

City of Cincinnati

CMZ *[Signature]*

An Ordinance No. 360

2009

AMENDING Sections 203-43 and 203-44 of Chapter 203 of the Cincinnati Municipal Code, "Employees' Retirement System", in order to implement appropriate revisions to retiree benefits for City retirees whose effective retirement dates were prior to September 1, 2007, which revisions were approved by City Council by motion, and which revisions will become effective on January 1, 2010.

WHEREAS, the estimated market value of the Cincinnati Retirement System pension fund at the end of calendar year 2007 was \$2.65 billion, and due to the subsequent collapse of financial markets, its estimated market value at the end of October 2008 was \$1.85 billion; and

WHEREAS, in 2008, the Cincinnati Retirement System expended \$54.5 million in payments for retiree health care costs, which was an 11.3% increase from the prior year, which is consistent with the steadily increasing health care costs facing all public and private sector employers; and

WHEREAS, although the current estimated market value of the Cincinnati Retirement System pension fund has slowly increased to \$1.95 billion over the past year, it is nonetheless critical to implement appropriate revisions to the distribution of health care benefits to retirees, in order to ensure that the Cincinnati Retirement System remains a fiscally sound and solvent retirement option for current City retirees as well as for active City employees and future City employees; and

WHEREAS, appropriate revisions to health care benefits for active City employees and for retirees whose effective retirement dates were on or after September 1, 2007, were previously implemented by administrative action consistent with prior Council approval and Cincinnati Municipal Code Chapter 203; now, therefore,

BE IT ORDAINED by the Council for the City of Cincinnati, State of Ohio:

Section 1. That Section 203-43 of Chapter 203 of the Cincinnati Municipal Code, "Employees' Retirement System", is hereby amended as follows:

Sec. 203-43. Hospital, Surgical and Medical Care Benefits.

- (a) In addition to other benefits provided in this chapter, the health care benefits described in this Section shall be provided to the following persons:
 - (i) A Qualified Member (as defined in paragraph (**1** f) below) who retires with 15 years of creditable service exclusive of any service

credit purchased under Sections 203-7-A, 203-7-B, or 203-7-C of this chapter,

(ii) A Qualified Member (as defined in paragraph (**2** f) below) who retires after reaching age 60 with 5 years of creditable service exclusive of any service credit purchased under Sections 203-7-A, 203-7-B, or 203-7-C of this chapter,

(iii) Persons receiving the benefits of a retirement optional allowance under Section 203-63 of this chapter, provided that the member satisfied the requirements of paragraph (i) or (ii) above at the time the member retired, **3**

(iv) A surviving spouse, eligible dependent child and orphan, receiving survivor benefits as provided in Section 203-49 of this chapter.

(b) Except as provided in Section 203-43(c), or (d), **4** the benefits to be provided under this Section are:

(i) Hospital, surgical and medical insurance coverage of the type and to the extent as is provided for active city employees by the agreement between the city and licensed insurance underwriter providing such coverage; and

(ii) The same **5** basic dental and vision insurance coverage as received by active employees under a policy or policies to be approved by the council and purchased and paid for by the city retirement system.

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When the hospital, surgical and medical benefits provided by agreement between the city and a licensed insurance underwriter are reduced for retirees, their surviving spouse, their dependents or orphans, or optionees because of their eligibility for the hospital and medical benefits under federal social security laws, the board shall pay such fees as are required by social security legislation to the social security administration, or to the individual, in accordance with the applicable federal statutes and regulations pertaining to the manner in which payment of the cost of Medicare is to be made, and in such an amount that is in accordance with Section 203-121 herein.

When a retired member is not subject to the hospital, surgical and medical insurance coverage provided for by agreement between the city and the licensed insurance underwriter providing such coverage, but is eligible for the hospital and medical benefits under federal social security laws, the board shall pay such fees as are required by social security legislation to the social security administration, or to the individual, in accordance with the applicable federal statutes and regulations pertaining to the manner in which payment of the cost of Medicare is

to be made, and in such an amount that is in accordance with Section 203-121 herein.

