



MEMORANDUM

TO: Mayor and Council

FROM: Mark Washington, Human Resources and Civil Service Director

DATE: May 6, 2015

SUBJECT: Status of Report on Providing Health Care to Temporary Employees and Contract Workers

This memorandum will provide an update on staff's efforts related to Resolution 20150226-036, which asked staff to estimate costs related to extending health coverage to all categories of City workers not currently covered by the City's medical plan. Staff was directed to report back to Council within 60 days or by April 27, 2015.

In light of the amount of work involved in this effort, including required data collection and cost analysis, staff will need an additional 30 days to deliver a final status report to Council.

Progress Update

The Human Resources Department (HRD) surveyed all temporary and contract workers to assess their needs and the likelihood that they would enroll in coverage provided by the City. A questionnaire was developed for each target population and sent to all 1,723 temporary employees on the City payroll as of March 21, 2015. A separate questionnaire was sent to 263 contract workers who received an IRS Form 1099 from the City in 2014. Responses were received from 407 temporary employees and 46 contract workers. The responses are being tabulated and analyzed.

To gather benchmark comparisons, HRD surveyed selected Texas public sector employers in March. The survey was also posted on the State and Local Government Benefits Association (SALGBA) website to reach additional public sector employers. A total of 22 responses were received.

HRD is partnering with the Health and Human Services (HHSD) and Emergency Medical Services (EMS) departments to assess the cost of providing services to the employees and contractors that do not currently receive medical coverage. We are currently in the preliminary stages of this process. HHSD has also made initial contact with Central Health, which uses local (non-City) and federal funds to create access to health care for uninsured, underinsured, and low-income residents.

Preliminary Results Highlights

Of the 407 temporary employees responding to the survey:

- 279 (69%) indicated they currently have medical coverage
- 244 (61%) indicated they would enroll in City coverage at the current rate structure
- Of those enrolling: 84% employee only, 5% employee/spouse, 6% employee/children, and 5% employee/family

Of the 46 contract workers responding to the survey:

- 40 (87%) indicated they currently have medical coverage
- 20 (45%) indicated they would enroll in City coverage at the current rate structure
- Of those enrolling: 63% employee only, 0% employee/spouse, 12% employee/children, and 25% employee/family

Of the twenty-two public sector employers that responded to the benchmark survey, only the City of Fort Worth allows temporary employees (averaging more than 30 work hours per week over a one-year period) to enroll in

their medical plan after one year of service. Those employees pay the same premiums for coverage as full-time employees.

None of the public sector employers indicated that they provide medical coverage to contract workers. The City of Houston does require certain contractors to either provide medical coverage for their employees, or pay \$150 per month, per employee, to offset the cost of providing healthcare to uninsured residents of Houston/Harris County.

Staff is working with the City's benefits consultant, Towers Watson, to complete the projection of enrollment levels and cost based upon the survey results. The annual FY15 cost per employee of providing City medical benefits varies from \$6,519 for employee only coverage to \$15,021 for family coverage.

We expect to complete the report by the end of the 30-day extension period ending May 27, 2015.

cc: Marc A. Ott, City Manager
Elaine Hart, Chief Financial Officer
Ed Van Eenoo, Deputy Chief Financial Officer
Tommy Tucker, HRD Assistant Director
Karen Haywood, Employee Benefits Manager