

ORDINANCE NO. 28230

**AN ORDINANCE OF THE CITY OF SAN JOSÉ PROVIDING FOR AN ALTERNATIVE ALLOCATION OF COSTS OF PROVIDING MEDICAL INSURANCE COVERAGE FOR CALENDAR YEAR 2008**

**WHEREAS**, both the Federated City Employees Retirement System (“Federated System”) and the Police and Fire Department Retirement Plan (“Police and Fire Plan”) provide for medical insurance coverage for eligible retirees and survivors; and

**WHEREAS**, the Federated System and the Police and Fire Plan further provide for an allocation between the retiree or survivor and the Medical Benefits Account in the respective retirement funds of the costs of the premiums for such coverage; and

**WHEREAS**, recent changes in the medical plans made available to City employees have affected the amounts to be paid by retirees and survivors for medical insurance coverage; and

**WHEREAS**, the City Council desires that such changes not affect retirees and survivors during calendar year 2008 in order that retirees and survivors have sufficient time to plan for these changes;

**NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SAN JOSE:**

**SECTION 1.** Notwithstanding Section 3.28.1980 of Chapter 3.28 of Title 3 of the San José Municipal Code, for the period from January 1, 2008, to December 31, 2008, inclusive, the costs of premiums for medical insurance coverage for retirees and survivors who have elected coverage under the provisions of the Federated System shall be allocated as follows:

- A. Except as provided in subsection B:
  - 1. For a retiree or survivor who has elected single coverage, the portion of the premium to be paid from the Medical Benefits Account shall be the lesser of (a) the amount which is equivalent to the 2008 premium for single medical insurance coverage for the Kaiser Permanente Plan that

was in effect for calendar year, 2007, or (b) the actual premium for the eligible medical plan in which the retiree or survivor enrolls.

2. For a retiree or survivor who has elected family coverage, the portion of the premium to be paid from the Medical Benefits Account shall be the lesser of (a) the amount which is equivalent to the 2008 premium for family medical insurance coverage for the Kaiser Permanente Plan that was in effect for calendar year 2007, or (b) the actual premium for the eligible medical plan in which the retiree or survivor enrolls.
  3. Retirees and survivors shall pay that portion of the premium which represents the difference between the cost of the premium for the medical plan selected by the member or the survivors and the portion paid from the Medical Benefits Account. Such premium as is required to be paid by a retiree or survivor shall be deducted from the allowance payable to such retiree or survivor by the Federated City Employees Retirement System.
- B. A surviving spouse or surviving domestic partner who is otherwise eligible only for single coverage, but who elects family coverage pursuant to San José Municipal Code Section 3.28.1970.D.2, shall be required to pay that portion of the medical premium which exceeds the sum of the amount payable by the surviving spouse or surviving domestic partner and the amount payable from the Medical Benefits Account for single coverage as provided in subsection A.1. above. The portion of the premium required to be paid by the surviving spouse or surviving domestic partner shall be deducted from the monthly allowances otherwise payable to the surviving spouse or surviving domestic partner by the Federated City Employees Retirement System.

**SECTION 2.** Notwithstanding Section 3.36.1930 of Chapter 3.36 of Title 3 of the San José Municipal Code, for the period from January 1, 2008, to December 31, 2008, inclusive,:

- A. For a retiree, former member or survivor who has elected medical insurance coverage from the Police and Fire Plan and has elected single coverage, the

“lowest cost medical plan” shall be the single-coverage Kaiser Permanente Plan that was in effect for calendar year 2007.

- B. For a retiree, former member or survivor who has elected medical insurance coverage from the Police and Fire Plan and has elected family coverage, the “lowest cost medical plan” shall be the family-coverage Kaiser Permanente Plan that was in effect for calendar year 2007.

**SECTION 3.** The provisions of this ordinance shall be retroactive to January 1, 2008.

**SECTION 4.** For any retiree or survivor who is receiving medical insurance coverage under the Federated System and who has incurred costs for medical insurance premiums that would not have been incurred had this ordinance been in effect at the time the costs were incurred, the Board of Administration for the Federated City Employees Retirement System shall reimburse the retiree or survivor for such additional costs or shall adjust future payments from the Federated System to cover such costs. In addition, in accordance with procedures approved by the Board, the Board may reimburse retirees and survivors from the retirement fund for out-of-pocket costs, including co-pays, incurred by the retiree or survivor on or after January 1, 2008, that the retiree or survivor would not have incurred had this ordinance been in effect at the time the retiree or survivor enrolled in medical coverage.

**SECTION 5.** For any retiree, former member or survivor who is receiving medical insurance coverage under the Police and Fire Plan and who has incurred costs for medical insurance premiums that would not have been incurred had this ordinance been in effect at the time the costs were incurred, the Board of Administration for the Police and Fire Department Retirement Plan shall reimburse the retiree or survivor for such additional costs or shall adjust future payments from the Police and Fire Plan to cover such costs. In addition, in accordance with procedures approved by the Board, the Board may reimburse retirees, former members and survivors from the retirement fund for out-of-pocket costs, including co-pays, incurred by the retiree, former member

or survivor on or after January 1, 2008, that the retiree, former member or survivor would not have incurred had this ordinance been in effect at the time the retiree, former member or survivor enrolled in medical coverage.

PASSED FOR PUBLICATION of title this 15<sup>th</sup> day of January, 2008, by the following vote:

AYES: CAMPOS, CHIRCO, CHU, CORTESE, LICCARDO,  
NGUYEN, OLIVERIO, PYLE, WILLIAMS; REED

NOES: NONE

ABSENT: CONSTANT

DISQUALIFIED: NONE

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CHUCK REED  
Mayor

ATTEST:

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LEE PRICE, MMC  
City Clerk