(c) Except as provided in Sections 203-43(d), Qualified Members who retired before September 1, 2007, shall be entitled to the following benefits with no premium costs:

(i) For in-network benefits:

(A) An annual individual deductible of \$100;

(B) A maximum annual individual medical out-of-pocket expense of \$1000;

(C) A maximum annual prescription drug out-of-pocket expense of \$1000; and

(D) Prescription drug tiers: \$5 for generic; \$15 for brand name; \$30 for non-formulary.

(ii) For out-of-network benefits:

(A) An annual individual deductible of \$200;

(B) A maximum annual individual medical out-of-pocket expense of \$2000; and

(C) Prescription drug coverage at 50% of cost with no out-of-pocket limit.

Such Qualified Members shall be entitled to the same basic dental and vision insurance coverage as received by active employees under a policy or policies to be approved by the council and purchased and paid for by the city retirement system.

(d) Qualified Members who retired before September 1, 2007 and who meet the requirements of subsections (i), (ii), (iii), or (iv) below as of January 1, 2010 shall be entitled to the benefits described in subsection (v) below.

(i) Qualified Members who have thirty or more years of service credit with the city retirement system are eligible for the benefits described in subsection (v) below if they meet the following requirements:

(A) Members are 65 years old or older; and

(B) Members receive an annual benefit from the city retirement system of \$30,000 or less.

(ii) Qualified Members who have fewer than thirty years of service credit with the city retirement system are eligible for the benefits described in subsection (v) below if they meet the following requirements:

(A) Members are 65 years old or older; and

(B) Members establish that their annual total income is less than \$30,000 by annually submitting to the city retirement system a copy of their federal income tax return or any other or additional documentation the city retirement system requires to determine annually whether the members' total income is less than \$30,000. For purposes of this Section, "total income" shall have the same definition as used by the Internal Revenue Service for the applicable year.

(iii) Qualified Members who were on disability retirement prior to September 1, 2007 are eligible for the benefits described in subsection (v) below if they meet the following requirements:

(A) Members have been on disability retirement continuously from the date they were determined to be eligible for disability retirement until January 1, 2010;

(B) Members receive an annual benefit from the city retirement system of \$30,000 or less.

(iv) Qualified Members who have an annual total income as of January 1, 2010 that is less than 50% of the median household income for one individual shall be entitled to the benefits described in subsection (v) below. Members must establish that their annual income is less than 50% of the median household income for one individual by submitting to the city retirement system a copy of their federal income tax return and any other or additional documentation required by the city retirement system to determine annually whether the members' total income is less than 50% of the median household income for one individual.

For purposes of this provision, "median household income" means the median household income as found on the City of Cincinnati's CDBG Income Eligibility Form.

(v) Qualified Members who meet the requirements of subsections (i), (ii), (iii), or (iv) above shall receive hospital, surgical and medical insurance with no premium cost with the following benefits:

(A) For in-network benefits:

(I) An annual deductible of \$0;

(II) A maximum annual medical out-of-pocket expense of \$500;

(III) A maximum annual prescription drug out-of-pocket expense of \$500; and

(IV) Prescription drug tiers: \$5 for generic; \$15 for brand name; \$30 for non-formulary.

(B) For out-of-network benefits:

(I) An annual deductible of \$0;

(II) A maximum annual medical out-of-pocket expense of \$1000; and

(III) Prescription drugs covered at 50% of cost with no out-of-pocket limit.

Qualified Members who meet the requirements of subsections (i), (ii), (iii), or (iv) above also shall receive the same basic dental and vision insurance coverage as received by active employees under a policy or policies to be approved by the council and purchased and paid for by the city retirement system.

(e) Qualified Members shall be responsible for establishing their eligibility for the benefits provided by Sections 203-43(d) or (e) and must provide all documentation required by the city retirement system to confirm the members' eligibility for those benefits.

****7** (f)** For purposes of this Section, a Qualified Member is a member who was a member in service on or before January 9, 1997. The following rules shall apply for purposes of determining whether a member was a member in service on or before January 9, 1997:

(i) If the member terminates membership due to a withdrawal of accumulated contributions (as provided in Section 203-11(d)) or a transfer of service credit and accumulated contributions to a State Retirement System (as provided in Sections 203-8 and 203-7-A), the member shall not be considered to have been a member in service for any period attributable to the withdrawn or transferred contributions, irrespective of whether the member is subsequently granted credit for such period of service pursuant to Section 203-29, Section 203-8 or any similar provisions of this Retirement System.

