

## City of Alexandria, Virginia

## MEMORANDUM

DATE: APRIL 23, 2002

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER 

SUBJECT: BUDGET MEMO # 37: HEALTH INSURANCE CONTINGENT

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Yesterday City staff, our health insurance consultant and I met to finalize our health insurance premium rates for employees and retirees for FY 2003. At the time when the FY 2003 Proposed Budget was prepared, a \$2.0 million General Fund Health Insurance Contingent was placed in the budget based upon preliminary rate discussions with the City's health insurance providers. With rate negotiations now complete, it appears that \$1.5 million will be needed for employee health insurance rate increases. In addition, \$150,000 will be needed to fund a \$25 per month increase in the retiree health insurance subsidy (from \$170 per month to \$195 per month).

These two categories of health insurance costs will utilize \$1.650 million of the \$2.0 million contingent, leaving \$.350 million available for other uses.