

MEMORANDUM

TO: W. Calvin Horton, Town Manager

FROM: Employee Forum

SUBJECT: Benefit – Payment of Health Insurance Premium

DATE: December 2, 2003

We request that you consider a change to the Town's present practice of requiring an employee on approved medical leave of absence to cover his/her monthly health insurance premium during the period of such leave. This request applies to leave in excess of the twelve weeks of leave authorized under the Family and Medical Leave Act. Presently, if you approve an employee's request for a medical leave of absence beyond the twelve weeks, then that employee is required to pay the monthly premiums for individual and/or family health insurance coverage.

We base this request primarily on the likelihood that such employees are severely challenged to meet expenses during such extended leave periods. The leave, if granted, is typically on an unpaid basis. Consequently, the employee is losing net weekly, or bi-weekly, income and has to bear a monthly benefit cost that otherwise is covered when he/she is working. In other words, an employee in this circumstance is least able to accommodate additional expenses.

We note that the Town anticipates future benefits from work by an employee who is authorized this leave based on the assumption that such employee eventually will return to work. Also, the annual budget assumes twelve months health insurance coverage for Town employees. Accordingly, the Town would not have to budget additional funds to cover the costs for such a change. We acknowledge that the Town would not accrue the savings that occur under the present practice. We feel, however, that the overall opportunity cost involved would be relatively small, while the benefit to the individual employee likely would be highly significant.

Please advise if you would like additional information from us. We have discussed this matter in depth and the support for this request is unanimous.

Thank you for your consideration.

cc: Anissa Graham-Davis
Pam Eastwood