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4 (ITEM NO. 3) From the Interim Director, Department of Labor Relations, recommending  
5 that the Milwaukee County Board of Supervisors reaffirm the 2011 Adopted Budget policy  
6 of implementing health care plan design changes for all retirees and implement the 2011  
7 health care plan for those retirees previously covered under the 2007-2008 District Council  
8 48 Collective Bargaining Agreement, by recommending adoption of the following:  
9

10 **AN AMENDED RESOLUTION**

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12 WHEREAS, the 2011 Adopted Budget included a new employee health care plan  
13 design for all non-represented employees (non-reps) and retirees, that was developed to  
14 "better manage costs related to large claims, encourage utilization of appropriate health  
15 care resources, and share health care costs;" and  
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17 WHEREAS, on January 1, 2011, those health care plan design changes were  
18 implemented for non-rep employees and those retirees who retired from the ranks of non-  
19 reps or were represented prior to retirement by the Association of Attorneys, the Machinists  
20 Union or TEAMCO; and  
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22 WHEREAS, because of an arbitration decision from February 2008 that determined  
23 that retirees were essentially represented by the unions from which they retired (Case  
24 1743, GRN:035298), the health plan changes could not be extended without negotiation  
25 to those retirees who retired as members of District Council 48, the Federation of Nurses,  
26 the Building and Trades Council, the Deputy Sheriffs Association and the Fire Fighters; and  
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28 WHEREAS, with the adoption of 2011 Wisconsin Act 10 (Budget Repair Bill),  
29 Milwaukee County is permitted to extend the 2011 health care plan design changes to DC  
30 48 retirees as was planned in the 2011 Adopted Budget; and  
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32 WHEREAS, because the 2011 Adopted Budget included \$8,334,449 in health care  
33 savings based on extending the health plan design changes to all retirees, it is necessary to  
34 now extend the 2011 health care plan design to all retirees as soon as practicable to  
35 mitigate the budget shortfall related to this initiative; and  
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37 WHEREAS, by adopting these changes in March 2011, the Employee Benefits  
38 Division will be able to implement the plan for DC 48 retirees on May 1, 2011, and the  
39 delay of only one month in implementation may reduce health savings by more than  
40 \$400,000; and  
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42 WHEREAS, it should be noted that the health plan changes are not contingent upon  
43 an individual's retirement date; the changes, currently in effect for non-reps, non-rep  
44 retirees, and retirees from the Attorneys, Machinists or TEAMCO Collective Bargaining  
45 Units, will apply to a DC 48 retiree regardless of when he or she retires; and

46 WHEREAS, the differences between the current health care plan design and the  
47 2011 health care plan design are summarized in the document "Summary of Retiree 2009  
48 Health Plan Compared to 2011 Health Plan", which is attached hereto and made a part of  
49 this file; and

50  
51 WHEREAS, it should further be noted that extending health care benefit plan  
52 changes to retirees does not apply to active employees; and  
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54 WHEREAS, the Committee on Personnel, at its meeting of March 17, 2011,  
55 recommended approval of the Interim Director of the Department of Labor Relations'  
56 request (vote 6-0); now, therefore,  
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58 BE IT RESOLVED, that the Milwaukee County Board of Supervisors hereby reaffirms  
59 its prior policy statement made in the 2011 Adopted Budget that the 2011 health care plan  
60 design, as adopted, shall be implemented for all eligible retirees not covered by a  
61 collective bargaining agreement; and  
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63 BE IT FURTHER RESOLVED, that upon the official publication of 2011 Wisconsin  
64 Act 10, the 2011 health care plan design changes shall be extended to retirees from District  
65 Council 48, with an anticipated implementation date of May 1, 2011; and  
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67 BE IT FURTHER RESOLVED, that health care plan design changes shall be  
68 implemented for the retirees from the Federation of Nurses and Health Professionals and  
69 the Building and Trades Council upon expiration of their respective collective bargaining  
70 agreements.  
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**MILWAUKEE COUNTY FISCAL NOTE FORM**

**DATE:** 3/15/11

Original Fiscal Note

Substitute Fiscal Note

**SUBJECT:** 2011 Plan Design Changes for Retirees

**FISCAL EFFECT:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> No Direct County Fiscal Impact                                     | <input type="checkbox"/> Increase Capital Expenditures |
| <input type="checkbox"/> Existing Staff Time Required  | <input type="checkbox"/> Decrease Capital Expenditures |
| <input type="checkbox"/> Increase Operating Expenditures<br>(If checked, check one of two boxes below) | <input type="checkbox"/> Increase Capital Revenues     |
| <input type="checkbox"/> Absorbed Within Agency's Budget   | <input type="checkbox"/> Decrease Capital Revenues     |
| <input type="checkbox"/> Not Absorbed Within Agency's Budget   |  |
| <input checked="" type="checkbox"/> Decrease Operating Expenditures                                    | <input type="checkbox"/> Use of contingent funds       |
| <input type="checkbox"/> Increase Operating Revenues   |  |
| <input type="checkbox"/> Decrease Operating Revenues   |  |

*Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.*

	<b>Expenditure or Revenue Category</b>	<b>Current Year</b>	<b>Subsequent Year</b>
<b>Operating Budget</b>	Expenditure	-3,851,946	-5,657,243
	Revenue	-770,389	-1,131,449
	Net Cost	-3,081,556	-4,525,794
<b>Capital Improvement Budget</b>	Expenditure		
	Revenue		
	Net Cost		

## DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated.<sup>1</sup> If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

A. The 2011 Adopted Budget health care plan design changes will be applied to DC48 retirees

B. \$3,081,556 of savings will be realized in 2011 associated with this action. This is based on saving estimates provided by the County's Healthcare actuary as part of the 2011 Adopted Budget process. They have been reduced to reflect 8 months of actual savings and only reflect savings associated with DC48 Retirees. The 2012 number has been increased to account for a full year's worth of savings from DC48 Retirees as well as retirees from the Nurses and Trades. A medical inflation factor has also been applied.

