



July 25, 2010

Honorable Mayor and City Council
200 East Santa Clara Street
San Jose, CA 95113

RE: Impacts of Health Care Co-Pay Increases on Retirees

Dear Mayor and City Council,

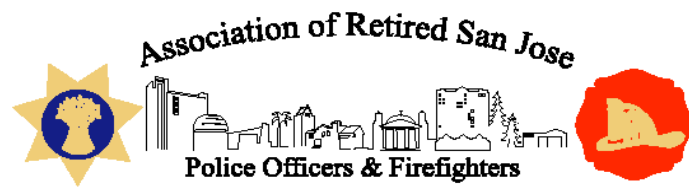
The fervor to blame public employees and retirees for the budget challenges facing the City of San Jose makes for a great media sound bite, but unless cooler heads prevail, substantial damage will be done to retirees and their family's quality of life.

I feel compelled to remind the council that the overwhelming majority of police and fire retirees left city service well before the advent of a 90% retirement benefit. In fact, the last Comprehensive Annual Financial Report 2008-2009 (CAFR) shows that 1152 out of 1661 beneficiaries of the police and fire retirement plan receive under \$7,000 per month. This amount would qualify them for several of the City of San Jose Department of Housing 's affordable housing programs.

It is important to also note that of those 1152 retired police officers and firefighters that 599 of them are on service-connected disability retirements, who typically need to access medical services more frequently.

A few of the recent collective bargaining agreements that the council has adopted contain substantial increases in health care co-pays and in-patient and out-patient visit increases. For many of our members, these increases will be devastating, and we do not believe that it was your intent to balance the city budget on the backs of the retirees.

You have an opportunity to lessen the impact of these health care increases by not requiring the co-pays or other health care related increases on those most vulnerable, retirees aged 65 or older. These retirees already experience a substantial out-of-pocket increase due to the payment of Medicare Part B premiums-which in turn substantially reduces the City's cost for those retiree's health care premiums. Many years, and in most cases, decades ago, it was these retirees who helped build this city into one of the safest large cities in the nation and they are no where near receiving the higher retirement benefits now in place.



We hope that you will use your good judgment and show some compassion for retirees who will not be able to afford these health care co-pays. We urge you to direct staff to exclude this vulnerable population before implementation.

Sincerely,
Jay Wendling,
President