

RESOLUTION NO. 1302

A RESOLUTION OF THE COUNCIL OF THE CITY OF SALISBURY TRANSERRING FUNDS FROM THE CITY'S CONTINGENCY TO PROVIDE FOR PREPARATION OF A MEDICARE PART D APPLICATION FOR THE CITY

WHEREAS, the City offers health insurance to its retirees; and

WHEREAS, many of these retirees are eligible to participate in the new Medicare Part D (drug benefit) program; and

WHEREAS, the Federal government has built into the Medicare Part D program an incentive, in the form of cash rebates, for employers to maintain health insurance programs for retirees that equal or exceed the Medicare Part D program and to encourage its retirees to take advantage of the employer's program rather than utilizing Medicare Part D; and

WHEREAS, the City's health insurance consultant has advised the City that it may be beneficial for the City to take advantage of the incentives offered by the Federal government; and

WHEREAS, in order for the City to take advantage of these incentives, it is necessary for the City to test its health insurance program according to Federal standards to determine if it exceeds the Medicare part D program; and

WHEREAS, the City does not have the expertise on staff to conduct such a test; and

WHEREAS, the City's health insurance consultant has proposed to conduct the necessary test at an initial cost of \$3,750, with a follow-up cost of \$3,260 if the first phase test proves positive; and

WHEREAS, the City's FY 06 budget does not contain funds for these tests;

NOW, THEREFORE, BE IT RESOLVED that the City Council approves the following transfer of funds from the City's Contingency in order to provide funding for these tests:

- 1) Decrease account #90500-559500 (City's Contingency) by \$ 7,010; and
- 2) Increase account #18500-513068 (Human Resources) by \$ 7,010.

THE ABOVE RESOLUTION was introduced and read and passed at a regular meeting of the Salisbury City Council held on the 12th day of September, 2005, and is to become effective immediately upon adoption.

ATTEST:

Brenda J. Colegrove
City Clerk

Michael P. Dunn, President
Salisbury City Council

APPROVED BY ME THIS:
_____ day of _____, 2005

Barrie P. Tilghman, Mayor