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**CITY OF DANBURY**  
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October 25, 2006

Honorable Mark D. Boughton  
Common Council  
City of Danbury  
155 Deer Hill Avenue  
Danbury, CT 06810

Dear Mayor Boughton and Common Council Members:

At your meeting of October 3, 2006, Item 14 was referred to me for a 30-day report. The item specifically requested that the City of Danbury offer an optional supplemental insurance program that provides funds directly to employees to help off set family expenses in the event of a serious illness or injury.

There are many issues to consider when offering new benefits to employees. The first and most important is that fringe benefits are a mandatory subject of collective bargaining and the City should not seek to change or modify benefit levels outside of that process. In addition, Section 7-474 of the Connecticut General Statutes defines negotiations between a municipality and employee representatives and specifically designates the chief executive officer or his/her designee as the municipal employer's representative. The provision of benefits by the legislative body is outside the scope of its authority and is incompatible with the language and logic of Section 7-474.

In addition, the request for supplemental insurance assumes that there are gaps in the insurance benefits the City currently provides. The City of Danbury provides a very generous benefit package through our collective bargaining agreements including but not limited to salary continuation in the case of a work-related injury, sick leave, short and long-term disability benefits, and full medical benefits with little or no out-of-pocket expenses. If a determination is made that an individual is no longer able to perform their job, the City provides generous pension benefits, including free health insurance to the majority of its retirees.

Supplemental insurance is not for everyone. Some initial research indicates that the type and level of supplemental insurance will vary by individual needs. The first rule of thumb in determining whether you need supplemental insurance is the coverage provided by a traditional health insurance policy. The more that is paid through your

traditional health insurance policy the less likely you are to need supplemental insurance since it is designed to cover out-of pocket expenses. Second, supplemental insurance is designed to cover lost income. An individual that receives full pay when sick or injured would have less of a need for supplemental insurance than an employee that does not. Overall, supplemental insurance is designed for employees with minimal or no health insurance and no disability benefits.

I have some concerns about offering a supplemental insurance program that the vast majority of our employees may not need. If the City were to offer such a program, the employees may assume that the City is endorsing the plan as something that they should have. I also do not think it is appropriate to permit sales people on City premises pressuring employees to purchase insurance coverage they may not need.

Having said all of that, supplemental insurance is an individual choice and should be treated as such. If an employee believes that after doing the research that this type of insurance is appropriate for them, s/he has the ability to purchase it individually.

Please feel free to contact me if you require any additional information.

Sincerely



Dena R. Diorio  
Director of Finance & Personnel