

Submitted by: Chair of the Assembly at
the request of the Mayor
Prepared by Employee Relations
For reading: October 25, 2005

CLERK'S OFFICE

APPROVED

Date: 11-8-05 ANCHORAGE, ALASKA
No. AO 2005- 153

AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE CHAPTER 3.87 TO COMPLY WITH INTERNAL REVENUE SERVICE REGULATIONS, REPLACE THE ANNUAL MEDICAL EXPENSE REIMBURSEMENT LIMIT WITH AVAILABLE ACCOUNT BALANCE, AND ENABLE MEMBERS TO PAY POLICE OR FIRE MEDICAL PLAN PREMIUMS FROM NON-PENSION SOURCES.

THE ANCHORAGE ASSEMBLY ORDAINS:

Section 1. Anchorage Municipal Code section 3.87.010 is hereby amended to read as follows:

3.87.010 Program established; purpose.

A. This chapter establishes the retiree medical funding program for police officers and firefighters (the program). The purpose of the program is to provide those retirees receiving retirement benefits under the police and fire retirement system and who qualify as members of the program with a health reimbursement arrangement (HRA) to cover the eligible medical expenses of the members, their spouses and eligible dependents. [AS AN ALTERNATIVE TO PARTICIPATING IN THE HRA, M] Members may participate in the then current active municipal police or fire health insurance plan, subject to the terms and conditions of that plan.

B. Contributions to the program will be made solely by the Municipality of Anchorage. The municipality's responsibilities under this funding program are limited to the following: the initial pre-funding contribution and the monthly contributions to the funding program under Section 3.87.060A, and providing funding for up to one technical level as provided in Section 3.87.030D. Additionally, the municipality will allow members to participate in the then current active municipal police or fire health insurance plan subject to the terms and conditions of the insurance contract. In the event of termination of the funding program by the assembly, the municipality will be responsible for expenses incurred in accomplishing such termination from an administrative perspective. The municipality has no other obligations to the funding program.

(AO No. 94-222(S-1), § 1, 12-28-94; AO No. 2003-141, § 1, 10-21-03)

Section 2. Anchorage Municipal Code section 3.87.050 is hereby amended to read as follows (*the remainder of the section is not affected and therefore not set out*):

3.87.050 Eligibility for active municipal police or fire health insurance plan.

A. Within 31 days of appointment to retirement, a member may elect to continue participation in the active police or fire health insurance plan. If a member elects

1 to continue participation at such time, proof of insurability shall not be required
2 and preexisting condition clauses shall not apply. The required active insurance
3 premium for such coverage must be paid from the member's HRA account as a
4 qualified payment. To the extent that the amount credited to the member's
5 premium account is not sufficient to pay the full required active insurance
6 premium, the member shall be required to contribute the balance of the
7 required active insurance premium to the active municipal police or fire health
8 insurance plan. This may be by voluntarily electing to take the payment from
9 the member's retirement benefit from the police and fire retirement system, or
10 other forms of payment deemed acceptable by the Municipality of Anchorage,
11 including but not limited to the authorized deduction from the members spouse
12 that is also a member of the program.

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14 * * * * *

15 (AO No. 94-222(S-1), § 1, 12-28-94; AO No. 97-104, § 4, 8-19-97; AO No. 2003-141, §
16 1, 10-21-03)

17 *Note:* Formerly § 3.87.060.

18
19 **Section 3.** Anchorage Municipal Code section 3.87.060 is hereby amended to read as
20 follows (*the remainder of the section is not affected and therefore not set out*):

21
22 **3.87.060 Health reimbursement arrangement.**

23
24 * * * * *

25 *J. Eligible expense reimbursements.* The health reimbursement arrangement shall
26 reimburse members (and, as applicable, surviving spouses and dependents) for
27 medical expenses eligible under Section 213 of the Internal Revenue Code,
28 including eligible long-term care premiums, only if such expenses are not
29 reimbursed under any other health plan. The Program will not reimburse an
30 expense incurred before the date the HRA is in existence, nor reimburse an
31 expense that is incurred before the date an employee first becomes enrolled in
32 the HRA. The maximum dollar amount reimbursable [FOR A PLAN YEAR] shall
33 not exceed the balance in the member's account [\$5,000.00. MEMBERS MAY
34 REQUEST ADDITIONAL AMOUNTS ON A CASE BY CASE BASIS].

35
36 *K. Maximum amount of reimbursement available.* A member may be reimbursed
37 for medical expenses incurred while the member was enrolled in the HRA
38 account up to the balance currently credited to the member's account
39 [\$5,000.00 MAXIMUM. MEMBERS MAY REQUEST ADDITIONAL AMOUNTS
40 ON A CASE BY CASE BASIS].

41
42 * * * * *

43 (AO NO. 94-222(S-1), § 1, 12-28-94; ORD. NO. 96-158(S), § 2, 1-1-96; AO NO. 97-
44 104, § 3, 8-19-97; AO NO. 2003-141, § 1, 10-21-03)

45 *Note:* Formerly §§ 3.87.050 and 3.87.070.

