



**CITY OF HEMET
Hemet, California
RESOLUTION NO. 4198**

**A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF HEMET, CALIFORNIA,
AMENDING THE RETIREE HEALTH INSURANCE POLICY FOR ADDITIONAL
CLARIFICATION**

WHEREAS, the City has previously adopted a Retiree Health Insurance Policy which was effective July 24, 1990;

WHEREAS, by means of Resolutions No. 3209, adopted March 13, 1996 and No. 3317, adopted July 29, 1997, the City Council secured the retiree health insurance benefits for employees hired prior to July 24, 1990;

WHEREAS, by means of Resolution No. 3349, adopted April 14, 1998, the City amended its Retiree Health Insurance Policy effective January 1, 1998;

WHEREAS, by means of Resolution No. 4190, adopted November 27, 2007, the City again amended its Retiree Health Insurance Policy effective October 31, 2007 (the "Policy Amendment");

WHEREAS, the July 24, 1990 policy, the January 1, 1998 policy and the Policy Amendment all contain provisions for its amendment;

WHEREAS, since the City adopted the Policy Amendment it has become necessary to make a minor modification for purposes of clarification as to the Medicare-supplemental health insurance benefits for City employees who were hired after July 24, 1990 but retired before October 31, 2007;

WHEREAS, by this Resolution, the City now desires to revise the Policy Amendment by modifying the language of Section VI.B.2. to read as follows: "The City will pay 100% of the premium for any available Medicare-supplemental plan for Group 2 Retirees, Group 3 Retirees (provided the Group 3 Retiree qualifies for 100% retiree health insurance benefits, as explained in Section III.C. of this Policy) and retired Group A Employees"; and

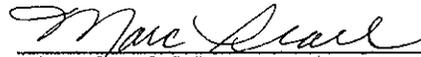
WHEREAS, the City has met and conferred with all employee bargaining units regarding this revision to the Policy Amendment.

NOW, THEREFORE, BE IT RESOLVED:

The Policy Amendment, in full and as revised with the modification to Section VI.B.2, attached hereto as Exhibit "A" is adopted effective October 31, 2007.

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APPROVED, PASSED, AND ADOPTED this 8th day of January, 2008



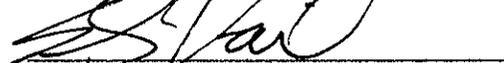
Marc Searl, Mayor

ATTEST:



Stephen B. Clayton, City Clerk

APPROVED AS TO FORM:



Eric S. Vail, City Attorney

1 State of California)
County of Riverside)
2 City of Hemet)

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4 I, Sarah McComas, Deputy City Clerk of the City of Hemet, do hereby certify that the foregoing
5 Resolution is the actual Resolution adopted by the City Council of the City of Hemet and was
6 passed at a regular meeting of the City Council on the 8th day of January 2008 by the following
7 vote:

8 AYES: Council Members Lowe, McBride and Mayor Searl
9 NOES:
10 ABSTAIN: Council Member VanArsdale
11 ABSENT: Vice Mayor Christie

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Sarah McComas, Deputy City Clerk

Revised: January 8, 2008
Effective: October 31, 2007

CITY OF HEMET
AMENDMENT TO RETIREE HEALTH INSURANCE POLICY

I. PURPOSE

This policy is intended to amend and clarify, in portion, (1) the Retirement Benefits policy previously adopted by the City Council which was placed into effect July 24, 1990 (hereinafter referred to as the "1990 policy"), and (2) Resolution No. 3349, adopted by the City Council on April 14, 1998, which amended the Retirement Benefits Policy (hereinafter referred to as the "1998 policy").

It is the intent of this Policy to amend the 1990 and 1998 policies only with respect to the contribution caps and Medicare enrollment provisions.

II. DEFINITIONS

This Policy defines and addresses the following categories of employees for the purposes of this Policy amendment to retiree health insurance benefits:

Group 1 Retirees: Employees retired from the City prior to July 24, 1990, and who have been deemed eligible for City-provided retiree health insurance benefits under the terms of the 1990 policy.

Group 2 Retirees: Employees hired prior to July 24, 1990 and retired between July 24, 1990 and the effective date of this Policy, and who have been deemed eligible for City-provided retiree health insurance benefits under the terms of the 1990 policy.

Group 3 Retirees: Employees hired on or after July 24, 1990 but prior to January 1, 1998 and retired between July 24, 1990 and the effective date of this Policy, and who have been deemed eligible for City-provided retiree health insurance benefits under the terms of the 1990 or 1998 policies, as applicable.

Group A Employees: Employees hired prior to July 24, 1990 and who have not retired as of the effective date of this Policy, and who will be eligible for City-provided retiree health insurance benefits under the terms of the 1990 policy.

