



CITY OF WASILLA

290 E. HERNING AVE.

WASILLA, ALASKA 99654-7091

PHONE: (907) 373-9050

FAX: (907) 373-9085

INFORMATION MEMORANDUM

NO. 94-31

FROM: Finance Director

DATE: September 21, 1994

SUBJECT: Council Health Insurance Coverage

On July 21, 1994 I wrote the State of Alaska asking for clarification of the SBS Option II health plan coverage. Problems arose when the cost of premiums exceeded the gross wages of our two councilmen participating in the plan.

The State replied on September 5, 1994 and explained their reasoning. Their bottom line is that health insurance premiums under option II have to be paid with "pre-tax salary deductions". Since councilman's salary is insufficient to pay the monthly premium they may not participate in this plan.

To enable councilmen to participate in SBS Option II, salary would have to be raised enough to cover the premiums, currently \$113.00 for the employee. The only other option is participation in the Blue Cross program which was covered in CM. No. 94-26.

Erling P. Nelson, CMC
Finance Director



CITY OF WASILLA

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WASILLA, ALASKA 99654-7091
PHONE: (907) 373-9050
FAX: (907) 373-9085

July 21, 1994

Liza Tourtellot
State of Alaska
Supplemental Benefits System
P.O. Box CR
Juneau, Alaska 99811-0203

Dear Liza:


We have two elected councilmen who have been taking the SBSII optional health insurance for several years. In January 1994, the premium increased over what they earn as elected councilmen. Both wished to continue coverage, so they were paying the City and we were including it on our turn around report.

In January, one of the councilmen in question, had not earned any pay and yet he had paid for his premium. One of your techs called and said that we couldn't do this due to pre-tax dollars and that you would have to refund his money and he would not be covered for that month. Also, during this conversation, it was noted that we are no longer with Aetna, having switched to Blue Cross in August of 1993. We were then informed that our employees could not use SBSII health insurance options because we were no longer with the State's health insurance carrier, Aetna.

We have verbally asked for both statements in writing, to inform all our employees, especially the two councilmen involved, and as yet have received nothing. When we call, we get transferred around with no answers being given. Basically, we are being ignored.

We have reached a point that this issue must be addressed. We would greatly appreciate someone's time to resolve this problem one way or another. The City's position is that we are a participating member of SBS and therefore, our elected officials and employees should be able to participate in any SBS program.

Sincerely,


Erling P. Nelson
Finance Director

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT AND BENEFITS

WALTER J. HICKEL, GOVERNOR

PLEASE REPLY TO:

- P.O. BOX 110203
JUNEAU, AK 99811-0203
PHONE: (907) 465-4460
FAX: (907) 465-3086
- 701 EAST TUDOR RD, SUITE 240
ANCHORAGE, AK 99503-7445
PHONE: (907) 563-5885
FAX: (907) 561-6048

September 5, 1994

Mr. Erling Nelson
Finance Director
City of Wasilla
290 E. Herning Avenue
Wasilla, AK 99654-7091

RECEIVED

SEP 14 1994

City of Wasilla, Alaska

Dear Erling:

I have received your letter requesting clarification of premium payments under the Supplemental Benefits System (SBS). First let me apologize for the delay in responding to you; we are somewhat backlogged at this point.

The SBS Option I health plan is designed to pay an additional 10% of medical expenses paid by a State of Alaska health plan. As soon as the City opted out of the State's Group Health plan for political subdivisions and transferred to Blue Cross, the employees became ineligible to select the supplemental Option I health plan.

You stated that the councilmen in question were enrolled in the SBS Option II health plan. This health plan is available to any employee of the City who is not covered by the employer's health plan. Essentially, this allows employees who do not qualify for employer paid health to purchase their own. However, the benefits plan (printed in the SBS booklet) states that premiums must be paid with pre-tax salary deductions and that an employee who lacks sufficient funds to pay their premium will be ineligible for coverage for that month. To accept post-tax premiums would jeopardize the nontaxable status of the plan for all participants.

We usually suggest that you caution employees with low wages that fluctuate a great deal that they may not have enough salary to cover the premium every month and may have an "on-again, off-again" eligibility. It is possible for employees who are covered by the Option II to purchase coverage lost due to insufficient funds. To do so, the employee would fill out a form and send their premiums directly to Aetna. However, I must stress that this must be done within 31 days of the date the employee loses coverage. In addition, the employee would be responsible for tracking when they were covered through payroll deduction and when they needed to pay directly.

I hope that I have cleared up this matter for you. If you have any questions, please contact me.

Sincerely,



Lisa Marie Tourtellot
Benefits Supervisor



CITY OF WASILLA

290 E. HERNING AVE.

WASILLA, ALASKA 99654-7091

PHONE: (907) 373-9050

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COUNCIL MEMORANDUM

NO. 94-26

FROM: Clerk's Office

DATE: May 4, 1994

SUBJECT: Health Insurance


Several weeks ago rumblings began in Juneau regarding the Optional II Health Insurance program offered through SBS. It seems this option is not available if the City does not participate in the medical plan offered through the State of Alaska with Aetna. At the time we terminated our agreement with Aetna I was told that only the SBS Option I Health Insurance would not be available. Currently we have two Council Members who will be affected by this. What will happen is cancellation of their insurance plan.

I have contacted Blue Cross and they have agreed to write a contract for coverage of City Council Members which would give the same benefit as the employees receive, medical, dental and vision. The City would have to agree to pay 100% of the Council Member. If the Member wished to cover family that cost would be at the Member's expense unless Council chose to cover a portion of the Members family also. Members who had other insurance coverage would be able to not take coverage, which would decrease the City's expense. The following table indicates what the cost would be at the current rate. We do expect an increase in this rate of between 5 and 8%, but we have not received the new figures yet.

	City Cost	Council Member Cost
Council Member	\$165.54	\$-0-
Spouse	\$-0-	\$193.69
Spouse & Kids	\$-0-	\$335.05
Kids	\$-0-	\$141.36

Blue Cross will not cover the Council unless the City agrees to pay 100% of the Council Member cost.

Direction is requested from Council.


Marjorie D. Harris, CMC
Deputy Clerk