

February 11, 2002

The Honorable Common Council
City Hall, Room 205
200 East Wells Street
Milwaukee, WI 53202

RE: Retiree Health Insurance for Management Employees

Dear Ladies and Gentlemen:

Please introduce a file at the February 12, 2002 Common Council Meeting to authorize a change in the health insurance rate structure for all City of Milwaukee management employees, including Police and Fire Management employees, who take retirement on or after January 1, 2003 and are under 65 years. The change in the rate structure would make the retiree rates the same as the rates for active management employees until the retiree reaches age 65.

Currently General City management employees are eligible for retirement at age 55 with 30 years of service, or at age 60 with 15 years of service. These retirees have a choice of four free health plans today. Under the proposed change they would still have at least one free health plan, the low cost HMO. The other three health plans would cost the same for new retired employees as they do for active management employees.

Currently management employees in the Police Department are eligible for retirement with 25 years without regard to age with free or reduced cost health insurance regardless of the health plan selected dependent upon the number of days of sick leave. Currently management employees in the Fire Department are eligible for retirement at age 49 with 22 years of service with free or reduced health insurance regardless of the health plan selected dependent upon the number of days of sick leave. Currently active Police and Fire Management employees pay for health insurance the same as other Management employees.

Under this resolution, the rate structure would change only for all management employees retiring on or after January 1, 2003. The rate structure would be identical to active management employees rate structure for 2003. The rate structure for retirees under 65 in future years would continue to be the same as active employees for those future years.

This file may require a change in ordinances related to General City Management employees, Police Management Employees and Fire Management employees' health insurance benefits at retirement prior to age 65.

This file would authorize the Department of Employee Relations and the Employee Retirement System to communicate with those active management employees who are

selecting retirement prior to age 65 on or after January 1, 2003 that their rate structure for health insurance would remain the same as active management employees.

Sincerely,

Michael Brady
Employee Benefits

City Attorney Grant Langley
Thomas Hayes
Ellen Tangen
Dennis Yaccarino, Budget Office
Barry Zalben, Legislative Reference Bureau
Marianne Walsh, Fiscal Staff
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