



SCOTT & WHITE
HEALTH PLAN

Frank Salvato
Starla Hall
City of Taylor
400 Porter Street
Taylor, TX 76547

Frank and Starla,

I apologize for the delay in getting you the retiree rate information. Our underwriting department had to go through a much slower, manual process in order to get the rate differences for a retiree "carve out" rate.

The SWHP Finance and Underwriting department has determined that carving out the pre-65 retirees for the city of Taylor would result in a rate that is 62% higher than the active employee rate.

As an example using the current plan year rate:

Current Active Employee Only rate -	\$252.54
Carved out pre-65 retiree rate -	\$409.11

Since there are only 10 pre-65 retirees to take out of the active group mix of employees – taking those 10 out of the CRC factor represented just a small decrease in the active employee rate (around 3%).

We do not recommend that you offer group retiree coverage for employees once they reach the age of 65. With current Medicare benefits, as well as the enhanced Medicare prescription drug benefits effective in 2006, along with the Scott & White Health Plan SeniorCare and other Medicare enhancement coverage in the area – retirees with Medicare coverage have several options for local health care coverage without having to rely on employer group retiree coverage.

Please let me know if you have any questions about the above-mentioned 62% increase in rates for pre-65 retirees, or any other SWHP questions.

Thanks for your patience.

Sincerely,

Davidica Blum
Marketing Director – SWHP Georgetown

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RESOLUTION NO. R03-29

A RESOLUTION REVOKING RESOLUTION R99-35, PREVIOUSLY AMENDING CITY PERSONNEL POLICY REGARDING GROUP HOSPITALIZATION AND MEDICAL INSURANCE COVERAGE AND PREMIUM PAYMENT FOR CITY RETIREES AND ADOPTING A NEW POLICY PROVIDING FOR CONTINUATION OF CITY GROUP HOSPITALIZATION AND MEDICAL INSURANCE COVERAGE FOR RETIRED FULL TIME CITY EMPLOYEES AS HEREINAFTER SET OUT IN THIS RESOLUTION.

WHEREAS, the Board of Commissioners of the City of Taylor, Texas, adopted Resolution No. R99-35, December 20, 1999, that allowed payment of group hospitalization and medical insurance premiums, under the conditions set out in the Resolution, for full time City employees retiring on or after January 1, 2000; and

WHEREAS, the Taylor City Council desires to revoke Resolution R99-35 and delete paragraph 7.01.03 of the City Personnel Rules and Regulations established by Resolution No. R99-35; and

WHEREAS, the City Council deems it to be in the best interest of the City that full time City employees retiring on or after January 1, 2000, continue to receive continued group hospitalization and medical insurance coverage provided by the City for a period not exceeding five (5) years after the date of retirement;

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Taylor, Texas, that:

SECTION ONE.

The City Council of the City of Taylor, Texas, hereby finds the recitals set forth above to be true and correct and are incorporated by reference herein and expressly made a part hereof, as if copied verbatim.

SECTION TWO.

Resolution R99-35 is revoked and the amendments to the Taylor Personnel Rules and Regulations adopted by the Resolution are no longer in effect.

SECTION THREE.

The City of Taylor Personnel Rules and Regulations are hereby amended by adding paragraph 7.01.03 that shall read as follows:


7.01.03 Full time City of Taylor employees who retire from the City under the Texas Municipal Retirement System on or after January 1, 2000, and who are covered

by the City of Taylor group hospitalization and medical insurance at the time of retirement, will be eligible to receive HMO or PPO hospitalization and medical insurance provided by the City to its employees, from the date of retirement until the fifth (5th) anniversary date after retirement. The definition of "full time" employee shall be as defined in the Taylor Personnel Policy. The City will pay premiums for the HMO or PPO insurance coverage for the retiree until the fifth (5th) anniversary date after retirement unless any one of the following events occurs:

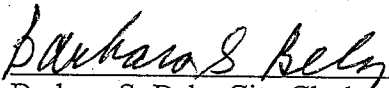
1. The retiree attains the age of 65 years, or;
2. The retiree becomes eligible for hospitalization and medical insurance coverage by virtue of other employment; or
3. The retiree becomes eligible for disability retirement provided by the Federal Government that is paid for less than a 100% disability of the retiree.

In the event any of the conditions set forth in 1, 2 or 3 above occurs, the City shall have and reserves the right to immediately terminate both the coverage and premium payment for City group hospitalization and medical insurance that would otherwise be provided for the retiree. Notwithstanding, a retiree who becomes eligible for disability retirement provided by the Federal Government for a 100% disability shall remain eligible to receive City hospitalization and medical insurance as hereinabove set forth on the condition the retiree pays the insurance premium cost.

PASSED, APPROVED and ADOPTED on this the 13th day of November, 2003.


Donald R. Hill, Mayor

ATTEST:


Barbara S. Belz, City Clerk