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DEPARTMENT OF  
PERSONNEL

EMPLOYEE SERVICES DIVISION

CITY OF SACRAMENTO  
CALIFORNIA

801 NINTH STREET  
ROOM 110  
SACRAMENTO, CA  
95814-2693

916-449-5665

DONNA L. GILES  
DIRECTOR OF  
PERSONNEL

June 4, 1987

Budget and Finance Committee  
Sacramento, California

Honorable Members in Session:

SUBJECT: Proposed Enrollment of Retirees and Beneficiaries in City-sponsored  
Group Health Insurance Plans

Summary.

The Sacramento Retired City Employees' Association has requested the City Council to approve an "open enrollment" period for retired employees and beneficiaries who are not currently covered by a City-sponsored group health insurance plan (See Attachment 1). On June 2, 1987, the City Council referred this item to the Budget and Finance Committee for consideration during FY 1987-88 budget hearings.

Background.

In June, 1977, the City Council approved a one-time enrollment period for all retirees/beneficiaries who were not enrolled in a City-sponsored group health insurance plan. At the same time, the City Council established that retirees/beneficiaries receive a City-paid monthly contribution equivalent to the old Blue Cross-Travelers Health Plan B single rate.

Subsequent to this one-time enrollment period, all retirees and beneficiaries are briefed on health plan benefits at retirement or when a beneficiary starts to receive benefits.

Discussion.

A major tenet of the design of group health plans is that such plans should be protected against "adverse selection". By definition, "adverse selection" means that a prospective plan member, who has a pre-existing medical condition, will incur large claims which will result in rate increases for all plan members.

To alleviate the impact of "adverse selection", retirees and beneficiaries, who are not currently enrolled in a City-sponsored group health plan, should be required to provide evidence of medical insurability. The Travelers Insurance Company, which provides the City's indemnity health plan, requires such prospective plan members to complete a short personal medical history to determine insurability.

Fiscal Impact.

The 1987-88 fiscal impact of providing City-paid benefits for retirees/beneficiaries, who are not covered by a City group health plan, will be \$784.32 per person (\$65.36 monthly premium X 12 months). In a recent survey conducted by the Sacramento Retired City Employees' Association, it was determined that 27 retirees would be interested in receiving group health insurance benefits through a special enrollment process. The estimated FY 1987-88 cost for these 27 retirees would be \$21,177.

Recommendation.


It is recommended that the Budget and Finance Committee approve a one-time enrollment of non-participating retirees and beneficiaries into a City-sponsored group health plan, subject to the following:

1. Individuals show evidence of medical insurability by satisfactory completion of a personal medical history form (if required), or by a written statement from the individual's physician; and
2. The effective date for insurance coverage be September 1, 1987, which coincides with the effective date for changes made by employees during the City's normal group plan "open enrollment" period.


Respectfully submitted,

  
Richard E. Snyder  
Employee Services Manager

RECOMMENDATION APPROVED:

  
Donna L. Giles, Director of Personnel

RECOMMENDATION APPROVED:

  
Jack R. Crist, Deputy City Manager

Attachment:

All Districts  
June 16, 1987

# SACRAMENTO RETIRED CITY EMPLOYEES' ASSOCIATION

City Council  
City of Sacramento  
City Hall  
9th and Eye Streets  
Sacramento, CA 95814

Honorable Members in Session:

The Sacramento Retired City Employees' Association respectfully requests that the City provide an open enrollment period for health insurance for those retired employees of the City who are not currently covered by a City sponsored health insurance plan. It is assumed that the surviving spouses or other beneficiaries of these retired employees, so long as they are receiving continued benefits from a City sponsored retirement plan, will also be covered by this request.

In response to several inquiries regarding the availability of City sponsored health insurance, a recent survey was conducted of the approximately 218 retirees not currently covered by a City sponsored health insurance plan. Of these, 27 responded that they were very interested in receiving such health insurance.

Estimated annual cost to the City for the fiscal year 1987-88 for these 27 retirees would be \$21,177.00. This is based on a City contribution of \$65.36 per month for each retiree.

