



Memorandum

DATE: April 21, 2005
FROM: Bruce Walden
TO: Urbana City Council
RE: Proposal for Domestic Partner Insurance for City Employees

Since last Monday night we have done some investigation regarding insurance for domestic partners. Mona Shannon and I are working through the issues. Some of these issues are highlighted below.

Domestic Partner Rider

Health Alliance offers a rider that can be added to our insurance policies in order to include domestic partners and their children under our insurance plans. In part, the rider states:

“Both you and your Domestic Partner agree to be jointly responsible for each other's basic living expenses incurred during the domestic partnership. *Basic living expenses* are considered shelter, utilities, and all costs directly related to the maintenance of their common residence. It also includes any other cost, such as medical care if some or all of the cost is paid as a benefit because a person is another person's domestic partner. *Joint responsibility* means that each partner agrees to provide for the other partner's basic living expenses if the partner is unable to provide for him/herself. Persons to whom these expenses are owed may enforce this responsibility if, in extending credit or providing good or services, they relied on the existence of the domestic partnership and the agreement of both partners to be jointly responsible for those specific expenses.”

This definition is different than the City's current definition of domestic partner and binds the employee to a financial commitment, including payment of uninsured medical expenses. Prior to the addition of these benefits, the City will need to decide how to modify our current policy to meet these requirements. I think however, that this is a relatively simple matter that can be accomplished administratively irrespective of the overall domestic partner registry program proposal.

Other Employer Groups

The City of Urbana, the Library, the Township, and the Parks District are in the same insurance pool and are covered by the same plan provisions. Each employer pays their respective premiums, but the coverage for each is the same. We need to determine if each employer must continue to use the same plan to remain in the same insurance pool and whether an employer can restrict coverage that is provided by the plan. If these other groups are required to provide domestic partner insurance benefits when the City adds the rider, each employer will need time to add domestic partner benefits or change insurance carriers. Calls are in to the other employer group managers.

Legal Issues and process regarding implementation

Prior to implementation, the City will need to review how to implement such changes with the unions. For example, it may be lawful to unilaterally add the rider, but not to unilaterally pay for a portion of the premium. It is unclear what we will do if one or more unions objected to the addition of these benefits. Adding insurance benefits may be a much bigger issue than adding leave benefits. Due to double digit annual increases in medical costs unions and employers are keenly concerned with insurance premiums and out of pocket costs. Unlike many other workplaces, each of our unions has negotiated separate insurance benefits. Each will need to be consulted.

Budget impact and timing

It is our information that there is not a direct cost to the employee or city by adding the domestic rider. There would be the incremental cost of paying the employer share of the insurance if it were to be utilized but this is minimal relative our overall premiums. While it appears we can obtain the domestic partner rider at any time, employees may not be able to sign anyone up for it until the open enrollment period in January 2006.

Overall Recommendation

Due to the complexity of the issues raised by this proposal, the other employer groups that would be affected, union and legal issues, I recommend the following:

That the C.A.O be directed to adjust the administrative domestic partner policy for city employees to include health care benefits for domestic partners at an employee cost consistent with employee group family coverage costs, upon completion of appropriate due diligence, including but not limited to, discussion with Park District, Township, Library and union officials, appropriate legal review and further discussions with health care vendors. The C.A.O. will implement the policy in a timely fashion or report back to the City Council on the reasons it cannot be implemented.