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TRANSMITTAL MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Karl R. Amylon, City Manager

DATE: February 26, 2020

RE: **Participation of Non-PSEA Employees in the Alaska State Employees Association Health Trust Plan**

By report dated January 29, 2020, my office advised the City Council that the Alaska State Employees Association Health Trust Plan Board of Directors would need to review the issue of allowing non-represented employees to enroll in the plan before any action can be taken. As indicated in the attached memorandum from Finance Director Bob Newell, the Board of Directors met on February 19, 2020 and declined to offer coverage to the City's non-represented employees. The reasons for the denial are detailed in Mr. Newell's report, which requires no elaboration on the part of my office.

The Finance Director will be attending the City Council meeting of March 5, 2020, in order to address any questions and/or concerns that Councilmembers may have.

MEMORANDUM
CITY OF KETCHIKAN, ALASKA
Finance Department
Office of the Finance Director

Bob Newell, Finance Director
Camille Nelson, Financial Analyst
Phone: (907) 228-5621
Facsimile: (907) 228-5617

TO: Karl R. Amylon, City Manager/KPU General Manager

FROM: Bob Newell, Finance Director

DATE: February 25, 2020

SUBJECT: Non-represented Employee Participation In The Alaska State Employee Association (ASEA) Health Insurance Plan

In March 2019, the City Council authorized the Police Department employees covered under the Public Safety Employee Association (PSEA) health insurance plan to join a health plan offered by ASEA. The reason for the change in plans was due to the termination of the PSEA health insurance plan. During one of the meetings, it was suggested by Brent Johnson, representing the Department of Public Safety Chapter President and a member of the PSEA Health Trust that it may be possible for the City to enroll its non-represented employees in the ASEA health insurance plan. The City's non-representative employees are currently covered under the Premiera Blue Cross Political Subdivision health insurance plan.

The City Council expressed an interest in exploring the option of adding the City's non-representative employees to the ASEA health insurance plan and directed staff to reach out to ASEA for a determination regarding eligibility, coverage and cost. Due a series of miscommunications from ASEA, the City was not able to address this until recently. I reached out to ASEA in late January to confirm that my original understanding that an application would be required before ASEA could consider adding the City's non-represented employees to the ASEA health insurance plan was still valid. I was informed that an application would be required but was now being advised that the Board of Trustees for the ASEA Health Insurance Trust would first need to consider whether it wanted to permit non-represented employees to join the plan.

The Board of Trustees for the ASEA Health Insurance Trust met on February 19, 2020 to discuss the City's request to allow its non-represented employees to participate in the ASEA health insurance plan. Unfortunately, the Board declined to offer coverage for the City's non-represented employees. Currently, the Board has only permitted non-bargained employees to participate if they are staff employees of ASEA Local 58 and PSEA. The reason for this exception is the non-bargained staff employees of Local 58 and PSEA have a direct relationship, as their union representative, to the bargained employees covered under the Trust Plans. This type of relationship does not exist with the City's non-represented employees. If it is any consolation, the Board of Trustees also denied a similar request from the City of Fairbanks for the same reason.