

STAFF REPORT

Date: November 8, 2017

To: Mayor and City Council

Thru: Sabra Newby, City Manager

Subject: **F.1. Staff Report (For Possible Action): Review and potential approval of the amended language for the Reno Police Protective Association (RPPA) Agreement, Article 22 - Health and Accident Insurance, allowing for a Medicare supplemental plan for members hired before January 1, 2015, and retired after July 1, 1999.**

From: Mandee Bowler, Labor Relations Program Manager

Summary: The City of Reno and the Reno Police Protective Association (RPPA) have negotiated the attached tentative agreement outlining changes to Article 22 – Health and Accident Insurance. This change allows for retirees to enroll in a fully insured Medicare-coordinated group health plan through the City’s group health insurance program, while being reimbursed for Medicare Part A, Part B, and Part D (if applicable) premiums via a Retiree Health Account (RHA).

Discussion: Pursuant to Article 22 of the RPPA collective bargaining agreement (CBA), the City of Reno subsidizes post-retirement group health insurance for the retiree-only level of group health insurance for members hired prior to January 1, 2015, and retired after July 1, 1999, based upon years of service with the Reno Police Department.

The City of Reno and the Association disagree on the definition of the subsidized medical parameter, specifically as it relates to Medicare Part A and Part B premiums for retirees. The City’s group health insurance plans have specific coordination of benefits provisions relating to Medicare, and all retirees are required to enroll in both Medicare Part A and Part B in order to receive the full benefits of the group health plans. The Association asserts that the subsidized medical agreement in Sections (j) through (l) of Article 22 should encompass any Medicare premiums.

The City entered into negotiations with the RPPA regarding the Medicare premiums and was able to create the language herein. The City believes that enrolling retirees in the fully insured Medicare-coordinated group health plan will not only help keep retiree premiums lower, but will ultimately translate to lower active group health insurance premium costs, as the retirees will be

taken out of the actuarial pool that determines premiums for the self-insured plans each benefit year. Further, the retirees that enroll in the Medicare-coordinated group health insurance plan will see lower out-of-pocket costs for medical services, as well as lower premiums for any dependents they may cover under the City's group health insurance plans.

This program will begin with 55 RPPA retirees enrolling in the Medicare-coordinated group health insurance plan in the 2018 benefit year. The City's Human Resources Department has committed to meeting with all RPPA retirees in an effort to make sure they understand the program, the benefits, and how the RHA will work. The RPPA must secure a two-thirds (2/3) majority vote to ratify this language. They will vote on the language at the beginning of December. We are bringing this language before you now in order to move forward with the other two components of the Medicare-coordinated group health plan program.

In subsequent years, another 205 RPPA members will benefit from this program.

Financial Implications: The contract for the health plan is being considered under a separate item. There is no cost for this amendment unless the health plan contract is approved for implementation. The financial implication for the contract is included with that item.

Legal Implications: Legal review completed for compliance with City procedures and Nevada Law.

Recommendation: Staff recommends approval of the amended RPPA Agreement.

Proposed Motion: I move to approve staff recommendation.

Attachments:

- Current RPPA Article 22 (PDF)
- RPPA Article 22 New Draft Language 10162017 (PDF)
- 10-19-17 RPPA MOU (PDF)
- 10-19-17 RPPA Article 22 Tentative Agreement (PDF)