



Legislation Text

File #: 14-0611, **Version:** 2

Ordinance No. 14-98 amending Sections 204 (Employee Insurance Benefits) of Part 2 (Salaries and Benefits) of Article 4 (City Employees) of Chapter 1 (Administration, Personnel, and Finance) of the Code of the City of Colorado Springs 2001, as amended, pertaining to benefits.

From:

Mike Sullivan, Human Resources Director
Kara Skinner, Chief Financial Officer

Summary:

The attached ordinance amends Section 204 (Employee Insurance Benefits) to comply with federal regulations under the Patient Protection and Affordable Care Act. The Patient Protection and Affordable Care Act (PPACA) of 2010, also known as Obamacare or the Affordable Care Act (ACA), represents the most significant government expansion and regulatory overhaul of the U.S. Healthcare system since the passage of Medicare and Medicaid in 1965.

The Employer Mandate of PPACA states that beginning in 2015, Applicable Large Employers (ALE) that have 100 or more full-time (FT) and full-time equivalent (FTE) employees must offer eligible, affordable, minimum value health plan coverage to substantially all full-time employees (FT) and their dependent children to age 26, or risk paying a penalty tax. PPACA also requires employers who hire variable hour (including seasonal) employees to count hours for these employees to determine whether they work an average of 30 hours or more per week. To use the safe harbor, employers must categorize variable hour employees into "ongoing" employees and "new" employees and also strategically define certain "periods." Employers tabulate hours worked by variable hour employees over the defined period (Measurement Period) and conduct enrollments during another specific period (Administrative Period). Employees who meet the definition of full-time as determined during the Measurement Period are then eligible for medical coverage during the following Stability Period. The safe harbor is a continuous process with overlapping time periods.

The city has a classification of employees called hourly employees who are only eligible for state and federal mandated benefits. Due to the new requirement to offer medical benefits based on hours worked, the ordinance language will need to be changed to allow for the mandated coverage.

Previous Council Action:

N/A

Background:

Hourly employees are currently eligible for the following benefits as required by applicable state or federal law: Colorado PERA, Unemployment Insurance, Workers Compensation and Medicare. Hourly employees are at-will and perform a variety of jobs for the city including community service

officer, maintenance, clerical, park ranger, day camp instructor, cashier, broadcasting talent, production assistant, intern, natural resource technician, outdoor education and natural history park interpreter, park safety patrol, ice resurfacers, skate guard, municipal court referee, recreation leader, laborer, landscape and cemetery maintenance, youth sports field supervision, community guide, spray ground and fountain attendant, bus driver, museum technician, adaptive cycling specialist, event crew and a myriad of others. Hourly employees are currently eligible for the following benefits as required by applicable state or federal law: Colorado PERA, Unemployment Insurance, Workers Compensation and Medicare. Hourly employees are at-will and perform a variety of jobs for the city including community service officer, maintenance, clerical, park ranger, day camp instructor, cashier, broadcasting talent, production assistant, intern, natural resource technician, outdoor education and natural history park interpreter, park safety patrol, ice resurfacers, skate guard, municipal court referee, recreation leader, laborer, landscape and cemetery maintenance, youth sports field supervision, community guide, spray ground and fountain attendant, bus driver, museum technician, adaptive cycling specialist, event crew and a myriad of others.

Financial Implications:

Out of 572 current hourly employees, we have identified 13 that we will convert to full-time positions. These 13 positions perform year around full-time work and should be reclassified as FTEs due to the duration of the type of work performed and organizational needs for staffing the positions. The benefit cost impact is \$170,508 for 2015, based on family level coverage elections. The remaining hourly employees work an average of less than 30 hours per week and/or do not meet the definition of full-time as determined by PPACA. If an hourly employee qualifies for medical insurance in 2015 based on PPACA eligibility requirements, the department will have to absorb the additional benefit cost in the seasonal/temporary line item of their allocated budget.

The number of hourly employees has varied over the past ten years from a high of 1,049 in 2005 to just 597 in 2013. The decrease in the number of hourly employees is directly related to the allowed budget and is significantly smaller due to the City outsourcing pool facilities to the YMCA.

Historical Information on Colorado Springs Hourly Employees
(W-2 Count)

| Year | # of Hourly Employees |
|------|-----------------------|
| 2013 | 597 |
| 2012 | 618 |
| 2011 | 695 |
| 2010 | 705 |
| 2009 | 885 |
| 2008 | 1,035 |
| 2007 | 987 |
| 2006 | 1,011 |
| 2005 | 1,049 |
| 2004 | 891 |

Board/Commission Recommendation:

N/A

Stakeholder Process:

City Human Resources and the City Attorney's office assisted in the research and development of the

ordinance. City Human Resources and the City Attorney's office assisted in the research and development of the ordinance.

Alternatives:

N/A

Proposed Motion:

Move approval of the Ordinance amending Section 204 (Employee Insurance Benefits).

AN ORDINANCE AMENDING SECTIONS 204 (EMPLOYEE INSURANCE BENEFITS) OF PART 2 (SALARIES AND BENEFITS) OF ARTICLE 4 (CITY EMPLOYEES) OF CHAPTER 1 (ADMINISTRATION, PERSONNEL, AND FINANCE) OF THE CODE OF THE CITY OF COLORADO SPRINGS 2001, AS AMENDED, PERTAINING TO BENEFITS