

September 18, 2012

Jim Unland, President  
San Jose Police Officers' Association  
1151 N. Fourth Street  
San Jose, CA 95112

**RE: 2013 Health Plan Rates**

Dear Jim:

We are following up with you regarding our letter dated September 10, 2012, regarding making the low cost Kaiser 1500 deductible plan available to active employees represented by the POA, which has been attached for your reference. As of the date of this letter, we have not received any response from you.

Please find enclosed the Police and Fire 2013 Health Plan Rates that will be made available to employees represented by the POA during open enrollment. Please be advised that the low cost Kaiser 1500 deductible plan will not be available to active employees represented by the POA. As we have previously noted, all the healthcare plans available to active employees are also made available to retirees, and, in accordance with the City's Municipal Code, the retirement plan pays for the lowest priced plan available to any active employee.

Feel free to contact me with any questions.

Sincerely,



Alex Gurza  
Deputy City Manager

Enclosures

## 2013 Health Plan Semi-Monthly Rates

Effective from 1/1/2013 (PP 1) through 12/31/2013 (PP 25)

### Health Plan Options for Employees Represented by the San Jose Police Officer's Association and the International Association of Fire Fighters, Local 230

Health premiums are deducted the first 2 paydays of each month, and are pre-tax

	KAISER HMO \$25 Copay Plan		BLUE SHIELD HMO \$25 Copay Plan		BLUE SHIELD PPO \$3500 Deductible Plan		BLUE SHIELD POS/PPO \$100 Deductible Plan	
	Single	Family	Single	Family	Single	Family	Single	Family
<b>100% Benefits: Full-Time Employees Including RWW Employees who work 35 - 39 Hrs</b>								
Employee Contribution	43.78	109.02	63.66	183.08	45.81	137.54	129.48	352.58
City Contribution	248.12	617.83	248.12	617.83	248.12	617.83	248.12	617.83
Total	291.90	726.85	311.78	800.91	293.93	755.37	377.60	970.41
<b>75% Benefits: Part-Time Employees who work 30 - 39 Hrs &amp; RWW Employees who work 30 - 34 Hrs</b>								
Employee Contribution	105.81	263.48	125.69	337.54	107.84	292.00	191.51	507.04
City Contribution	186.09	463.37	186.09	463.37	186.09	463.37	186.09	463.37
Total	291.90	726.85	311.78	800.91	293.93	755.37	377.60	970.41
<b>62.5% Benefits: Part-Time &amp; RWW Employees who work 25 - 29 Hrs</b>								
Employee Contribution	136.82	340.71	156.70	414.77	138.85	369.23	222.52	584.27
City Contribution	155.08	386.14	155.08	386.14	155.08	386.14	155.08	386.14
Total	291.90	726.85	311.78	800.91	293.93	755.37	377.60	970.41
<b>50% Benefits: Part-Time &amp; RWW Employees who work 20 - 24 Hrs</b>								
Employee Contribution	167.84	417.93	187.72	491.99	169.87	446.45	253.54	661.49
City Contribution	124.06	308.92	124.06	308.92	124.06	308.92	124.06	308.92
Total	291.90	726.85	311.78	800.91	293.93	755.37	377.60	970.41

#### Health In-Lieu Plan Payments

Payment in-lieu of coverage is available for qualified enrollees (full-time and RWW who work 35+ hours)  
Payments are made every payday, are taxable, and are subject to tax withholding

If eligible for family coverage	221.84
If not eligible for family coverage	89.09

## 2013 Health Plan Semi-Monthly Rates

Effective from 1/1/2013 (PP 1) through 12/31/2013 (PP 25)

