



## ORDINANCE

### REVISIONS TO THE HEALTH PLAN SECTION OF THE UNAFFILIATED EMPLOYEES PERSONNEL POLICIES

### *CITY OF NASHUA*

*In the Year Two Thousand and Twenty*

*The City of Nashua ordains* that Part I “Administrative Legislation,” Chapter 50 “Personnel”, Article I “General Provisions”, Section 50-6 “Merit system for personnel administration pursuant to Charter §86-a” of the Nashua Revised Ordinances, as amended, be hereby further amended by deleting the struck-through language and adding the new underlined language as follows:

**“§ 50-6. Merit system for personnel administration pursuant to Charter §86-a.**

- A. The “City of Nashua Unaffiliated Employees Personnel Policies”, dated ~~January 1, 2018~~ July 1, 2020, is hereby adopted. These personnel policies are the merit system for personnel administration required by Charter §86-a.”

The proposed changes to the “City of Nashua Unaffiliated Employees Personnel Policies” currently dated January 1, 2018, are as follows:

In Section III “Benefits”, Subsection C “Insurances”, Item 1 “Health Plan”, add the following new underlined language:

**“1. Health Plan**

Health insurance is available to employees regularly scheduled to work twenty (20) or more hours per week. Full-time employees (regularly scheduled to work forty (40) hours per week) contribute twenty percent (20%) of the working premium for the Health Maintenance Organization (HMO) and High Deductible Health Plan (HDHP) options, and thirty percent (30%) of the premium for the Point of Service Plan (POS). The City contributes on a prorated basis for employees scheduled to work less than forty (40) hours per week. Prorating examples follow:

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- 20 hours weekly = 20 (hours) / 40 (hours) = .5 x 80% = 40% City contribution and 60% employee contribution.
- 30 hours weekly = 30 / 40 = .75 x 80% = 60% City contribution and 40% employee contribution.

Effective July 1, 2020, the following changes will be made to the Health Maintenance Organization (HMO) Plan:

- \$20 co-pay increase to \$25.
- \$250 individual / \$500 2-person or family inpatient / outpatient deductible increase to \$1,500 / \$3,000.
- Pharmacy copays increase from \$5/\$15/\$35 (\$5/\$30/\$70 mail order) to \$10/\$30/\$50 (\$20/\$60/\$100 mail order).

The deductibles in the High Deductible Health Plan with Health Savings Account (HDHP w/ H.S.A.) are unchanged. Deductibles remain at \$2,000 individual / \$4,000 2-person or family. The City's contributions to Health Savings Accounts remain at \$1,500 individual / \$3,000 2-person or family.

Effective July 1, 2020, the City H.S.A. contribution will be distributed in 2 installments, one on or about July 1 and one on or about October 1, provided however that if an employee is required to pay more towards his / her deductible than the initial 50% contribution, upon presentation of suitable documentation, the City will contribute the remaining 50% before October 1.

Employees who join the HDHP w/ H.S.A. at any time other than July 1 will receive a pro-rated City contribution of \$125 monthly for a single plan and \$250 monthly for 2-person or family plan for each full month remaining in that fiscal year.

Coverage for new employees is available on the 1<sup>st</sup> of the next month following date of hire if hired on or before the 15<sup>th</sup> of the month; and on the 1<sup>st</sup> of the month following a full month of employment if hired after the 15<sup>th</sup> of the month. Employees who do not enroll on their initial eligibility date may subsequently only do so during the annual open enrollment period or following a "qualifying event."

These changes to the Unaffiliated Employees Personnel Policies shall take effect on July 1, 2020.

**LEGISLATIVE YEAR 2020**

**ORDINANCE:** O-20-011

**PURPOSE:** Revisions to the Health Plan section of the Unaffiliated Employees Personnel Policies

**ENDORSER(S):** Mayor Jim Donchess

**COMMITTEE  
ASSIGNMENT:**

**FISCAL NOTE:** This legislation changes the design of the HMO health plan for unaffiliated employees and it is anticipated that these changes will reduce the health care claims charged to the City. The reduction in the amount of health care claims can't be determined at this time as the unaffiliated subscribers to the City's health care will be able to change their choice of plan during open enrollment.

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**ANALYSIS**

This legislation proposes additions to the Health Plan section of the existing "Unaffiliated Employees Personnel Policies", dated January 1, 2018, to take effect on July 1, 2020. The proposal makes changes to elements of the current HMO plan, including increased co-pays, inpatient/outpatient deductibles, and pharmacy co-pays. It incorporates the current amounts for the deductibles and City's contributions for the High Deductible Health Plan with Health Savings Account. With respect to the City's HSA contributions, it provides for proration and splitting the City's contributions into two installments.

The City's open enrollment period for health insurance changes generally takes place mid-April to mid-May.

Under NRO 50-3, the merit plan may be amended by ordinance. Prior to the introduction of such amendments by the Mayor, division directors and department heads shall have the opportunity to comment on the amendments. That process has taken place.

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**Approved as to form:** Office of Corporation Counsel

By: *Dorothy Clarke*

Date: *March 18, 2020*