEAR-2000

(11/1/00)

ENTITY	CITY OF SACRAMENTO	COUNTY OF SACRAMENTO	SHRA	STATE OF CALIFORNIA	SACRAMENTO CITY SCHOOLS	SMUD
YEARS OF SERVICE FOR MAXIMUM CONTRIBUTION	Misc/Police 20yrs Fire 12 yrs	25years	5 years	20 years	10 years	20 years
RETIREE'S BENEFIT -						
GROUP HEALTH(per Month)	Fire - \$180.38 All Other-\$150.00	\$187.00 (7/1/00) \$167.00 (7/1/99)	Mgmt-\$524.00 Sup/Conf-\$503.00 Maint.-\$477.00 Tech.-\$360.00	Retiree-\$201.00 Retiree +1-\$382.00 Retiree +2-\$488.00	Teachers-\$293.00 Classified, Mgmt, Mgmt - \$184.00	Retiree - 100% of Sponsored Plan up to \$408.
DENTAL(per Month)	\$21.02	\$28.43	Included in Max	Retiree-\$30.77 Retiree+1-\$55.60 Retiree+2-\$81.38	Optional	Retiree & Dependent-100%
VISION	-0-	-0-	-0-	-0-	Optional	-0-
SS MEDICARE PREM \$45.50	-0-	-0-	(1)	(1) ¹	-0-	-0-
LIFE INSURANCE	-0-	-0-	Included in Max	-0-	Optional	-0-
RETIREE'S SPOUSE -	None	None	Included in Max	Yes	None	85% of highest or 90% of lowest premium
RETIREE'S DEPENDENTS -	None	None	None	Yes	None	Yes
SURVIVING SPOUSE -	Same as Retiree	Same as Retiree	Same as Retiree	Same as Retiree	Same as Retiree	Same as Retiree

¹ Entity will reimburse Medicare Insurance cost for retirees and spouses over age 65 as long as the total amount for their coverage does not exceed max. contr.