### Health Plan Options for All Other Employees

Health premiums are deducted the first 2 paydays of each month, and are pre-tax

	KAISER PERMANENTE		KAISER HMO		BLUE SHIELD HMO		BLUE SHIELD OF CALIFORNIA		BLUE SHIELD POS/PRO			
	\$1500 Deductible Plan	\$25 Copay Plan	\$25 Copay Plan	\$45 Copay Plan	\$25 Copay Plan	\$25 Copay Plan	\$3500 Deductible Plan	\$3500 Deductible Plan	\$100 Deductible Plan	\$100 Deductible Plan		
	Single	Family	Single	Family	Single	Family	Single	Family	Single	Family		
<b>100% Benefits: Full-Time Employees Including RWW Employees who work 35 - 39 Hrs</b>												
Employee Contribution	0.00	0.00	43.78	109.02	11.94	50.21	63.66	183.08	45.81	137.54	129.48	352.58
City Contribution	228.85	569.85	248.12	617.83	248.12	617.83	248.12	617.83	248.12	617.83	248.12	617.83
Total	228.85	569.85	291.90	726.85	260.06	668.04	311.78	800.91	293.93	755.37	377.60	970.41
<b>75% Benefits: Part-Time Employees who work 30 - 39 Hrs &amp; RWW Employees who work 30 - 34 Hrs</b>												
Employee Contribution	57.21	142.46	105.81	263.48	73.97	204.67	125.69	337.54	107.84	292.00	191.51	507.04
City Contribution	171.64	427.39	186.09	463.37	186.09	463.37	186.09	463.37	186.09	463.37	186.09	463.37
Total	228.85	569.85	291.90	726.85	260.06	668.04	311.78	800.91	293.93	755.37	377.60	970.41
<b>62.5% Benefits: Part-Time &amp; RWW Employees who work 25 - 29 Hrs</b>												
Employee Contribution	85.82	213.69	136.82	340.71	104.98	281.90	156.70	414.77	138.85	369.23	222.52	584.27
City Contribution	143.03	356.16	155.08	386.14	155.08	386.14	155.08	386.14	155.08	386.14	155.08	386.14
Total	228.85	569.85	291.90	726.85	260.06	668.04	311.78	800.91	293.93	755.37	377.60	970.41
<b>50% Benefits: Part-Time &amp; RWW Employees who work 20 - 24 Hrs</b>												
Employee Contribution	114.42	284.92	167.84	417.93	136.00	359.12	187.72	491.99	169.87	446.45	253.54	661.49
City Contribution	114.43	284.93	124.06	308.92	124.06	308.92	124.06	308.92	124.06	308.92	124.06	308.92
Total	228.85	569.85	291.90	726.85	260.06	668.04	311.78	800.91	293.93	755.37	377.60	970.41

### Health In-Lieu Plan Payments

Payment in-lieu of coverage is available for qualified enrollees (full-time and RWW who work 35+ hours)  
Payments are made every payday, are taxable, and are subject to tax withholding

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September 10, 2012

Jim Unland, President  
San Jose Police Officers' Association  
1151 N. Fourth Street  
San Jose, CA 95112

**RE: 2013 Health Plan Rates**

Dear Jim:

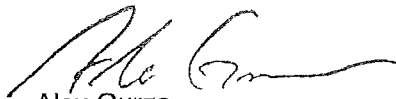
Please find the 2013 Health Plan Semi-Monthly Rates, effective January 1, 2013, enclosed. These rates were distributed at the August 29, 2012, Benefits Review Forum and reflect the most current premium rates for active employees, including the low cost Kaiser 1500 deductible plan.

As you know, the City made several proposals to make the Kaiser 1500 deductible plan available to POA active employees, but we were unable to come to an agreement. Instead, active employees in the POA have access to the Blue Shield Plans and the Kaiser \$25 co-pay plan with the premium shared between the City and active employees on an 85/15 ratio.

The enclosed rate sheet shows that active employees who select the Kaiser 1500 deductible plan may not be required to make any contributions for the premium due to the lower cost of the plan. As we were not able to reach an agreement regarding healthcare options, the Kaiser 1500 deductible plan will not be available to active members of the POA. As you know, all the healthcare plans available to active employees are also made available to retirees, and in accordance with the City's Municipal Code, the retirement plan pays for the lowest priced plan available to any active employee.

The City continues to be willing to make the Kaiser 1500 plan available to active employees in the POA with the modification to the 85/15 cost sharing such that the cost sharing will be based the Kaiser \$25 co-pay plan. Please let me know no later than September 14, 2012 if the POA is interested in pursuing that option. If we do not hear from you, we will be proceeding without offering the Kaiser 1500 deductible plan to active employees represented by the POA.

Sincerely,



Alex Gurza  
Deputy City Manager

Enclosure