

# FINANCIAL IMPACT STATEMENT For Council Action Items

(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Yvonne L. Deckard (Anna Kanwit)		2. Telephone No. 503-823-5219	3. Bureau/Office/Dept. Bureau of Human Resources
4a. To be filed (date) February 25, 2010	4b. Calendar (Check One) Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> 4/5ths <input type="checkbox"/>		5. Date Submitted to FPD Budget Analyst: February 17, 2010

**1) Legislation Title:**

Provide for City-paid COBRA coverage for eligible dependents of deceased City employees.

**2) Purpose of the Proposed Legislation:**

To ensure the eligible dependents of certain City employees continue to have health care coverage despite the untimely death of the City employee. Only dependents of regular City employees (those employees with civil service status in budgeted positions), employees in civil service exempt budgeted positions and elected officials and who were also in active status for 5 years or more at the time of their death are eligible for City-paid COBRA coverage. Limited Duration, causal employees, temporary employees and working retirees are excluded. Coverage will be provided for up to 18 months.

**3) Revenue:**

**Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If new revenue is generated please identify the source.**

No

**4) Expense:**

**What are the costs to the City as a result of this legislation? What is the source of funding for the expense? (Please include costs in the current fiscal year as well as costs in future years) (If the action is related to a grant or contract please include the local contribution or match required)**

It is difficult to place a dollar figure on this benefit but based on the number of deaths over the past 5 years we estimate this could cost up to \$150,000 per year. This assumes 8 deaths per year of eligible employees and the cost of family coverage at \$17,000 per year plus expected increases in the cost of coverage that will occur over the next few years. The bureaus will have to pick up this cost for the eligible dependents of their employee who dies while in active status as defined in the ordinance.

**Staffing Requirements:**

**5) Will any positions be created, eliminated or re-classified in the current year as a result of this legislation? (If new positions are created please include whether they will be part-time, full-time, limited term or permanent positions. If the position is limited term please indicate the end of the term.)**

No

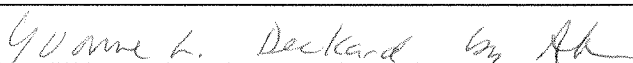
**6) Will positions be created or eliminated in future years as a result of this legislation?**

No

**Complete the following section only if an amendment to the budget is proposed.**

**7) Change in Appropriations** (If the accompanying ordinance amends the budget please reflect the dollar amount to be appropriated by this legislation. Include the appropriate cost elements that are to be loaded by accounting. Indicate "new" in Center Code column if new center needs to be created. Use additional space if needed.) **N/A**

Yvonne L. Deckard



APPROPRIATION UNIT HEAD (Typed name and signature)



**CITY OF PORTLAND**  
OFFICE OF MANAGEMENT AND FINANCE  
**Sam Adams, Mayor**  
**Kenneth L. Rust, Chief Administrative Officer**

**Bureau of Human Resources**  
**Yvonne L. Deckard, Director**  
1120 SW Fifth Ave., Room 404  
Portland, Oregon 97204-1912  
(503) 823-3572  
FAX (503) 823-4156

183574

**DATE:** February 12, 2010

**TO:** Mayor Sam Adams

**FROM:** Yvonne L. Deckard, Director  
Anna Kanwit, Assistant HR Director

**FOR MAYOR'S OFFICE USE ONLY**

Reviewed by Bureau Liaison \_\_\_\_\_

**RE: ORDINANCE TITLE** \*Provide for City-paid COBRA coverage for eligible dependents of deceased City employees. (Ordinance)

1. **INTENDED THURSDAY FILING DATE:** February 25, 2010
2. **REQUESTED COUNCIL AGENDA DATE:** March 3, 2010
3. **CONTACT NAME & NUMBER:** Anna Kanwit, X3-5219
4. **PLACE ON:** ☐ CONSENT ☒ REGULAR
5. **BUDGET IMPACT STATEMENT ATTACHED:** ☒ Y ☐ N ☐ N/A
6. **(3) ORIGINAL COPIES OF CONTRACTS APPROVED AS TO FORM BY CITY ATTORNEY ATTACHED:** ☐ Yes ☐ No ☒ N/A

**7. BACKGROUND/ANALYSIS**

Commissioner Saltzman's office expressed an interest in providing City-paid COBRA coverage for the dependents of a police officer who died late December 2009. However, this is a benefit that should be extended to the eligible dependents of other City employees who die while in City service. The untimely death of a City employee is not only tragic but can also result in the loss of health insurance for eligible dependents. Passage of this ordinance ensures that the dependents of regular City employees (those with civil service status in budgeted positions), employees in civil service exempt budgeted positions and elected officials and who also were in active statuses for five years or more at the time of their death are eligible for City-paid COBRA coverage of their health care benefits. Limited duration, casual employees, temporary employees and working retirees are excluded. Active status includes approved time away from work for vacation or sick leave, for catastrophic leave, for a FMLA/OFLA leave or an approved worker's compensation or loss of service illness or injury leave. Active status does not include an employee who dies while on a general leave of absence or who has been laid off for any reason. The ordinance and corresponding benefit will automatically expire 3 years from its passage allowing the City to analyze further the merits and cost of this benefit. Dependents receiving City-paid coverage upon the expiration of this ordinance will continue to do so for a total of 18 months or when they cease being eligible for coverage under the City's plan, whichever occurs first.

**8. FINANCIAL IMPACT**

We estimate the potential cost at up to \$150,000 per year. This presumes up to eight deaths per year (based on historical data) with family coverage currently at \$17,000 per year. The financial impact also presumes an increase in the cost of providing coverage over the three year period. Bureaus will be responsible for funding COBRA continuation coverage for eligible dependents of their deceased employees under this ordinance within the bureau's existing resources.

**9. RECOMMENDATION/ACTION REQUESTED**

We recommend that the Mayor and City Council approve this ordinance and direct the Bureau of Human Resources to enter into discussions with labor leaders concerning the application of this benefit to represented employees.

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