



**DATE:** November 17, 2020

**TO:** Mayor and City Council

**FROM:** Assistant City Manager

**SUBJECT:** Adopt a Resolution Establishing the City Contribution for Active and Retiree Medical Premiums Set by the California Public Employee Retirement System (CalPERS) for Calendar Year 2021 Pursuant to California Government Code Section 22892 of the Public Employees' Medical and Hospital Care Act

**RECOMMENDATION**

That Council adopts a resolution (Attachment II) authorizing the implementation of the mandatory minimum employer contributions to active and retiree medical premiums for calendar year 2021.

**SUMMARY**

The minimum employer contribution to the health premiums of active and retired employees has increased to \$143.00 for calendar year 2021. This contribution amount is adjusted annually by CalPERS. The City's current contributions toward medical premiums exceeds this amount.

**BACKGROUND AND DISCUSSION**

The City contracts with CalPERS to provide quality medical benefits to its active and retired employees. California Government Code Section 22892 of the Public Employees Medical and Hospital Care Act (PEMHCA) establishes the minimum employer medical contribution. The CalPERS Board annually adjusts the employer contribution to reflect any change in the Medical Care Component of the Consumer Price Index, rounded to the nearest dollar. The table below shows the minimum employer contribution required by CalPERS for the last six years, and the 2021 rate:

Calendar Year	Employer Contribution
2015	\$122.00
2016	\$125.00
2017	\$128.00
2018	\$133.00
2019	\$136.00
2020	\$139.00
2021	\$143.00

This action is necessary to meet the requirement that the governing body adopt a resolution agreeing to the minimum contribution amount established by CalPERS.

The City currently contributes to medical premiums in accordance with the terms of the existing agreements with each of the bargaining units, based on the medical plan and family status employees elect and for which they are eligible. For both active employees and eligible retirees, the total amount the City contributes towards medical benefit premiums exceeds the statutory minimum contribution required by CalPERS.

### **FISCAL IMPACT**

This action is for administrative purposes only. There is no fiscal impact associated with this report because the City's current contribution toward employee medical premiums as provided for in applicable Memoranda of Understanding has already been established and this action does not provide an increase to the current total City contribution towards medical premiums.

### **STRATEGIC ROADMAP**

This agenda item is a routine operational item and does not relate to any of the six priorities outlined in the Council's Strategic Roadmap.

### **NEXT STEPS**

The change in the PEMHCA minimum will be reflected in the City's Benefits Summary effective January 1, 2021.

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*Recommended by:* Maria A. Hurtado, Assistant City Manager

Approved by:



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Kelly McAdoo, City Manager