

3. effective April 5, 1992 there will be a 5% increase in the cost of living increase; there is no cost of living increase planned for FY93,
4. the following modifications are proposed to the group health benefits:
 - A. the County will contribute 75% to the cost of the County's new health insurance program and the employees will contribute 25%...the County's high option health insurance or basic option health insurance programs are no longer available
 - B. effective July 1, 1991 for those employees who elect to participate in a Health Maintenance Organization (HMO) the County's contribution will be 90% and the employees contribution will be 10%...last year the County contributed 92.5% and the employees contributed the remaining 7.5%
 - C. effective July 2, 1992 those employees who participate in a HMO will contribute 15% and the County will contribute 85%.

According to Mr. Knapp, last year a move was made to begin having employees pay a higher contribution to their HMOs. This plan would more fairly share the cost and to keep cost from rising as dramatically as they had in the past. The intent is to raise rates over the next 5 years so that the employee contribution is 25%.

Council Member MacKinnon requested information regarding the average cost to an employee for HMO coverage. According to Mr. Knapp an approximate cost is \$14-single, \$28-double and \$35-family.

Staff has received a letter of support for this resolution from the Labor Commissioner, Frank W. Stegman.

According to the Office of Audits and Investigations and the Office of Management and Budget the fiscal impact of this legislation is as follows:

- * suspension of merit increases would result in a positive fiscal impact of approx. \$1 million,
- * a 5% COLA in FY92 will result in a negative fiscal impact of approx. \$840,000,
- * changes in the employee contribution rates for those enrolled in HMOs effective July 1, 1991 would result in a positive fiscal impact of approx. \$91,198.

BACKGROUND INFORMATION/FISCAL IMPACT

(Includes reason for proposal, as well as any unique statutory requirements)

The proposed resolution will implement, effective July 1, 1991, certain modifications to wages and other benefits for General Schedule employees for Fiscal Years 1992 and 1993, as specified in the resolution.

The estimated fiscal impact will be provided by the Office of Management and Budget.

Charter Section 903 and Personnel Law Section 16-125(a) require Council action to amend Salary Plan.