



CITY OF CAMBRIDGE
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PERSONNEL DEPARTMENT
MICHAEL P. GARDNER
Director

MEMORANDUM

TO: Robert W. Healy
City Manager

FROM: Michael P. Gardner
Personnel Director 

DATE: October 6, 1998

RE: Response to Council Order #137, dated 7/27/98 RE: Report on the Possibility of Extending Dental Benefits to Those Retirees Who Retired Prior to 1983

I have researched this matter and received the following information back from the Legal Counsel to the Local 195 Health and Welfare Fund.

The City is a joint sponsor with organized labor in the Local 195 Health and Welfare Trust Fund, which was established in 1981 to provide health and welfare benefits to eligible employees. The Fund provides certain dental and vision benefits for full-time members of various unions that have negotiated participation in the program and for full-time non-union employees employed throughout the City. The Fund is administered by eight trustees, equally divided between union and management representatives.

The Fund has never provided benefits for retirees of the City without charging them for participation. Retiree benefits started in 1982 when the Fund permitted retirees, who had previously participated in the Fund as active employees, to continue to participate by paying the Funds' COBRA rate for the first eighteen months coverage. Currently the COBRA rate for coverage is \$405.00 per year. After eighteen months, if retirees continue to participate in the Plan they are required to pay an amount equivalent to the City's contribution to the Fund (currently \$325.00 per year).

In order to make certain that the Fund did not encourage an adverse selection process, the Fund has continuously required that a retiree who did not immediately continue in the Plan upon retirement, but desired to participate at a subsequent time, pay all the premiums that would be owed under the COBRA rate from the time of retirement to the time of participation in the Plan. This rule remains in effect today. The Fund feels that this rule is necessary to avoid the adverse selection problem of persons waiting to rejoin the Plan only after they experience the need for extensive services (hence defeating the concept of the

capitation program, which contemplates that certain participants will utilize the Plan while others will not).

Those individuals who retired prior to 1982 are not eligible to apply to join the Plan since the retiree program was established in 1982. However, even if they were permitted to participate in the Plan they would be required to pay the amounts that should have been paid since 1982 which would be in excess of \$4,000. This sum would appear to be sufficiently prohibitive to prevent any possibility of individuals who retired prior to 1982 to participate in the Plan.

It should be noted that the HMO's which the City currently provides as health insurance coverage for retirees do include provision for some dental and vision services.



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19.

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

October 19, 1998

To The Honorable, The City Council:

Please find attached a response to Awaiting Report Item No. 11, regarding a report on the possibility of extending dental benefits to those retirees who retired prior to 1983, received from Personnel Director Michael P. Gardner.

Very truly yours,

Robert W. Healy
City Manager

RWH/mec
Attachment

Consent Agenda #19

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Relative to AW Report #11 regarding
a report on the possibility of
extending dental benefits to those
retirees who retired prior to 1983.

In City Council October 19, 1998

PLACED ON FILE