

ORDINANCE NO.

**AN ORDINANCE OF THE CITY OF SAN JOSE AMENDING
SECTION 3.24.2290 OF CHAPTER 3.24, SECTIONS
3.28.1980 AND 3.28.1990 OF CHAPTER 3.28, AND
SECTIONS 3.36.1930 AND 3.36.1940 OF CHAPTER 3.36
OF TITLE 3 OF THE SAN JOSE MUNICIPAL CODE**

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SAN JOSE:

SECTION 1. Section 3.24.2290 of Chapter 3.24 of Title 3 of the San José Municipal Code is amended to read as follows:

3.24.2290 Eligible ~~M~~medical ~~P~~plan

For purposes of this Part, members or their survivors may secure medical insurance coverage only from:

A. ~~Medical Plans Offered to Active City Employees –~~ an eligible medical plan ~~with~~ which is a plan in which the City has entered into a contract for the provision of hospital, medical, surgical and related benefits as part of the City's benefits to City employees.; or

B. ~~Medicare Medical Plans –~~ an eligible medical plan which is a plan in which the City has entered into a contract for a Medicare coverage medical plan for the provision of hospital, medical, surgical and related benefits for Medicare recipients; or

C. ~~Medical Plans Not Offered to Active City Employees –~~ an eligible medical plan which is a plan in which the City has entered into a contract for medical plans for

the provision of hospital, medical, surgical and related benefits which are not part of the City's benefits to City employees.

SECTION 2. Section 3.28.1980 of Chapter 3.28 of Title 3 of the San José Municipal Code is amended to read as follows:

3.28.1980 Allocation of Costs of Providing Medical Insurance Coverage to Members or Survivors

- A. The costs of premiums for medical insurance coverage in an eligible medical plan shall be paid from the medical benefits account established by Section 3.28.380 or from the trust fund established by Chapter 3.52 and by deductions from monthly allowances paid by the Plan in accordance with this Section 3.28.1980. Unless otherwise determined by the trustees, payment shall be made out of the medical benefits account until the account is exhausted and thereafter out of the trust fund established by Chapter 3.52.
- B. Except as provided in subsections C. and D.:
1. The portion of the premium to be paid from the medical benefits account, or trust fund established by Chapter 3.52, shall be the portion that represents an amount equivalent to the lowest of the premiums for single or family medical insurance coverage, for which the member or survivor is eligible and in which the member or survivor enrolls under the provisions of this Part, which is available to an employee of the City at such time as said premium is due and owing.
 2. Members or survivors shall be required to pay that portion of the premium which represents the difference between the cost of the premium for the

medical plan selected by the member or the survivors and the portion paid from the medical benefits account. Such premium as is required to be paid by a member or survivor shall be deducted from the allowance payable to such member or survivor under this Chapter.

- C. A surviving spouse or surviving domestic partner who is otherwise eligible only for single coverage, but who elects family coverage pursuant to Section 3.28.1970.D., shall be required to pay that portion of the medical premium which exceeds the sum of the amount payable by the surviving spouse or surviving domestic partner and the amount payable from the medical benefits account or the trust fund established by Chapter 3.52 for single coverage as provided in subsection B. above. The portion of the premium required to be paid by the surviving spouse or surviving domestic partner shall be deducted from the monthly allowances otherwise payable to the surviving spouse or surviving domestic partner.
- D. To the extent that any member (including Tier 2 members), or their survivors, are eligible for medical insurance coverage as provided under Section 3.28.1955, the benefit provided from the medical benefits account, or trust fund established by Chapter 3.52, shall be the benefit that is specified under Section 3.28.1955. In the same manner as other members and eligible survivors under subsection C. above, to the extent members (including Tier 2 members) or their eligible survivors are eligible for benefits under Part 16 as specified under Section 3.28.1955, they shall be required to pay that portion of the premium which represents the difference between the cost of the premium payable for the medical plan selected by the member (including Tier 2 members) and the portion paid from the medical benefits account or the trust fund established by Chapter 3.52. Any such premium required to be paid by a Tier 2 member or City of San

José defined contribution plan participant, or their survivors, shall be deducted from the retirement or survivor allowance payable under this Chapter.

E. For the purposes of this Section, "lowest of the premiums" means that medical plan (single or family coverage as applicable to the coverage selected by the member, former member or survivor):

1. Which is an eligible medical plan as defined in Section 3.28.1990(A); and
2. Which has the lowest monthly premium of all eligible medical plans as defined in Section 3.28.1990(A) then in effect, determined as of the time the premium is due and owing. The lowest of the premiums for any current or future retiree in the defined benefit retirement healthcare plan shall be permanently set such that it would qualify for "silver level" as specified by the Affordable Healthcare Act (ACA) in effect in July 2015. This specifically includes the provision that the healthcare plan must be estimated to provide at least seventy percent (70%) (the "floor") but no more than seventy-nine percent (79%) (the "ceiling") of healthcare expenses (actuarial valuation) per the current ACA "silver" definition.

