



MEA NEWSLETTER

January 2011

Happy New Year!

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PEC Debates Options on 11-12 Health Care Savings

Although the PEC Agreement was negotiated in 2010, the implementation of the provision covering health care cost savings was deferred until the second year. That provision mandates that the PEC unions identify and produce “approximately \$3 million” in permanent health care savings beginning in 2011-2012. Under the provision, should the PEC fail to identify an alternative, a “default” option will go into place, requiring that CCSF employees covered under the “City Plan Employee Only” pay the difference between the cost of that plan and the middle plan starting in July of 2011.

The current options under discussion are:

Option 1: City Plan (aka default option): Would require approximately 712 people who are currently covered under City Plan Employee Only to pay the difference between the second highest plan (currently Blue Shield) and the City Plan. It is estimated that their payment would be \$600 per person per month or \$7,200 annually. Savings to the City would be over \$5 million dollars. This is the option that will go into effect in the event no alternative option is identified and selected.

Option 2: Dental Plan Premium: Would require approximately 26,000 people to pay a nominal pre-tax premium for coverage under Delta Dental

- Employee Only - \$5 per month (\$2.50 per pay period)
- Employee Plus 1 - \$10 per month (\$5.00 per pay period)
- Employee Plus 2 or more - \$15 per month (\$7.50 per pay period)

In both Option 1 and Option 2, employees would retain the ability to elect a medical or dental plan during the open enrollment period that would not require the additional payment for coverage.

While there is widespread perception that Plan changes will ultimately be necessary to deal with the continuing escalation of health care costs, there are differing views as to whether making such a significant change to such a small group of people makes long-term sense, especially when the potential financial impact of healthy people fleeing the plan is factored in. It is worth noting that although only a small percentage of active employees are in the City Plan, nearly a third of retirees utilize that option.

It is also important to follow, understand and engage in the much more significant decisions which take place each year when health care rates and benefits are set by the HSS Board (set for January 13, 2011). That is the forum where choices are debated and made that significantly impact both the plan participants and the City budget. There is no group with a greater interest in a sustainable benefit structure than the people who dedicate their working lives to public service but vigilance is required in these challenging times.

Federal Health Care Reform Implementation Begins

January 1, 2010 Change In Over-The-Counter Medicine FSA Reimbursements:

Due to federal health reform law, effective January 1, 2011, over-the-counter (OTC) drugs and medicines will no longer be eligible for Flexible Spending Account (FSA) reimbursement without a doctor's prescription. This includes OTC items like digestive aids, pain relief, cold and cough medicines and insect bite treatments. If you wish to continue purchasing and submitting FSA claims for OTCs after December 31, 2010, you must obtain a doctor's prescription for these items. Items like eyeglasses and band aids, as well as durable medical equipment such as crutches and canes, will continue to be reimbursed without a doctor's prescription. If you have questions about the changes in over-the-counter medicine reimbursements contact FBMC at (800) 342-8017.

MTA 10-11 Management Training Funds Exhausted

The \$20,000 allocated for management training at MTA in 2010-2011 has been completely depleted. We are now working to establish if additional funding may be available because it was unused in prior years. In the meantime, if you are an MEA represented manager at MTA, you should not assume reimbursement for training or equipment requests. Prior to making any decisions, please check with Raquel Silva at the office to confirm the availability of funds.

Save the Date:

MEA Annual Retiree and Active Dinner set for Thursday, March 10, 2011
– Location TBD

MEA Mission Statement: To enhance the quality of life for all San Franciscans and visitors by promoting sound government practices, supporting professional excellence for our City's managers, and maintaining the highest ethical standards in the delivery of service to the public.

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