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47 **Section 4.** This ordinance shall be effective immediately upon its passage and
48 approval by the Assembly.
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1 PASSED AND APPROVED by the Anchorage Assembly this 8th day of November, 2005.
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4 Anna I. Fairclough
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6 Chair

7 ATTEST:

8
9 Bonnie S. Durland
10
11 Municipal Clerk
12

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects - General Government

AO Number: 2005- 153

Title: **AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE CHAPTER 3.87 TO COMPLY WITH INTERNAL REVENUE SERVICE REGULATIONS, REPLACE THE ANNUAL MEDICAL EXPENSE REIMBURSEMENT LIMIT WITH AVAILABLE ACCOUNT BALANCE, AND ENABLE MEMBERS TO PAY POLICE OR FIRE MEDICAL PLAN PREMIUMS FROM NON-PENSION SOURCES.**

Sponsor: Employee Relations

Preparing Agency: Employee Relations

Others Impacted:

CHANGES IN EXPENDITURES AND REVENUES: (In Thousands of Dollars)

	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>
Operating Expenditures					
1000 Personal Services					
2000 Supplies					
3000 Other Services					
4000 Debt Service					
5000 Capital Outlay					
TOTAL DIRECT COSTS:	\$ -	\$ -	\$ -	\$ -	\$ -
Add: 6000 Charge from Others					
Less: 7000 Charge to Others					
FUNCTION COST:	\$ -	\$ -	\$ -	\$ -	\$ -
REVENUES:					
CAPITAL:					
POSITIONS: FT/PT and Temp.					

PUBLIC SECTOR ECONOMIC EFFECTS:

There is no economic impact. The purpose of these amendments is to increase efficiency and decrease the opportunity for errors.

PRIVATE SECTOR ECONOMIC EFFECTS:

None.

Prepared by: Lorne Bretz

Telephone: 343-8203

1 **Municipality of Anchorage**

2 **ASSEMBLY MEMORANDUM**

3 No. AM 779 -2005

4
5
6 **Meeting Date:** October 25, 2005

7
8 **From:** MAYOR

9
10 **Subject:** AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE CHAPTER
11 3.87 TO COMPLY WITH INTERNAL REVENUE SERVICE REGULATIONS,
12 REPLACE THE ANNUAL MEDICAL EXPENSE REIMBURSEMENT LIMIT WITH
13 AVAILABLE ACCOUNT BALANCE, AND ENABLE MEMBERS TO PAY POLICE
14 OR FIRE MEDICAL PLAN PREMIUMS FROM NON-PENSION SOURCES.

15
16 This ordinance is submitted at the request of the Police and Fire Retiree Medical
17 Funding Program Board of Trustees (the Board) to address the need to amend AMC
18 3.87. These amendments will simplify administration by eliminating unnecessary
19 procedures. There is no additional cost associated with these amendments.

20
21 THE ADMINISTRATION RECOMMENDS APPROVAL OF THE ORDINANCE
22 AMENDING CHAPTER 3.87.

23
24 **Prepared by:** Lorne Bretz, Plan Administrator
25 **Concur:** David K. J. Otto, Director, Employee Relations
26 **Concur:** Denis C. LeBlanc, Municipal Manager
27 **Respectfully submitted:** Mark Begich, Mayor

Content Information

Content ID : 003302

Type: Ordinance-InvolvingFunds - AO

Title: AN ORDINANCE AMENDING AM CODE CHAPTER 3.87 TO COMPLY WITH IRS REGS, REPLACE THE ANNUAL MEDICAL EXPENSE REIMBURSEMENT LIMIT WITH AVAILABLE ACCOUNT BALANCE, AND ENABLE MEMBERS TO PAY POLICE OR FIRE MEDICAL PLAN

Author: mooreka

Initiating Dept: ER

Date Prepared: 9/22/05 8:57 AM

Assembly

Meeting Date 10/25/05

MM/DD/YY:

d Public

Hearing Date 11/8/05

MM/DD/YY:

M.O.A.
 2005 OCT 17 AM 11:36
 CLERKS OFFICE

Workflow History

<u>Workflow Name</u>	<u>Action Date</u>	<u>Action</u>	<u>User</u>	<u>Security Group</u>	<u>Content ID</u>
AllFundOrdinanceWorkflow	9/22/05 9:02 AM	Checkin	mooreka	Public	003302
ER_SubWorkflow	9/22/05 9:03 AM	Approve	mooreka	Public	003302
OMB_SubWorkflow	9/22/05 11:53 AM	Approve	mitsonjl	Public	003302
CFO_SubWorkflow	10/7/05 2:45 PM	Approve	sinzje	Public	003302
Legal_SubWorkflow	10/11/05 9:53 AM	Approve	fehlenrl	Public	003302
MuniManager_SubWorkflow	10/13/05 5:19 PM	Approve	leblancdc	Public	003302
MuniMgrCoord_SubWorkflow	10/14/05 3:17 PM	Approve	abbottmk	Public	003302