

RESOLUTION NO. 1826

A RESOLUTION OF THE COUNCIL OF THE CITY OF SALISBURY TO MODIFY THE EMPLOYEE HANDBOOK TO PERMIT MARRIED CITY EMPLOYEES TO COMBINE HEALTH INSURANCE PLANS UPON RETIREMENT OR CHANGE IN EMPLOYMENT STATUS SO LONG AS THE THREE YEAR COVERAGE REQUIREMENT HAS BEEN MET EITHER INDIVIDUALLY OR COMBINED.

WHEREAS; the City of Salisbury currently pays 50% of the Health Insurance premium for employees and their dependents upon retirement if the coverage is maintained for the three years prior to retirement; and

WHEREAS, the City also requires that a retiree work for a minimum of ten years prior to retirement to be eligible for health insurance coverage; and

WHEREAS, this policy penalizes married employees where both employees have elected separate coverage under the City Health Insurance program, but only one employee will meet the retirement eligibility requirements; and

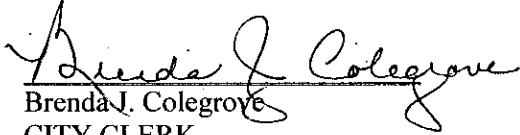
WHEREAS, the City desires to allow married City employees to be able to maintain health insurance coverage after one spouse retires;

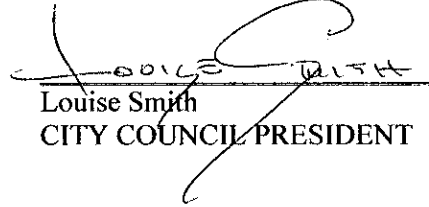
NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Salisbury, Maryland to amend the employee handbook Chapter 4, section 0402, point C-3 to include the following language:

“If a retiree has a spouse working for the City and the spouse has maintained health insurance coverage under the City policy (either individually or combined) for at least the three years prior to the retiree’s retirement, the retiree may combine policies with the spouse. This combination can occur at the retiree’s retirement or at a change in employment status of the spouse (i.e. spouse resigns, spouse goes to part-time, etc.) The combined coverage may not be at a higher level than previous separate coverage, nor may it allow for the coverage of additional dependents not covered prior to the time of combination.”

THE ABOVE RESOLUTION was introduced and read and passed at the regular meeting of the Council of the City of Salisbury held on this 14th day of September, 2009 and is to become effective immediately upon adoption.


ATTEST:


Brenda J. Colegrove
CITY CLERK


Louise Smith
CITY COUNCIL PRESIDENT

APPROVED by me this 15th

day of September, 2009.


James Irwin, Jr.
MAYOR, City of Salisbury

Memo

To: John R. Pick, City Administrator
From: Pamela B. Oland, Director of Internal Services
Date: September 8, 2009
Re: Medical Insurance for Retirees and Spouses

The HR Department has discovered that our current policy pertaining to health insurance for retirees can penalize married employees. The City Employee Handbook states in section 0402.C.3 that "The City will pay 50% of the premium attributable to dependent health insurance, provided that the retiree had enrolled in the level of dependent coverage requested for at least three years prior to retirement." The other retirement factor in the City's policy is the requirement for ten years of service to be eligible to maintain insurance as a retiree. This policy penalizes employees at the time of retirement that are married and who both chose to enroll individually in the City Health Insurance.

Management is recommending the following addition to the employee handbook. This would be added to the end of section 0402.C.3 of the employee handbook.

If a retiree has a spouse working for the City and the spouse has maintained health insurance coverage under the City policy (either individually or combined) for at least the three years prior to the retiree's retirement, the retiree may combine policies with the spouse. This combination can occur at the retiree's retirement or at a change in employment status of the spouse (i.e. spouse resigns, spouse goes to part-time, etc.) The combined coverage may not be at a higher level than previous separate coverage, nor may it allow for the coverage of additional dependents not covered prior to the time of combination.

Attached please find a resolution that adds this language.

Please let me know if you have any additional questions.