



City of CHARLOTTE

MEMORANDUM

TO: Mayor Lewis and City Council Members

FROM: Gregg Guetschow, City Manager

SUBJECT: Retiree Health Insurance

DATE: July 20, 2017

Your agenda includes the second reading of a resolution approving a new Council policy governing the provision of post-employment health insurance benefits.

We have concluded that our original proposed revisions were unworkable and would not result in the cost savings that we anticipated. The principal problem relates to those employees not covered by Medicare. Our original plan was to move these individuals from their current group coverage into individual plans with the City contributing an amount equal to the premium we currently pay. In designing this approach, I overlooked the aspect of our plan under which the City also pays up to the \$5000 deductible associated with the plan. After further discussions with our consultants, we have concluded that these employees should remain on the group plan until they achieve Medicare eligibility. Because this would only affect three retirees at present and they are younger, we do not expect their remaining as members of the group to adversely affect our premiums.

The revised policy still would require that those eligible for Medicare coverage leave the group plan.

Our consultant also advises that the cost of Medicare Advantage plans start around \$180 per person per month. Medigap plans start around \$250 per month. Elsewhere in the agenda packet you will find additional information briefly explaining the differences between these two types of plans.

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