



CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139
Tel. 876-6800

EXECUTIVE DEPARTMENT
JOHN H. CORCORAN
City Manager
JAMES L. FARRELL
Assistant City Manager

February 25, 1974

To the Honorable, the City Council:

Under date of January 15, 1974, group insurance material, and more particularly Chapter 789 of the Acts of 1973, was referred to the City Manager for response.

Please be advised that at this time the group insurance program afforded the employees of the City of Cambridge has an extended benefit more commonly referred to as the Prolonged Illness Certificate. Chapter 789 of the Acts 1973 authorizes the substitution of what is commonly referred to as the Master Medical Plan in lieu of the Prolonged Illness Certificate.

The Master Medical Plan has a more liberal benefit schedule than the Prolonged Illness Certificate, to wit:

1. The Doctor's fees schedule of payments will now be 100%
2. The \$25.00 deductible is deleted; will pay first dollar coverage.
3. The Master Medical has no deductible and total coverage would be \$250,000 per employee

Obviously the Master Medical certificate would afford our subscribers a more liberal benefit schedule. On the other hand, there is an increased cost for these increased benefits and it is estimated by the Purchasing Agent that the total annual cost for this increased benefit to be in the vicinity of \$200,000. As you know at this time the City of Cambridge pays 75% of the premium cost of our group insurance program. It is therefore fair to assume that acceptance of this act would increase the cost of our group insurance program, from the City's position by about \$150,000 annually and from the employee's position by about \$50,000 annually.

To: The City Council (cont.)

February 25, 1974

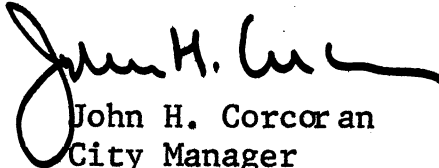
For your additional information I can advise you that the following communities have accepted this increased benefit -

Everett
Chelsea
Watertown
Stoneham
Needham
Peabody

and there may be others.

In view of the fact that our various collective bargaining groups have had a great interest in our group insurance matters I now feel that this is a proper article of consideration by our various collective bargaining groups.

Very truly yours,


John H. Corcoran
City Manager

JHC/b

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Placed on File -