



MEMORANDUM

TO: Mayor and Board of Commissioners

FROM: Bryan Gruesbeck, Town Manager

SUBJECT: Amendment to the Personnel Policy for Payment in Lieu of Health Insurance Coverage

DATE: July 27, 2015

Background: In February 2011 the Town Board of Commissioners authorized a market study of the Town's Pay and Classification Plan and Personnel Policies. The Board subsequently adopted a revised Personnel Policy on September 12, 2011.

As you are aware, the Town pays full cost of health care coverage for its full time employees. The employee pays the cost of covering family members, if applicable. As an alternative, municipalities often offer cash payments to the employee amounting to 90% of the cost of medical coverage. The payment in lieu of coverage would be made on a monthly basis as long as the employee could verify coverage through another health insurance policy.

If you approve this attached policy and resolution, the Town could benefit through a marginal savings from reduced health insurance payments. Likewise, individual Town employees would enjoy a cash benefit – provided they are able to maintain health insurance coverage through another provider. It is currently unknown how many employees would choose to exercise this option.

A draft policy is attached for your review.

Action Requested: That the Board of Commissioners adopt the attached resolution approving the amendment to the Town's Personnel Policy which authorizes a cash stipend in lieu of group health insurance coverage.



PERSONNEL POLICY – EMPLOYEE BENEFITS

Cash Stipend in Lieu of Group Health Insurance Policy

Purpose:

The purpose of this policy is to encourage health care cost minimization by sharing with employees that have or will, pursuant to this policy, secure health insurance coverage through another source a portion of the premium dollars which would have been spent by the Town but for other health insurance coverage. Employee participation will be supported to the extent and ends that the Town's Group Health Insurance Plan is not threatened, underwriting assumptions and/or rates in conjunction therewith are not compromised, and measurable degradation of the employee pool does not occur.

Objective:

This policy upon its effective date, establishes a benefit for eligible town employees, a cash stipend payable to the employee in lieu of his or her participation in the Town's Group Health Insurance program. The Town will offer to employees a monthly payment of 90% of the cost of the employer medical coverage as long as the employee proves other coverage of the employee under one or more health insurance plans as set out in this policy.

Definitions:

Health Insurance Stipend: A cash payment or other provisions for health insurance for an employee pursuant to this policy and N.C.G.S. Ch. 160A and Ch. 128.

Group Health Insurance: Insurance for medical expenses provided in whole or in part by the employer.

Group Health Insurance Participant: As defined or amended by the insurance provider.

Guidelines:

This benefit will be effective as of July 1, 2015. Employee participation in this benefit will require validation of coverage. Payment of the stipend will be processed through payroll and will be subject to withholding taxes. This stipend amount will not be included as salary for retirement benefit purposes.

A RESOLUTION AMENDING THE PERSONNEL POLICY MANUAL

WHEREAS, the Town of Pittsboro revised and adopted its Personnel Policy on September 11, 2011; and

WHEREAS, the Town of Pittsboro would like to amend the Personal Policy to include a cash in lieu of group health insurance policy.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Town of Pittsboro that the amended Personnel Policy s is hereby accepted, adopted and placed on file with the Town Clerk.

William G. Terry, Mayor

ATTEST:

Alice F. Lloyd, CMC, NCCMC, Town Clerk