

City of Providence

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

17-85(2)

CHAPTER 1995-18

No. 449

AN ORDINANCE RELATING TO THE PROVIDING OF HEALTH CARE BENEFITS TO ACTIVE EMPLOYEES AND RETIREES

Approved AUGUST 1, 1995

Be it ordained by the City of Providence:

SECTION 1. Findings and Declarations.

A. Findings.

The City Council finds the following:

1. The City's cost for providing pension and health care benefits to Class A and Class B retirees has grown from \$12.7 million in FY 1989 to a projected \$29.5 million in FY 1996.
2. The cost of health care benefits for retirees has grown for two major reasons. First, the premium rate has increased by as much as 70% for employee groups since the late 1980's. Second, the number of City retirees eligible for health care benefits was significantly expanded in 1990 when coverage was extended to retiring teachers.
3. The City's cost for health care benefits for retirees, including teachers, has grown from \$600,000 in FY 1984 to \$2.5 million in FY 1990 to a projected \$7 million in FY 1996.
4. Active City employees enjoy one of the highest levels of health care benefits of any municipal employees in Rhode Island.
5. Over the years, more and more riders have been added to the basic Blue Cross Classic Blue plan. Today, the cost for family coverage is up to \$5,500.
6. The cost of health care benefits is borne entirely by the taxpayers.
7. The cost of employee health care benefits has grown at a far higher rate than the cost of city government in general.
8. In the past 20 years, the cost of health care benefits has gone up 12 times, while the overall cost of government has only tripled.
9. Under the proposed changes, the City would still provide 100% of the cost of health care benefits. Health care coverage, however, would be shifted to

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another type of Blue Cross coverage known as Healthmate 2000 or its equivalent which is, on the average, about 15% less expensive than Blue Cross Classic Blue coverage.

B. Declaration of Policy.

1. The City Council hereby declares that the public safety, health and welfare of the residents of the City of Providence would be adversely affected if health care costs continue to increase at extraordinary amounts.

2. The City Council declares that it is necessary to immediately take all steps necessary to reduce personnel costs including health care benefits for its employees and retirees in order to reduce expenses and thus prevent a significant tax increase.

3. The City Council further declares that it is necessary to protect the fiscal integrity of the City and that it is a valid public purpose for the City to take appropriate steps to reduce the costs of City employee and retiree health care benefits.

SECTION 2. Section 17-85 of the Code of Ordinances entitled "Payment for cost of hospitalization, related benefits" is hereby repealed.

SECTION 3. Active employees shall be provided with an individual or family health care benefit, as applicable to each employee's marital or family status, equivalent to Blue Cross Healthmate 2000, so-called, or a health care benefit with essentially similar provisions; and in the event that an active employee shall elect a health care benefit equivalent to Blue Cross Classic Blue, so-called, or a health care benefit with essentially similar provisions, he/she shall pay the City the additional cost for his/her election. In the alternative, an active employee, at his/her option, shall be provided with an individual or family membership, as applicable to each employee's marital or family status, in Harvard Community Health Plan or a health care benefit with essentially similar provisions.

SECTION 4. Class A and Class B employees as defined in Sec. 17-181 of the Code of Ordinances and teachers as defined in R.I. General Laws § 16-16-1 who retire from active service after September 2, 1995, and who are not eligible for Medicare, shall be provided with solely an individual health care benefit as is provided for active employees in Section 3 of this Ordinance.

SECTION 5. Class A and Class B employees as defined in Sec. 17-181 of the Code of Ordinances and teachers as defined in R.I. General Laws § 16-6-1 who retire from active service after September 2, 1995, and who, upon retirement or any time thereafter, become enrolled in Medicare, shall thereupon be provided with an individual Medicare health care benefit.

SECTION 6. This Ordinance shall take effect upon its passage.

IN CITY COUNCIL
JULY 28, 1995
FIRST READING
READ AND PASSED, AS AMENDED

Michael R. Clement CLERK

IN CITY
COUNCIL

JULY 31, 1995
FINAL READING
READ AND PASSED

Ernest V. Fargnoli
ACTING PRES.

Michael R. Clement CLERK



THE COMMITTEE ON
FINANCE

Approves Passage of
The Within Ordinance

Louis E. Brooks Stewart

Chairman

July 24, 1995