SECTION 3. Section 3.28.1990 of Chapter 3.28 of Title 3 of the San José Municipal Code is amended to read as follows:

3.28.1990 Eligible Medical Plan

For purposes of this Part 16, members or their survivors (including Tier 2 members and their survivors to the extent eligible for contributions under Section 3.28.1955) may secure medical insurance coverage only from:

- A. Medical Plans Offered to Active City Employees – an eligible medical plan which is a plan with in which the eCity has entered into a contract for the provision of hospital, medical, surgical and related benefits as part of the eCity's benefits to eCity employees; or
- B. Medicare Medical Plans –an eligible medical plan which is a plan in which the City has entered into a contract for a Medicare coverage medical plan for the provision of hospital, medical, surgical and related benefits for Medicare recipients; or
- C. Medical Plans Not Offered to Active City Employees – an eligible medical plan which is a plan in which the City has entered into a contract for medical plans for the provision of hospital, medical, surgical and related benefits which are not part of the City's benefits to City employees.

SECTION 4. Section 3.36.1930 of Chapter 3.36 of Title 3 of the San José Municipal Code is amended to read as follows:

3.36.1930 Allocation of Costs of Providing Medical Insurance Coverage to Members or Survivors

- A. The costs of premiums for medical insurance coverage in an eligible medical plan shall be paid from the medical benefits account established by Section 3.36.575 or from the trust funds established by Chapters 3.54 and 3.56 and by deductions from monthly allowances paid by the Plan in accordance with this Section 3.36.1930. Unless otherwise determined by the Trustees, payment shall be made out of the medical benefits account until the account is exhausted and thereafter out of the Trust Funds established by Chapters 3.54 and 3.56.

- B. For members who retired prior to February 4, 1996, for former members described in subsection C. of Section 3.36.1900 who separated from City service prior to February 4, 1996, and for survivors of said members and former members who satisfy the requirements of Section 3.36.1910:
1. For coverage through July 1998, the member, former member or survivor shall be required to pay a premium for medical insurance coverage under this Part in the same amount as is currently paid by an employee of the City in the classification from which the member retired, which the member held at the time of death, or which the former member held at the time of separation from City service. The remaining portion of the premium shall be paid from the medical benefits account.
 2. Effective for coverage beginning in the month of August 1998, the portion of the premium to be paid from the medical benefits account shall be that portion which is equivalent to the premium for the "lowest cost medical plan", but shall not exceed the actual premium for the eligible medical plan in which the member, former member or survivor enrolls. The portion to be paid by deductions from monthly allowances paid to the member, former member, or survivor shall be that portion of the premium for the selected medical plan that exceeds the portion payable from the medical benefits account.
- C. For members who retired on or after February 4, 1996, for former members described in subsection C. of Section 3.36.1900 who separated from Ccity service on or after February 4, 1996, and for survivors of said members and former members who satisfy the requirements of Section 3.36.1910:

1. For coverage through November 1997, the member, former member or survivor shall be required to pay a premium for medical insurance coverage under this Part in the same amount as was then paid by an employee of the City in the classification from which the member retired, which the member held at the time of death, or which the former member held at the time of separation from City service. The remaining portion of the premium shall be paid from the medical benefits account.
 2. Effective for coverage beginning in the month of December 1997, the portion of the premium to be paid from the medical benefits account shall be the lesser of (a) an amount which is equivalent to the premium for the "lowest cost medical plan" or (b) the actual premium for the eligible medical plan in which the member, former member or survivor enrolls. The portion to be paid by deductions from monthly allowances paid to the member, former member, or survivor shall be that portion of the premium for the selected medical plan that exceeds the portion payable from the medical benefits account.
- D. For the purposes of this Section, "lowest cost medical plan" means that medical plan (single or family coverage as applicable to the coverage selected by the member, former member or survivor):
1. Which is an eligible medical plan as defined in Section 3.36.1940(A); and
 2. Which has the lowest monthly premium of all eligible medical plans as defined in Section 3.36.1940(A) then in effect, determined as of the time the premium is due and owing. The "lowest cost plan" for any current or future retiree in the defined benefit retirement healthcare plan shall be permanently set such that it would qualify for "silver" level as specified by

the Affordable Healthcare Act (ACA) in effect in July 2015. This specifically includes the provision that the healthcare plan must be estimated to provide at least 70% (the "floor") but no more than 79% (the "ceiling") of healthcare expenses (actuarial valuation) as per the current ACA "silver" definition.

SECTION 5. Section 3.36.1940 of Chapter 3.36 of Title 3 of the San José Municipal Code is amended to read as follows:

3.36.1940 Eligible mMedical pPlan

For purposes of this Part 14, members or their survivors may only be entitled to secure medical insurance coverage from:

- A. Medical Plans Offered to Active City Employees – an eligible medical plan which is a plan with in which the City has entered into a contract for the provision of hospital, medical, surgical and related benefits as part of the City's benefits to City employees; or

- B. Medicare Medical Plans – an eligible medical plan which is a plan in which the City has entered into a contract for a Medicare coverage medical plan for the provision of hospital, medical, surgical and related benefits for Medicare recipients; or

- C. Medical Plans Not Offered to Active City Employees – an eligible medical plan which is a plan in which the City has entered into a contract for the provision of hospital, medical, surgical and related benefits which are not part of the City's benefits to City employees.

RD:EJM:KML
2/16/2018

PASSED FOR PUBLICATION of title this _____ day of _____, 2018, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

SAM LICCARDO
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk