

OFFICE OF THE CITY MANAGER
DES MOINES, IOWA

ITEM 91

CITY COUNCIL COMMUNICATION 97-118
MARCH 17, 1997 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
HEALTH INSURANCE DELINQUENT PAYMENT AND COVERAGE CANCELLATION POLICY	◆ RESOLUTION ORDINANCE RECEIVE/FILE	MARK J. SCHULTZ RISK MANAGEMENT COORDINATOR

SYNOPSIS —

State law allows retired City employees to purchase continued health insurance coverage from the City upon retirement. Retirees select from four payment plan options: monthly, quarterly, semi-annual or annual. Payment is to be received prior to the first day of the month for which coverage is being purchased. There have been instances where payments have fallen into arrears and cancellation of coverage has been necessary. In order to ensure consistency and fairness when cancellation of health insurance coverage is necessary, it is proposed that the City Council approve the Health Insurance Delinquent Payment and Coverage Cancellation Policy.

FISCAL IMPACT —

N/A.

RECOMMENDATION —

Approval.

BACKGROUND —

Over the years, the City has had instances of individual retirees falling into arrears on their health insurance benefit coverage payments. Staff has worked with those who were experiencing temporary financial difficulty by establishing payment plans that allowed the delinquent payments to be recovered over a specified period of time. However, there have been those instances in which coverage has had to be canceled either because of the inability to pay or refusal to pay. The purpose of the proposed policy is to provide a procedure which allows staff to deal consistently with any and all delinquent payments and coverage cancellations. Doing so ensures that all retirees are treated fairly and equitably. The proposed policy follows an insurance industry standard for handling delinquent payments and cancellations. For cases of demonstrated hardship, City staff will continue to allow payment plans as long as staff is contacted during the 75-day (est.) period from the time the original invoice is mailed and the last day allowed before cancellation of coverage.

This proposed policy has been reviewed and recommended for approval by the City Manager, the Legal Department, the Employee Benefits Specialist, the Finance Director, the Risk Management Coordinator, and representatives of FORCE 1 (the Association representing retired City employees).