(ii) A member shall not be considered to have been a member in service for any period of creditable service of a member that is attributable

to State Retirement System Service Credit, Out of State and Federal Service Credit, or Unpaid Authorized Leave of Absence Service Credit.

(iii) If a member ceases (or ceased) to be an employee, the member shall not be considered to have been a member in service for any period of employment that precedes the date he ceases (or ceased) to be an employee, unless the member does not withdraw all or any part of his accumulated contributions and one of the following requirements is met:

(A) The member had fifteen years of creditable service (exclusive of any creditable service that is attributable to State Retirement System Service Credit, Out of State and Federal Service Credit, or Unpaid Authorized Leave of Absence Service Credit) at the time he previously ceased to be an employee.

(B) The member did not have fifteen years of creditable service (exclusive of any creditable service that is attributable to State Retirement System Service Credit, Out of State and Federal Service Credit, or Unpaid Authorized Leave of Absence Service Credit) at the time he previously ceased to be an employee, and the following requirements are met:

- (I) the member was reemployed prior to the date of this Ordinance,
- (II) the member was granted membership service for the prior period of employment pursuant to Section 203-11(c),
- (III) the member is an employee as of the date of this Ordinance, and
- (IV) the member does not cease to be an employee after the date of this Ordinance with less than fifteen years of creditable service (exclusive of any creditable service that is attributable to State Retirement System Service Credit, Out of State and Federal Service Credit, or Unpaid Authorized Leave of Absence Service Credit).

(iv) Notwithstanding the foregoing, if a member is granted service credit for a period of military absence pursuant to Sections 203-27 or 203-27A, to the extent required by federal law, the member shall be considered to have been a member in service during the period of military absence.

(g) The director of finance or his or her designee shall adopt rules and policies necessary to implement this Section.

Section 2. That Section 203-44 of Chapter 203 of the Cincinnati Municipal Code, "Employees' Retirement System", is hereby amended as follows:

Sec. 203-44. Hospital, Surgical and Medical Care Benefits For Service Commenced On and After January 9, 1997.

- (a) In addition to other benefits provided in this chapter, the health care benefits described in this Section shall be provided to the following persons:
 - (i) A member who:
 - (A) retires under this Retirement System,
 - (B) has 15 years of creditable service at the time the member retired or otherwise ceased to be a member in service,
 - (C) is not entitled to benefits under Section 203-43.
 - (ii) Persons receiving the benefits of a retirement optional allowance under Section 203-63 of this chapter, provided that the member satisfied the requirements of clause (i) above at the time the member retired.

For purposes of clause (a)(i) above, years of creditable service shall be determined without regard to any creditable service purchased under Section 203-7-A, Section 203-7-B, or Section 203-7-C.

Except as provided in Section 203-43, a retired member who has less than 15 full years of creditable service at the member's retirement date, regardless of age shall not be eligible for any payment of hospital, surgical, medical, dental or vision insurance coverage under this chapter. Accordingly, the provisions of Section 203-33 of this Chapter, which provide for retirement allowances after vesting, shall not entitle persons so vested to the payment of hospital, surgical, medical, dental or vision insurance coverage under the provisions of this Section unless such persons are members who also qualify for such benefits under the provisions of this Section.

Each surviving spouse, eligible dependent child and orphan of a retired member receiving survivor benefits as provided in Section 203-49 of this chapter shall be entitled to the benefits set forth in Section 203-43 of this chapter, even if this section would have applied to the deceased member.

- (b) The benefits to be provided under this Section are:
 - (i) Hospital, surgical and medical insurance coverage of the type and to the extent as is provided for city employees by the agreement

between the city and licensed insurance underwriter providing such coverage to the extent and only to the extent set forth below; and

(ii) **8** The same basic dental and vision insurance coverage as received by active employees under a policy or policies to be approved by the council and purchased and paid for by the city retirement system.

