



# Memorandum

**TO:** City Council

**FROM:** Mayor Ron Gonzales  
Vice-Mayor Dando,  
Councilmembers  
Chavez and Yeager

**SUBJECT:** Extending health and dental insurance benefits to the children of domestic partners of current City employees.

**DATE:** May 13, 2004

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Approved

Date:

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## **RECOMMENDATIONS**

That the City Council approve the extension of health and dental insurance benefits to the children of domestic partners of current City employees, direct the City Manager to begin the meet and confer process with City bargaining units, and direct the Redevelopment Agency Executive Director to implement the new policy for Agency employees.

## **BACKGROUND**

I believe it is in the best interests of the City of San Jose, our employees, and the community we serve to extend health and dental benefits to the children of all city employees and their domestic partners. As a major employer and as leaders in this community, we have an obligation to demonstrate high standards for the fair and equal treatment of employees.

According to information provided by the Employee Services Department, this action would result in no or negligible cost. As of April, there are 274 current City employees with enrolled domestic partners under our existing benefits policy. Once an employee enrolls a domestic partner, the City already pays for family-level medical and dental insurance coverage. Adding children, therefore, does not increase the cost of the premium because they would be covered under the family rate.

Although it is not likely, it is possible that a negligible cost increase could result in the long-term if a number of domestic partners' children incurred catastrophic medical expenses. This could increase the City's family-level insurance premium in the following year. This is similar to what can occur already from our employees and their families under current dependent coverage. Because the number of enrolled domestic partners is relatively small compared to the total employee enrollment, however, there would be an insignificant number of new children from an

actuarial perspective. It is just as likely that those children could have a favorable impact on the City's future rates.

We recommend that the Council move forward with this policy today. Since it does represent a change in benefits, however, we would need to initiate the meet and confer process before implementation.

### **CONCLUSION**

We believe this action is appropriate and necessary to ensure equity for all our dedicated city employees by providing full family benefits to employees, in particular health and dental benefits for their children. By extending these benefits to the children of all city employees and their domestic partners, we will move forward on the path already defined by the City Council as a model employer to demonstrate high standards for fair and equal treatment of employees.