

CITY  
OF NEWARK



Ras J. Baraka  
Mayor

Danielle A. Smith  
Acting Finance Director/CFO

Department of Finance

LOCAL GOVT SERVICES

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RECEIVED

August 18, 2014

Thomas Neff  
Director of Division of Local Government Services  
Department of Community Affairs  
101 South Broad Street  
Trenton, New Jersey 08625-0803

Dear Director Neff,

Per your discussion with Christopher Cooper, attached is the supplemental revised 2014 Transitional Aid Application for the Health Benefits response to the question regarding "Discussion of Health Benefits". Please replace Page 9 of the original application with the attached.

If you have any questions, please do not hesitate to contact me. Thanking you in advance for your anticipated cooperation.

Sincerely,

Danielle A. Smith  
Acting Finance Director/CFO

cc: Christopher Cooper, Consultant  
Robert Marasco, City Clerk  
Darlene Tate, Director of OMB  
Kecia Daniels, Personnel Director  
Henry Amoroso, Consultant  
Evan Weiss, Consultant  
Steven Ponella, State Fiscal Oversight Monitor

*V-D. Discussion of Health Benefits*

Skip this section if using the State Health Benefits Program (SHBP). If not using SHBP, explain why the health benefit plan being used is cheaper or other reasons that may exist for failing to move into SHBP.

The City recognizes that a thorough review of its employee healthcare benefit package is needed. In comparing Newark's healthcare costs to that of the State Health Benefits Plan, the City's sole analysis was developed by its current insurance broker. However, in order to achieve greater accuracy, depth, and the objectivity that an independent professional entity would be able to provide, the City has begun the process of engaging such an independent third-party firm to conduct an appropriate review. In addition, the City has already taken steps to identify potential short-term healthcare savings; e.g., the use of generics and employee co-pay increases, which we are seeking to incorporate into the City's plan as soon as is feasible. These, and other savings, will be addressed and, no doubt, be a part of upcoming negotiations with the Collective Bargaining Units. In addition, the City has also sought the assistance of experts from the local corporate community to support the identification of potential long-term financial and quality of care benefits that the City may reap via a full review of the entirety of the City's healthcare plans. By way of example, part of this more comprehensive analysis will consider the transition to a self-insured model of healthcare, as well as a comparison to the State Health Benefits Plan. We hope to have this more comprehensive analysis complete over the next 30-60 days.