(c) Except as provided in Section 203-44(d), members who retired before September 1, 2007, shall be entitled to the following benefits with no premium costs:

(i) For in-network benefits:

(A) An annual individual deductible of \$100;

(B) A maximum annual individual medical out-of-pocket expense of \$1000;

(C) A maximum annual prescription drug out-of-pocket expense of \$1000; and

(D) Prescription drug tiers: \$5 for generic; \$15 for brand name; \$30 for non-formulary.

(ii) For out-of-network benefits:

(A) An annual individual deductible of \$200;

(B) A maximum annual individual medical out-of-pocket expense of \$2000; and

(C) Prescription drug coverage at 50% of cost with no out-of-pocket limit.

Such members shall be entitled to the same basic dental and vision insurance coverage as received by active employees under a policy or policies to be approved by the council and purchased and paid for by the city retirement system.

(d) Members who retired before September 1, 2007 and who meet the requirements of subsections (i), (ii), (iii), or (iv) below as of January 1, 2010 shall be entitled to the benefits described in subsection (v) below.

(i) Members who have thirty or more years of service credit with the city retirement system are eligible for the benefits described in subsection (v) below if they meet the following requirements:

(A) Members are 65 years old or older; and

(B) Members receive an annual benefit from the city retirement system of \$30,000 or less.

(ii) Members who have fewer than thirty years of service credit with the city retirement system are eligible for the benefits described in subsection (v) below if they meet the following requirements:

(A) Members are 65 years old or older; and

(B) Members establish that their annual total income is less than \$30,000 by annually submitting to the city retirement system a copy of their federal income tax return or any other or additional documentation the city retirement system requires to determine annually whether the members' total income is less than \$30,000. For purposes of this Section, "total income" shall have the same definition as used by the Internal Revenue Service for the applicable year.

(iii) Members who were on disability retirement prior to September 1, 2007 are eligible for the benefits described in subsection (v) below if they meet the following requirements:

(A) Members have been on disability retirement continuously from the date they were determined to be eligible for disability retirement until January 1, 2010;

(B) Members receive an annual benefit from the city retirement system of \$30,000 or less.

(iv) Members who have an annual total income as of January 1, 2010 that is less than 50% of the median household income for one individual shall be entitled to the benefits described in subsection (v) below. Members must establish that their annual income is less than 50% of the median household income for one individual by submitting to the city retirement system a copy of their federal income tax return and any other or additional documentation required by the city retirement system to determine annually whether the members' total income is less than 50% of the median household income for one individual.

For purposes of this provision, "median household income" means the median household income as found on the City of Cincinnati's CDBG Income Eligibility Form.

(v) Members who meet the requirements of subsections (i), (ii), (iii), or (iv) above shall receive hospital, surgical and medical insurance with no premium cost with the following benefits:

(A) For in-network benefits:

(I) An annual deductible of \$0;

(II) A maximum annual medical out-of-pocket expense of \$500;

(III) A maximum annual prescription drug out-of-pocket expense of \$500; and

(IV) Prescription drug tiers: \$5 for generic; \$15 for brand name; \$30 for non-formulary.

(B) For out-of-network benefits:

(I) An annual deductible of \$0;

(II) A maximum annual medical out-of-pocket expense of \$1000; and

(III) Prescription drugs covered at 50% of cost with no out-of-pocket limit.

Members who meet the requirements of subsections (i), (ii), (iii), or (iv) above also shall receive the same basic dental and vision insurance coverage as received by active employees under a policy or policies to be approved by the council and purchased and paid for by the city retirement system.

(e) Members shall be responsible for establishing their eligibility for the benefits provided by Sections 203-44(d) and must provide all documentation required by the city retirement system to confirm the members' eligibility for those benefits.

