

**Department of Administrative Services**  
**Division of Human Resources**

Employment and Staffing  
Labor Relations  
Retirement & Benefits



Dear Milwaukee County Employee or Retiree,

It's no secret. The cost of health care nationwide, and particularly in Southeastern Wisconsin, is increasing at an alarming rate.

In Milwaukee County alone, the cost of providing health insurance for our employees, retirees and their dependents over the past five years **has increased an amazing 53.4% from \$84.9 million in 2003 to a projected \$130.8 million in 2007!**

These increased health care costs are a substantial reason for Milwaukee County's serious fiscal problems.

Open enrollment for 2007 benefit coverage is scheduled to begin November 1, 2006. We want to assure you that *there are no new health care plan design changes contemplated for 2007*. We are writing to you now because we want you to know about choices you can make that could save health care dollars for Milwaukee County and, you and your family.

**The most important choice you can make involves choosing a health care provider network.** As you know, in 2006, significant changes were made to the design of Milwaukee County's health care plan in order to create some financial incentives to persuade employees and retirees to choose more cost effective, narrower health care provider networks. Simply put, the out-of-pocket costs to the employee or retiree are higher if the employee or retiree chooses a broader, less cost-effective provider network.

These changes, *while not altering basic benefits*, affected all members of the plan except those active employees represented by AFSCME District Council 48, pending the outcome of interest arbitration.

It is true that some of the financial incentives created by the 2006 design changes could potentially add significant out-of-pocket costs to plan members but **by choosing either the Patient Choice Managed Care or Wheaton Franciscan Direct Network, (formerly the Covenant Direct Network), employees and pre-Medicare retirees can avoid significant out-of-pocket health care costs.**

We hope you will take the time to look at the table we have enclosed. The Department of Audit created the table to illustrate the difference in out-of-pocket costs for hypothetical plan members who experience a major injury or illness involving an extended hospital stay, depending upon the network options chosen. More information will be provided at Open Enrollment but the Department of Audit table is a good place to start to help you make an informed choice.

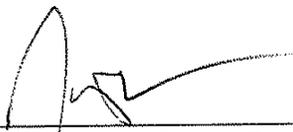
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Here are some other ideas to think about as you make your health care choices:

- Many doctors have multiple affiliations with area health care providers so you may be able to change provider networks and keep one or more of your current doctors.
- 45% of County employees take advantage of the lower out-of-pocket costs associated with the two managed care networks and receive excellent care from their doctors. If you'd like to save money by going to a narrower network but are hesitant to look for another doctor on your own, you might be able to find someone new by asking your friends, co-workers or County retirees for a recommendation.
- Learn more about the County's Flexible Spending Account that allows plan members to use pre-tax dollars to fund many out-of-pocket medical costs. Bottom line, it can save you tax dollars.
- Did you know that prescription drugs could be obtained at up to a 67% discount by using the County's mail-order prescription service? The service gives you a three-month supply of your prescription drug for the same co-pay as a one-month supply – and you receive the added convenience of home delivery.
- While glass frames and lenses are not a covered benefit under Milwaukee County's health care plan, members may be surprised to know that some eyewear merchants offer discounts to Wisconsin Physicians Services, Inc. customers. Be sure to ask the next time you purchase eyewear.

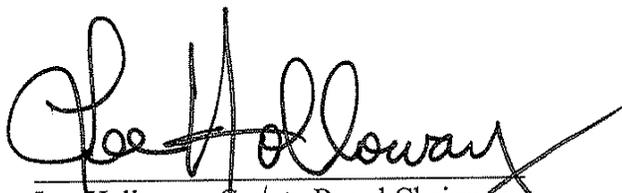
As you see, there are things we can do to stem the rising cost of health care. Open Enrollment for 2007 runs from November 1<sup>st</sup> through December 1<sup>st</sup> 2006. Additional information will be coming soon. We hope you will consider your options carefully.

Yours for a healthy Milwaukee County,



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Scott Walker, County Executive



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Lee Holloway, County Board Chairman

**P.S. While the choice of a more cost-effective health care provider will benefit you personally, the cumulative effect of employee and retiree health care choices could save Milwaukee County millions of dollars annually - that means more funding for critical county services and jobs.**

**Projected Annual Out-of-Pocket Cost Comparison for Milwaukee County Health Care Plan Participants  
Illustrates Potential Financial Impact of a Major Injury or Illness Involving Extensive Hospitalization  
Preferred Provider (PPO) Network vs. Managed Care (HMO) Network**

	Statewide or Patient Choice PPO Network		Patient Choice Managed Care or Wheaton Franciscan (formerly Covenant) Direct Network	
	SINGLE In Network	SINGLE Out of Network	FAMILY In Network	FAMILY Out of Network
<b>Total for Active Employees</b>	\$3,720	\$4,840	\$6,120	\$8,240
<b>Total for Early Retirees</b>	\$2,820	\$3,940	\$4,320	\$6,440
			\$2,260	\$3,160
			\$1,360	\$1,360

Medicare coordination of benefits results in only modest differences in out-of-pocket expenses for post-65 retirees; however, choosing the narrower HMO networks will help Milwaukee County manage its health care costs.

**ASSUMPTIONS**

Extended inpatient hospital stay with multiple services provided

Six follow-up physician's office visits.

Seven monthly Rx prescriptions (four generic, two formulary, one brand name).

Annual monthly premium contributions are included for active employees.

This projection assumes cost for one person only under family plan coverage.

These projections do not apply to active members of AFSCME DC48, pending outcome of interest arbitration process.