



Press Release

FOR IMMEDIATE RELEASE
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***HEMET CITY COUNCIL APPROVES RESOLUTION
POTENTIALLY SAVING \$13 MILLION***

***Overhaul to Retiree Medical Benefit Aims to Preserve Coverage While
Significantly Reducing Cost to City***

HEMET, CA –

The Hemet City Council approved a resolution Tuesday evening authorizing staff to move forward on a plan to significantly reduce the cost of providing retiree medical benefits to some retirees. The comprehensive plan presented Tuesday night by City Manager Gary Thornhill is a key element in the overall effort to end deficit spending and remain fiscally solvent. “This action by the city council gets us one huge step closer to balancing the budget,” said Thornhill. “It also preserves a benefit that our dedicated former employees earned while serving the city.”

City employees hired prior to 1998 were offered medical coverage upon retirement as part of their benefits package. “At the time, medical coverage was much more affordable,” according to Deputy City Manager Jessica Hurst. “No one could have predicted the massive increases in the cost of health insurance over the past decade.” According to Hurst, the main culprit in the unsustainable increases are two plans called “Managed Choice (MC)” and “Traditional Choice (TC),” both provided by Aetna. The council’s action on Tuesday authorizes staff to provide financial incentives to encourage retired employees to voluntarily move off of the MC and TC plans by the end of September 2015. Additionally, the city will work to transition all retirees off the MC and TC plans to more affordable plans with comparable coverage by September 2016. These moves will generate an estimated general

fund savings of \$700,000 to \$1,200,000 next fiscal year and as much as \$13 million over the next 5 years.

Hemet Mayor Linda Krupa praised the efforts of the city manager and staff, saying, "This action represents the will of the people. Our community expects us to cut costs and balance this budget and that is what we're going to do." The mayor also expressed appreciation for the retirees who have recognized the issue, "When presented with the financial situation in the city, the retired employees have stepped forward to help. I commend and thank all of them for their support." She added that the city must be careful to honor commitments made to former employees, "we have to make sure their benefits are preserved while being good stewards of the community's resources," Krupa said.

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