



Metropolitan Nashville and Davidson County, TN

Legislation Text

File #: BL2020-387, **Version:** 3

An ordinance amending Section 3.24.010 of the Metropolitan Code of Laws pertaining to health insurance benefits for Members of the Metropolitan Council after they leave office.

WHEREAS, in 2019, Metro Council members received a \$8,100 raise approved in the prior term which was recommended by the Department of Human Resources under the belief to properly compensate Metro Council would help to promote a more diverse and inclusive Council body; and

WHEREAS, the citizens of Davidson County expect the Council to manage taxpayer money wisely, yet over \$800,000 per year is spent on a benefit for Councilmembers that is not offered to other part-time Metro Government Employees; and

WHEREAS, the Metropolitan Government spent \$837,438 health insurance benefits for both current and former Metro Council Members in 2020. This cost is expected to increase to \$1,208,134 by 2024; and

WHEREAS, July 17, 2020 the Metropolitan Council passed a \$1.066 property tax rate increase in the USD (\$1.033 in the GSD), constituting the highest increase in the history of Metropolitan Nashville; and

WHEREAS, the Metropolitan Government is \$4.5 billion in debt, with depleted reserves; and

WHEREAS, in 2014, the Mayor's Office contracted with an independent consulting company (Deloitte Consulting LLP) to provide data upon which Metro could make decisions about current pay levels. This study revealed that none of Metro Nashville's peers offer retiree medical coverage to council members. To be consistent with common practice, the study recommended that Metro eliminate lifetime medical coverage for Council Members; and

WHEREAS, the Metropolitan Council should remove the lifetime health insurance benefits for Council members after they leave office.

BE IT ENACTED BY THE COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

Section 1. That Section 3.24.010 of the Metropolitan Code is hereby amended by deleting the provisions of subsection C. in their entirety and substituting with the following new provisions:

"C. Council member participation in the comprehensive health care plan.

1. Members of the metropolitan council, during their term of office, shall be authorized to participate in the health insurance program under the same terms and conditions as are available for regular Metropolitan Government employees. The benefits and contribution rates shall be equivalent to those benefits and rates paid by Metropolitan Government employees. Each member of council shall have the option of participating in the program by notifying the employee benefit board of their desire to participate in the program at any time during their term of office.

2. Members of council holding office for less than eight (8) years prior to October 1, 2027 who were participants in the comprehensive health care plan during the time they held office may elect to continue the health care plan, provided they pay the full amount of the premium without any subsidy from the Metropolitan Government.

3. Members of council satisfying one of the following criteria shall be eligible to continue participation in the comprehensive health care plan at the contribution rate equivalent to those rates paid by Metropolitan Government employees:

a. Those members of council holding office for eight (8) years or more on or prior to October 1, 2027;

b. Those members of council serving prior to September 1, 2007, that served part of one term and a full consecutive term

and were prohibited from serving a third consecutive term pursuant to Section 1.07 of the Metropolitan Charter.

4. Those members of council serving at least eight (8) years who are not covered by subsection 3 above shall be eligible to continue participation in the comprehensive health care plan as follows:

a. The Metropolitan Government shall contribute seventy-five percent of the contribution rate established for medical care benefits for a former member of council for the first two (2) years of continued participation in the comprehensive health care plan after the member leaves office and fifty percent of the contribution rate for the next two (2) years of continued participation in the comprehensive health care plan after the member leaves office;

b. After four (4) years of continued participation after the member leaves office, the Metropolitan Government shall contribute twenty-five percent of the contribution rate established for medical care benefits for continued participation of the former member of council in the comprehensive health care plan.

5. Except as provided above, no member of council serving after October 1, 2027, shall be eligible for the subsidized health care plan after leaving office.

6. Except as provided above, no member of council serving after October 1, 2027, shall be eligible for the subsidized health care plan after leaving office.”

Section 2. This Ordinance shall take effect from and after its passage, the welfare of The Metropolitan Government of Nashville and Davidson County requiring it.

Analysis

This ordinance, as amended, amends Section 3.24.010 of the Metropolitan Code pertaining to health insurance benefits for councilmembers after they leave office. Section 3.24.010 currently allows councilmembers to participate in Metro's health insurance program under the same terms and conditions as are available to regular Metro employees. After leaving office, members who were participants in the health care plan are allowed to continue, provided they pay the full amount of the premium with no subsidy from Metro. However, the code allows members who hold office for eight years or more -- as well as members serving on or after August 31, 2007 that served part of one term and a full consecutive term -- to continue the health care plan, provided they pay the contribution rates equivalent to those paid by regular Metro employees (which is currently 25% of the insurance premium paid by the employee and 75% paid by Metro).

The ordinance under consideration would modify this language to state that councilmembers holding office for less than eight years prior to October 1, 2027 who were participants in the plan may continue coverage, provided they pay the full amount of the premium. Council members serving eight years or more prior to October 1, 2027 would still be allowed to continue the health care plan, provided they pay the contribution rates equivalent to those paid by regular Metro employees. Councilmembers not covered by the above conditions could participate in the health care plan. For former councilmembers who served at least eight years, Metro would contribute 75% of the insurance premium for the first two years of continue participation in the plan, with the employee paying 25%. After the first two years, Metro's contribution would be reduced to 50% for the next two years. After these four years of continued participation, Metro's contribution would be reduced to 25% with the former councilmember contributing 75%.

Councilmembers serving eight years who would otherwise qualify for health care coverage at the contribution rates paid by regular Metro employees could elect to participate in the health care plan at the higher rates set forth in this ordinance. Except as detailed above, no councilmember serving after October 1, 2027 would be

eligible for the subsidized health care plan after leaving office.

Similar legislation was considered by the Council in 2012, 2015, and 2017, but was not enacted.

This ordinance was previously deferred to April 6 at the March 2, Council meeting.

Fiscal Note: The estimated annual cost of the health care premium paid by Metro for current councilmembers is \$352,908 and past councilmembers is \$484,530, a total of 837,438 in 2020. Over the last three (3) years, this expense has been comprised of approximately 45% current Council members and 55% past Council members. The projected costs in 2024 would be \$1,208,134 if the number of participants remains the same. The cost could fluctuate and will depend on the number of individuals participating in the plan, according to the Human Resources Department.

For comparison purposes, a summary of the equivalent post-employment health benefits offered to councilmembers in ten (10) peer cities is attached to this analysis. This information was obtained in 2015.