On October 24, 1977 the City Council approved an open enrollment for those retirees not then receiving health insurance as sponsored by the City of Sacramento.

Sacramento County has provided such an open enrollment period in 1980, 1982 & 1984. They are also anticipating an open enrollment period in 1988.

The State of California provides such an open enrollment period for eligible PERS retirees every September.

*It is respectfully requested that this matter be referred to the appropriate Council Committee for report and recommendation. It is further requested that when this matter is referred back to the City Council that favorable consideration be given to implementation of this proposal and beginning in the fiscal year of 1987-1988.*

*Respectfully submitted*

*Osborne Granseth*

*Osborne Granseth, President  
Sacramento Retired City Employees' Association  
95 - 46th Street  
Sacramento, CA 95819  
(916) 455-8293*

An annual cost analysis conducted by staff would have similar benefits except possibly the reduction of public suspicion that certain fees are higher than warranted. Unfortunately, staff resources and expertise necessary for such an analysis are not available.

A cost analysis of the fees and charges conducted by an independent consultant and annually adjusted by a predetermined indexing method by staff would be less expensive. The consultant would provide working computer models or, at a minimum, the methodology for fee and charge cost analyses. The consultant would also provide the appropriate indexing method for interim fee and charge adjustments between analyses.

A fee and charge cost analysis conducted by an independent consultant may result in the identification of services the City does not presently impose any fees or charges for and also suggestions for new fees and charges. For example, the City does not presently recover the emergency response costs from drivers operating their vehicles under the influence of alcohol or drugs.

#### FINANCIAL ANALYSIS

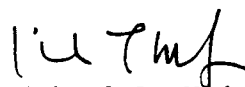
A fee and charge cost analysis by itself will not result in a change in the City's revenue. However, it will provide the data necessary to determine fees and charges that could be adjusted to increase revenue. Other cities that have had independent consultants conduct cost analyses have experienced significant revenue increases ranging from several hundred thousand to several million dollars.

The fee and charge cost analysis will be a General Fund expense.


#### RECOMMENDATION

It is requested that the Budget and Finance Committee recommend the City Council adopt the resolution in the attached report authorizing staff to issue a Request for Proposals to conduct a cost analysis of City fees and charges, excluding the charges for utility enterprise fund services.

Respectfully submitted,

  
Michael L. Medema  
Revenue Officer

RECOMMENDATION APPROVED:

  
JACK R. CRIST  
Deputy City Manager

Attachment

All Districts  
June 16, 1987



DEPARTMENT OF  
FINANCE  
  
REVENUE DIVISION

CITY OF SACRAMENTO  
CALIFORNIA

CITY HALL  
ROOM 104  
915 I STREET  
SACRAMENTO, CA  
95814-2696

June 3, 1987  
RD:871160-ADM:MLM:ldm

916-449-5454

City Council  
Sacramento, California

Honorable Members in Session:

SUBJECT: FEE AND CHARGE COST ANALYSIS

SUMMARY

The Budget and Finance Committee recommends that the City Council adopt the attached resolution authorizing staff to issue a Request for Proposals to conduct a cost analysis of City fees and charges, excluding the charges for utility enterprise fund services.

DISCUSSION

The attached staff report discusses the benefits that will accrue from a fee and charge cost analysis. These include: assured compliance with the mandates of State Constitution Article XIIIB (Proposition 4); reduction of public suspicion that fee and charge revenues exceed the costs of providing services; identification of the amount of public subsidy of certain programs; the elimination or justification of variances of fees and charges by different departments for the same or similar services; and the identification of programs or services offered that could be but are not presently assessed a fee or charge. The cost analysis may also result in increased revenue via higher fees.


RECOMMENDATION

The Budget and Finance Committee recommends that the City Council adopt the attached resolution authorizing staff to issue a Request for Proposals to conduct a cost analysis of City fees and charges, excluding the charges for utility enterprise fund services.

RECOMMENDATION APPROVED:

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WALTER J. SLIPE, City Manager

Respectfully submitted,

  
Michael L. Medema  
Revenue Officer

Attachment

June 23, 1987  
All Districts