



**DATE:** November 27, 2018

**TO:** Mayor and City Council

**FROM:** Director of Human Resources

**SUBJECT:** Adoption of a Resolution Establishing the City Contribution for Active and Retiree Medical Premiums Set by the California Public Employee Retirement System (CalPERS) for Calendar Year 2019 pursuant to California Government Code Section 22892 of the Public Employees Medical and Hospital Care Act

### **RECOMMENDATION**

That the City Council approves the attached resolution (Attachment II) authorizing the implementation of the mandatory minimum employer contributions to active and retiree medical premiums for calendar year 2019.

### **SUMMARY**

The minimum employer contribution to the health premiums of active and retired employees has increased to \$136 dollars per month for calendar year 2019. This contribution amount is adjusted annually by CalPERS. The City's current contribution exceeds this amount.

### **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 per month required by CalPERS for the last six years, and the 2019 rate:

<b>Calendar Year</b>	<b>Monthly Employer Contribution</b>
2013	\$115.00
2014	\$119.00
2015	\$122.00
2016	\$125.00
2017	\$128.00
2018	\$133.00
2019	\$136.00

This action is necessary to meet the requirement that the governing body annually 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 required by CalPERS.

### **FISCAL IMPACT**

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 budgeted for; this action is for administrative purposes only and does not increase the current 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, 2019.

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

*Recommended by:* Nina S. Collins, Director of Human Resources

Approved by:

A handwritten signature in black ink, appearing to read 'Kelly McAadoo', written over a horizontal line.

Kelly McAadoo, City Manager