****9**** (f) Except for supplemental dental and vision insurance coverage, the percentage of cost, or premiums, to be paid by the city retirement system on behalf of the retired member or other persons entitled to benefits under this Section shall be based on a formula consisting of the sum of (i) the number of the member's full years of membership service, and (ii) the member's age at the earlier of his retirement date or the date that he ceased to be a member in service, with each such full year of membership service and each such year of age at retirement date counting as one point each. Years of age at retirement shall mean years of age at the birthday immediately preceding the earlier of his retirement date or the date that he ceased to be a member in service. The number of full years of membership service and the years of age at retirement date shall be added together and shall result in the payment of hospital, surgical and medical insurance coverage in the following percentage amounts:

100% of full cost or full premiums for 90 points

75% of full cost or full premiums for 80 to 89 points

50% of full cost or full premiums for 70 to 79 points
25% of full cost or full premiums for 60 to 69 points
25% of employee portion of cost or employee portion of premiums if less than 60 points

For the purpose of determining the points of a member under this subsection (c), years of membership service shall include purchased prior service credit purchased under the provisions of Sections 203-7, 203-7-A, 203-7-B, 203-7-C, 203-8, 203-23, 203-27, 203-27A, 203-28, and 203-29 of this chapter, No other purchased prior service credit shall be eligible for inclusion in the calculation of points under the provisions of this subsection (c).

****10**** (g) If a member leaves the city service prior to retirement and is entitled to a deferred retirement allowance upon reaching age 60, if such member is entitled to benefits under this Section, no benefits shall be provided to the member until the member reaches age 65 or the Medicare eligibility age in effect on such member's 65th birthday, if such Medicare eligibility age is greater than 65 years at that time.

****11**** (h) When the hospital, surgical and medical benefits provided by agreement between the city and a licensed insurance underwriter are reduced for retirees, the retiree's widow, widower, dependents or orphans, or optionees because of their eligibility for the hospital and medical benefits under federal social security laws, the board shall pay such fees, in such proportion as set forth in this section for such retirees as to whom this section applies, as are required by social security legislation to the social security administration or to the individual, in accordance with the applicable federal statutes and regulations pertaining to the manner in which payment of the cost of Medicare is to be made.

When a retired member is not subject to the hospital, surgical and medical insurance coverage provided for by agreement between the city and the licensed insurance underwriter providing such coverage, but is eligible for the hospital and medical benefits under federal social security laws, the board shall pay such fees as are required by social security legislation, in such proportion as set forth in this section for such retirees as to whom this section applies, to the social security administration or to the individual in accordance with the applicable federal statutes and regulations pertaining to the manner in which payment of the cost of Medicare is to be made, and in such an amount that is in accordance with Section 203-121 herein.

- (i) The director of finance or his or her designee shall adopt rules and policies necessary to implement this Section.

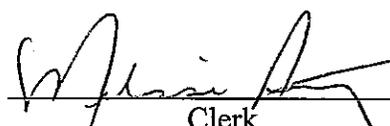
Section 3. That existing Sections 203-33 and 203-44 are hereby repealed.

Section 4. That this ordinance shall go into effect on and after January 1, 2010.

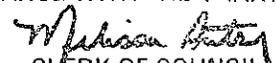
Passed: November 25, 2009



Mayor

Attest: 

Clerk

I HEREBY CERTIFY THAT ORDINANCE NO. 360-2009
WAS PUBLISHED IN THE CITY BULLETIN
IN ACCORDANCE WITH THE CHARTER ON 12-8-2009

CLERK OF COUNCIL

New language underscored. Deleted language indicated by asterisks.

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In addition, the board may provide the option to purchase supplemental dental and vision insurance coverage of the type and to the extent as is provided for city employees. The cost of such supplemental dental and vision insurance coverage, if provided, shall be assessed to each such retired member and each surviving spouse, eligible dependent child and orphan receiving survivor benefits as provided in Section 203-49 of this chapter.

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(c)

Basic dental and vision insurance coverage under a policy or policies to be approved by the council and purchased and paid for by the city retirement system, to the extent and only to the extent set forth below. In addition, the board may provide the option to purchase supplemental dental and vision insurance coverage of the type and to the extent as is provided for city employees.

In addition, the board may provide the option to purchase supplemental dental and vision insurance coverage of the type and to the extent as is provided for city employees. The cost of supplemental dental and vision insurance coverage, if provided, shall be assessed to each such retired member and shall also be assessed to persons receiving the benefits of a retirement optional allowance under Section 203-63 of this chapter.

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