



**DATE:** November 19, 2019

**TO:** Mayor and City Council

**FROM:** Assistant City Manager/Interim HR Director

**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 2020 pursuant to California Government Code Section 22892 of the Public Employees' Medical and Hospital Care Act

**RECOMMENDATION**

That the City Council adopts a Resolution (Attachment II) authorizing the implementation of the mandatory minimum employer contributions to active and retiree medical premiums for calendar year 2020.

**SUMMARY**

The minimum employer contribution to the health premiums of active and retired employees has increased to \$139.00 for calendar year 2020. This contribution amount is adjusted annually by CalPERS.

**BACKGROUND AND DISCUSSION**

The City contracts with CalPERS to provide quality health 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 health 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 2020 rate:

Calendar Year	Employer Contribution
2014	\$119.00
2015	\$122.00
2016	\$125.00
2017	\$128.00
2018	\$133.00
2019	\$136.00
2020	\$139.00

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 between each of the bargaining units, based on the health plan and family status employees elect and for which they are eligible.

For both retirees and active employees, the total amount the City contributes towards medical benefit premiums exceeds the statutory minimum contribution of \$139.00 as 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 INITIATIVES**

This agenda item is a routine operational item and does not relate to one of the City Council's Strategic Initiatives.

### **NEXT STEPS**

The change in the PEMHCA minimum will be reflected in the City's Benefits Summary effective January 1, 2020.

*Prepared by:* Anthony Phillip, Human Resources Analyst II

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

Approved by:



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Kelly McAdoo, City Manager