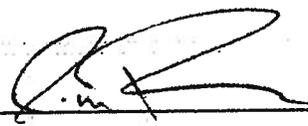
C. \$8,334,449 of savings (\$6,500,870 net) has already been budgeted associated with retiree health care changes. The difference between this amount and the savings depicted in this fiscal note will largely be achieved by changes already applied to non-rep, Attorney, TEAMCO and Machinist retirees. A small portion will not be achieved due to the mid-year DC48 implementation and the inability of the County to apply this change to Deputy Sheriff and Firefighter retirees.

D. It is assumed that the Budget Repair Bill will be published and the County will be able to implement the changes. A medical inflation rate of 7% was applied to 25% of the total to account for plan design components that are expressed as a percentage and will increase with medical inflation. It is also assumed in 2011 that a partial year implementation results in 8 months worth of savings. Actual savings may be more or less than this amount depending on utilization. Since the savings will be realized in the Fringe non-departmental account, a 20% revenue offset amount has been assumed.

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<sup>1</sup> If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

Department/Prepared By John Ruggini

Authorized Signature 

Did DAS-Fiscal Staff Review?  Yes  No

**Summary of Retiree 2009 Health Plan Compared to 2011 Health Plan**

***Medical Plan Changes:***

	<b>HMO Comparable</b>	<b>PPO Comparable</b>
<b>Premium</b>	2009: \$0 2011: \$0	2009: \$0 2011: \$0
<b>Deductible</b>	2009: \$0 2011: \$500 per person to a family maximum of \$1500	2009: In-network \$150/\$450 Out-of Network \$400/\$1,200 2011: Network: \$500 per person to a family maximum of \$1,500 Out-of-Network: \$1000 per person to a family maximum of \$3,000
<b>Outpatient Services</b>	2009: 100% of eligible expenses after any copays 2011: 100% of eligible expenses after any copays and deductibles	2009: 90% of eligible in network after co-pays and deductibles. 80% of eligible out of network after co-pays and deductibles. 2011: Network: 90% of eligible expenses after any copays and deductibles Out-of-Network: 70% of eligible expenses after any copays and deductibles

<p>Inpatient Services</p>	<p>2009: 100% of eligible expenses after any copays</p> <p>2011: 100% of eligible expenses after any copays and deductibles</p>	<p>2009: 90% of eligible in network after co-pays and deductibles.</p> <p>80% of eligible out of network after co-pays and deductibles.</p> <p>2011: Network: 90% of eligible expenses after any copays and deductibles</p> <p>Out-of-Network: 70% of eligible expenses after any copays and deductibles</p>
<p>Office Visits</p>	<p>2009: \$10 copay</p> <p>2011: \$20 Copay</p>	<p>2009: Network \$20 co-pay</p> <p>Out-of-Network \$40 co-pay</p> <p>2011: Network: \$30 Copay</p> <p>Out-of-Network: \$60 Copay</p>
<p>Emergency Room</p>	<p>2009: \$50 Copay</p> <p>2011: \$150 Copay</p>	<p>2009: \$50 Copay</p> <p>2011: \$150 Copay</p>
<p>Out-of-Pocket Maximums</p>	<p>Not Applicable</p>	<p>2009: Network: \$1,500 per person to a family maximum of \$2,500</p> <p>Out-of-Network: \$3,000 per person to a family maximum of \$5,000</p> <p>2011: Network: \$2,500 per person to a family maximum of \$5,000</p> <p>Out-of-Network: \$5,000 per person to a family maximum of \$7,500</p>

**Prescription Drug Changes:**

	<b>HMO Comparable</b>	<b>PPO Comparable</b>
Retail Pharmacy (Up to 30-day supply)	2009: Generic: \$5 Preferred Brand: \$20 Non-preferred Brand: \$40  2011: Generic: \$5 Preferred Brand: \$30 Non-preferred Brand: \$50	2009: Generic: \$5 Preferred Brand: \$20 Non-preferred Brand: \$40  2011: Generic: \$5 Preferred Brand: \$30 Non-preferred Brand: \$50
Medco Mail Order Pharmacy (Up to 90-day supply)	2009: Generic: \$5 Preferred Brand: \$20 Non-preferred Brand: \$40  2011: Generic: \$5 Preferred Brand: \$30 Non-preferred Brand: \$50	2009: Generic: \$5 Preferred Brand: \$20 Non-preferred Brand: \$40  2011: Generic: \$5 Preferred Brand: \$30 Non-preferred Brand: \$50
Coverage of Maintenance Medications	<p><u>New for 2011: Prescriptions for maintenance medications are required to be filled through the Medco Mail Order pharmacy.</u> Maintenance medications will not be covered at retail pharmacies after the third fill. You will be required to pay the full cost.</p> <p>Maintenance medications are long-term treatments such as drugs for high cholesterol, high blood pressure, diabetes, allergies, depression, and many others. If you are currently on maintenance medications, Medco will send you additional information and offer to assist with transferring your prescription to mail order. Please see the enclosed sample letter for more information.</p>	

2011 Adopted Budget, adopted November 8, 2010, implemented these changes January 1, 2010 for retirees from Attorneys Association, TEAMCO, and Machinists unions and retirees not represented by a union.

2011 Adopted Budget: The 2011 Budget assumes implementation of a new employee health care plan for non-represented employees and retirees. Cambridge Advisory Group assisted in the development of a new plan design that was developed to better manage costs related to large claims, encourage utilization of appropriate health care resources and share health care costs in a manner more consistent with the Federal government and private sector employees.