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City of Lansing Retiree Healthcare Resolution Reached

Mayor Andy Schor and Lansing Unions Announce Plan Moving Forward

(LANSING) – Mayor Andy Schor and City of Lansing’s Union leadership today jointly resolved to maintain retiree healthcare at current benefit levels.

Effective January 1, 2021, Medicare (post-65 years old) retirees will migrate coverage to a Humana Medicare Advantage plan. This adjustment will not result in any long-term cost increases for retirees. Pre-Medicare (pre-65 years old) retirees will maintain their current level of coverage with either BCBSM or PHP. The new Humana Medicare Advantage plan will save the City of Lansing approximately \$3.5 million annually. This will result in a \$77.4 million reduction of the total unfunded liability as of 2019.

“I have listened to the comments and concerns that our retirees and unions have raised regarding their healthcare benefits moving forward and agreed to a plan that will allow the City to save money without retirees incurring additional costs next year,” said Mayor Schor. “One of the biggest financial challenges that our city faces, along with many others across the country, is the unfunded financial liability related to retiree healthcare and pension obligations. This will continue to be a complex challenge for many years to come, as we must take action to ensure the financial stability of the City in order to provide services for residents, while still providing pension and healthcare to those who have served the City for many years. With this resolution, the City will still see a savings of approximately \$3.5 million annually without increasing out-of-pocket costs for retirees.”

City of Lansing Chief Strategy Officer, Judy Kehler worked with consultant Manquen Vance, City of Lansing employee representatives, City Council, union representatives and retirees to formulate this mutual resolution. Kehler said, “I am grateful and thankful for everyone’s patience and hard work throughout this process. I will continue to meet with union leadership, council members, employees, and retirees to create ways to strengthen the City financially and operationally. I genuinely believe that a comprehensive evaluation of the City’s operations, revenues, and expenditures will be the best approach to finding viable and sustainable ways to fund the City’s day to day operations, all while paying down this large unfunded liability. We must be collaborative, committed, and fiscally responsible in order to solve this long-standing problem.”

City of Lansing unions support this plan and several union leaders have also agreed to work with Kehler to discover additional ways to reduce operational and legacy costs (pension and healthcare) in the future, especially with budget difficulties due to COVID-19.

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“I am happy that we have been able to reach a consensus with the City of Lansing to protect our UAW retirees and to help ensure that our hardworking current employees have the resources they need to do the job on behalf of the City of Lansing. I look forward to working together to find more efficiencies and savings,” said Dennis Parker, UAW 2256.

“This compromise will ensure that our police officers who have put their lives on the line to serve the public know that they are secure in their retirement. We all protect this city day in and day out, and CCLP will be a partner in ensuring that we can do that into the future as well,” said Ryan Wilcox and Jason Pung, Capitol City Labor Program (Police Supervisory and Non-supervisory).

“Every day, Lansing Firefighters go to work to protect our residents by putting ourselves in harm’s way in order to keep our city safe – no matter the emergency. We are proud to serve here in the City of Lansing. We are pleased that this compromise will protect those who have served Lansing, and we will continue to play a major role in working with the City to effectively provide the needed aid in identifying any possible saving,” said Don Komm, International Association of Fire Fighters 421.

Retirees will receive a letter in the mail with this information. Retirees with questions regarding post-65 Medicare coverage, can call AmWINS Groups, Inc. at (866) 286-5154. Retirees with questions regarding pre-65 coverage, can call Health Advocate at (866) 695-8622.

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