III. CONTRIBUTIONS TOWARDS RETIREE HEALTH INSURANCE PREMIUMS

The following shall amend Section 8 of the 1990 policy and Section 5 of the 1998 policy as follows:

A. No Contribution Caps for Groups 1, 2 and 3 Retirees and retired Group A Employees.

1. For Group 1 Retirees and Group 2 Retirees, the City will contribute one-hundred percent (100%) of the premium for any available retiree health insurance plan offered by the City regardless of the cost of the plan.

2. For Group 3 Retirees, the City will contribute one-hundred percent (100%) of the premium for any available retiree health insurance plan offered by the City regardless of the cost of the plan, provided that the Group 3 Retiree qualifies for one-hundred percent (100%) of retiree health insurance benefits, as explained in Section III.C of this Policy.

3. For Group A Employees who retire after the effective date of this Policy ("retired Group A Employees"), the City will contribute one-hundred percent (100%) of the premium for any available retiree health insurance plan offered by the City regardless of the cost of the plan.

4. The City's contributions towards retiree health insurance plans for Group 2 Retirees, Group 3 Retirees and retired Group A Employees shall be subject to the Medicare requirements as set forth in Section IV of this Policy.

B. Incentive Award Program. Notwithstanding the City's obligations in Section III.A., the City may offer a financial incentive to retirees who are eligible for 100% of the premium amount for any plan coverage but who voluntarily agree to a cap on the City's contributions towards their health insurance premiums. The terms and conditions of any such incentive award program shall be within the sole discretion of the City.

C. Schedule of Contributions Still Applicable. Nothing in this Section shall be read to eliminate the schedule of contribution requirements as set forth in Section 3 of the 1990 policy and in Sections 4 and 4.1 of the 1998 policy. For purposes of this Policy, the schedule of contribution requirements affect Group 3 Retirees as follows:

1. For Group 3 Retirees who have completed the requisite number of years of full-time City employment to qualify for one-hundred percent (100%) of retiree health insurance benefits, the City will contribute one-hundred percent (100%) of the premium for any available health insurance plan offered by the City regardless of the cost of the plan.

2. For Group 3 Retirees who are eligible for retiree health insurance but who have not completed the requisite number of years of full-time City employment to qualify for one-hundred percent (100%) of retiree health insurance benefits, the City will continue to contribute towards the Group 3 Retiree's health insurance premium in a fixed percentage based on the Group 3 Retiree's number of years of full-time service. The total benefit amount to which the City applies its fixed percentage of contribution will continue to be based on (a) the applicable contribution caps as specified in Section 5 of the 1998 policy, or (b) if no contribution cap applies as specified under Section 5 of the 1998 policy, a sum equivalent to the mean average of the premium cost of all the available health plans offered by the City.

IV. **MEDICARE ENROLLMENT REQUIREMENTS**

The following shall amend Section 5 of the 1990 policy and Section 7 of the 1998 policy as follows:

A. No Medicare Requirement for Group 1 Retirees. Group 1 Retirees may continue to be enrolled in any health insurance plan available to them by the City at the City's sole cost regardless of whether they are eligible to enroll in Medicare.

B. Medicare Requirement for Group 2 Retirees, Group 3 Retirees and Group A Employees. When eligible for Medicare, all Group 2 Retirees, Group 3 Retirees and retired Group A Employees will be required to enroll in the Medicare Program, Part A and Part B, at their sole expense. The benefits provided by all City health policies shall be secondary to all coverage offered by Medicare Parts A and B. Upon becoming Medicare-eligible, Group 2 Retirees, Group 3 Retirees and retired Group A Employees will switch from their existing health insurance plan to one of the available City health insurance plans designed to supplement Medicare ("Medicare-supplemental plan").

1. The City will pay 100% of the premium for any available Medicare-supplemental plan for Group 2 Retirees, Group 3 Retirees (provided the Group 3 Retiree qualifies for 100% retiree health insurance benefits, as explained in Section III.C. of this Policy) and retired Group A Employees.

2. The failure or refusal to timely in enroll in Medicare upon eligibility may result in the termination of the retiree's health insurance benefits.

V. MISCELLANEOUS

A. Supplemental Plan Participation. The City reaffirms that Group 1 Retirees, Group 2 Retirees, and retired Group A Employees are entitled to benefits provided by the City's Supplemental Plan (aka "Gap Plan"), as adopted by Resolution Number 3317, provided that they meet the Supplemental Plan eligibility requirements.

B. Plan Changes. The City reaffirms and reserves its rights under the 1990 policy and 1998 policy to change the health insurance plans offered by the City subject to the City's obligation, if applicable, to meet and confer with employee bargaining groups. For Groups 1, 2 and 3 Retirees and Group A Employees, the City may only substitute existing health insurance plans or providers with ones that provide substantially comparable benefits. Nothing contained in this Policy shall entitle a retiree to continued participation in any particular health plan or provider available at his/her date of retirement or thereafter.

C. Meet and Confer. Prior to modifying this Policy, the City will meet and confer with employee bargaining groups.

D. All Other Provisions Remain in Effect. Except as expressly provided in this Policy, all provisions of the 1990 and 1998 policies shall remain in full force and effect.