

Retiree Health Reimbursement Program

Background:

The City participates in the Health Program administered by California Public Employees' Retirement System (CalPERS) as directed by the California Public Employees' Medical and Health Care Act (PEMHCA). The CalPERS Board reviews health plan contracts annually and determines health plans offered, covered benefits, monthly rates, and co-payments.

The Health premium reimbursements for May 2011 through August 2011 were processed directly by the City. On August 1, 2011, the City entered into a contract with an outside vendor. Employee Benefit Specialists (EBS), for overall monthly administration of the retiree reimbursement program including reviewing, calculating, and processing reimbursements.

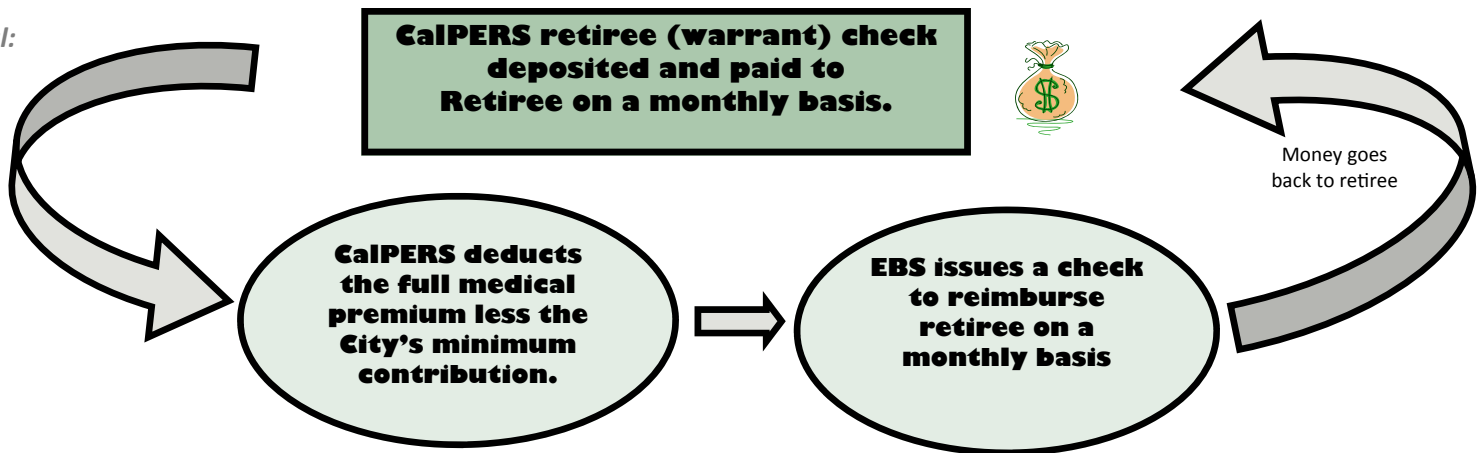
City Share of Healthcare Premium

Retiree Health Benefit

Group	City Share of Health Premium Cost for Retiree
1	100%
2	100% up to the 2 nd most expensive plan offered to active employees.
3	The same contribution amount the City makes from time to time for active City employees.
4	Follows CalPERS 20 Year Benefit Schedule (California Government Code Section 22893). <i>Under the law, an employee is eligible for 50% of the specified employer health premium contribution after ten (10) years of service credit, provided at least five (5) of those years were performed at the City of Palo Alto. After ten (10) years of service credit, each additional service credit year increases the employer contribution percentage by 5% until, at 20 years' service credit, the employee will be eligible upon retirement for 100% of the specified employer contribution and 90% of their dependent coverage.</i>

Note: Retiree health benefit levels are negotiated in labor agreements. Currently, labor agreements provide for benefits according to the hire date, retirement date, and employee group at the time of retirement. The use of the term "group" is based on the HRD interpretation of applicable labor agreements, resolutions, and CalPERS letters. The descriptions in this exhibit are generalized and may not represent specific, exact terms found in each labor agreement. Moreover, benefit terms are subjected to change.

Visual:



End of Year Process:

- 1) EBS will mail substantiation form to retiree.
- 2) Complete substantiation form and mail to EBS directly.

Contacts:

CalPERS Headquarters
Address
 Lincoln Plaza North
 400 G St.
 Sacramento, CA 95811
Contact Center
 888 CalPERS (or 888-225-7577)
Business Hours:
 Mon-Fri, 8am-5pm

EBS
Address:
 PO Box 11657, Pleasanton, CA 94588

Phone:
 Employees/Members – 888-327-2770
 Employers/Brokers – 800-229-7683
 Or visit
<http://www.ebsbenefits.com/contact>