



### **Agenda Item Details**

Meeting	Dec 07, 2022 - City Commission Meeting
Category	12. POLICY FORMATION AND DIRECTION
Subject	12.06 Sunset Review of City Commission Policy 150 - Retiree Healthcare -- James O. Cooke IV, City Treasurer-Clerk
Access	Public
Type	Action, Discussion
Fiscal Impact	No
Budgeted	No
Recommended Action	Option 1 - Re-approve City Commission Policy 150 - Retiree Healthcare with recommended updates.

### **Public Content**

For more information, please contact: Angel Charlton, Retirement Administrator at (850) 891-8278.

### ***Statement of Issue***

On March 13, 2013, the City Commission adopted Policy 150, Retiree Healthcare. This policy is scheduled for sunset review. Additionally, updates have been added to the policy.

## **Supplemental Material/Issue Analysis**

### ***History/Facts & Issues***

A 2009 audit discovered that practices governing the administration of retiree healthcare had not been codified into a formal policy. The audit recommended that a City Commission policy be created to address the issue. A policy was drafted in 2010 and has been in use by staff since its creation. The City Commission approved the policy in March 2013. The policy is now due for sunset review.

This policy was created to outline certain provisions concerning retiree healthcare, including rules for new retirees, deferred retirees, long-term vested retirees, and retiree beneficiaries. Certain of these provisions allow an employee to terminate service with the City and delay their retirement, but still remain on the City's healthcare plan by paying the full cost of coverage. Upon retirement, the participant is then eligible for any reduced costs available to retirees. Prior to approval of the policy by the City Commission, the City's consulting actuary opined that this policy would add no measurable cost to the City of Tallahassee. Since implementation in 2010, only 8 participants have chosen to exercise this option.

When initially approved, the policy's sunset provision authorized an automatic five-year renewal following the initial five-year period. A recommended update provides for the more standard five-year sunset review by December 2027. One other change of note involves "direct pay" retirees. Most retirees have their insurance costs deducted from their monthly retirement payments. Direct Pay individuals are those whose insurance premium exceeds their monthly benefit; therefore, they make payment directly to the City for the difference. Experience has shown that payments from a small number of Direct Pay participants are repeatedly returned for insufficient funds. The recommended policy would provide that three returned payments in a twelve-month period will result in the individual being dropped from the City's healthcare program. Over the last five years, there have been three individuals who would have been dropped under this provision.

***Department(s) Review***

City Attorney

***Options***

1. Re-approve City Commission Policy 150 - Retiree Healthcare with recommended updates.
2. Provide further direction to Staff.

***Attachments/References***

Revised City Commission Policy 150 - Retiree Healthcare

[City Commission Policy 150 - Retiree Healthcare.pdf \(134 KB\)](#)