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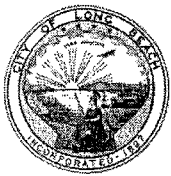
**Date:** August 1, 2013

**To:** Mayor & City Council

**From:** Patrick H. West  
City Manager

**Subject:** Affordable Care Act  
Implementation

**Comments:** In Reference to  
Item #16 on the August 6, 2013  
City Council Agenda



**Date:** July 30, 2013

**To:** Mayor and Members of the City Council

**From:** Patrick H. West, City Manager

**Subject:** **Affordable Care Act Implementation**

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Councilmembers Schipske, Neal and Austin have placed Agenda Item 16 on the August 6, 2013 City Council agenda related to the Affordable Care Act. This memo provides information that the City is 100 percent in compliance with the law, notes the City's efforts to comply with the Affordable Care Act within the budget, and outlines the alternatives if the City takes a different approach.

### **Overview**

The Affordable Care Act requires large employers such as Long Beach to offer health insurance to employees that average over 30 hours a week beginning January 2014. As a part of budget preparations for Fiscal Year 2014, the City of Long Beach evaluated various issues, including impacts of the Affordable Care Act, on personnel, programs, and services. This is an issue that every city is dealing with – Long Beach is not unique in this respect.

Long Beach will fully comply with the Affordable Care Act. The City of Long Beach has not made any blanket statement that all part-time workers will be reduced below a threshold of 30 hours a week. Instead, City departments are currently engaged in the annual process of determining appropriate staffing for FY 14. In addition to other staffing factors, departments will determine which part-time employees will need to work more than an average of 30 hours/week (and be enrolled in health care programs), and which part-time employees will work less than an average of 30 hours/week in order to ensure programs can still run at current programming levels and within budget. This analysis is key to determining appropriate staffing levels and hours for part-time employees, while maintaining current service levels to the community in compliance with the Affordable Care Act.

### **Part-Time Employees**

Departments continually review and reassign hours of part-time employees throughout the year. Unlike our permanent full-time employees, there are no guaranteed hours for part-time employees. For example, a part-time lifeguard works more hours in the summer and then very few hours at other times of the year. Part-time employees are also used as temporary replacements for staff that are unavailable, and may work more hours in the summer and holidays when other employees are on vacation.

The City currently has 1,593 part-time employees and 4,064 full-time employees. Over 92% of those part-time employees are seasonal/temporary employees who work on an as-needed basis. The hours for those employees change annually, and are designed to be adjusted to meet work requirements, service requirements and budget constraints. Based on historical data, only approximately 200 part-time employees (or 3.5 percent of the City's total workforce) may be affected by the implementation of the law.

Those 200 employees may either be enrolled in the City's health care program or experience a reduction of hours, depending on staffing needs.

#### **Benefits Currently Provided**

Long Beach has a long history of providing health care to our permanent full-time workforce. No full-time permanent staff will be affected by the implementation of the Affordable Care Act, as Long Beach currently provides far more than the law requires. Additionally, the City currently pays a health stipend of \$440 for every 174 hours worked for our permanent part-time workforce. This will be converted into full medical coverage if those employees work an average of 30 hours/week or more. If permanent part-time workers work less than 30 hours/week, they will continue to get this stipend, which is above and beyond the requirements of the Affordable Care Act.

#### **Benefits Available Through State Exchanges**

In some cases it may be more beneficial for part-time employees to access the State health care exchange than to enroll in the City's health care system. All City employees who receive health care coverage through the City's plan contribute to offsetting health care costs through payroll deductions, a cost not currently experienced by the part-time workforce. Monthly deductions range from \$105 to \$190 for single employees, and \$151 to \$240 for families, depending on the plan selected.

#### **Fiscal Impact**

City staff are managing the implementation of the Affordable Care Act to be in compliance with the law and maintain current service levels, through review of staffing needs and adjustment of program resources. However, without this action, if all 200 employees mentioned above were enrolled in the City's health care program, the City could experience up to \$2 million in additional costs, resulting in layoffs of part-time staff to re-align the program with the resources available.

#### **Implementation Delay**

The Obama Administration has announced a one-year delay in the implementation of the requirement to provide health insurance. It is unknown what effect this will have on hours worked for each individual part-time employee, as hours are adjusted for a multitude of reasons. The delay will be helpful in allowing the City an extra year to ensure that we are providing appropriate benefits.

#### **Conclusion**

City staff believes we are in full compliance with the Affordable Care Act. However, if the City Council approves a different approach, up to \$2 million in additional funding may be required, or service levels will need to be reduced.

If you have questions, please contact Tom Modica, Director of Government Affairs and Strategic Initiatives at (562) 570-5091.

cc: Suzanne Frick, Assistant City Manager  
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