

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: April 5, 2011

TO: Supervisor Lee Holloway, Chairman, County Board

FROM: Employee Benefits Work Group

SUBJECT: Implementation of 2010 Wage and Benefit Modifications

Issue

Upon legal adoption of 2011 Wisconsin Act 10, also known as the Budget Repair Bill, the County will be able to apply the wage and benefit concessions included in the 2010 and 2011 Adopted Budgets to members of the American Federation of State, County and Municipal Employees, District Council 48. In addition, the County is required to immediately impose a 6% pension contribution as opposed to the 4% contribution that was intended to be phased in over the course of 2011. The pension contribution will apply to members of DC 48 and non-represented employees upon adoption of the Budget Repair Bill. It will apply to all other employees represented by non-public safety bargaining units effective January 2012. Implementing these changes will allow the County to rescind the remaining furlough days and, depending on when the changes become effective, partially offset reductions included in the state budget in 2011 and 2012. To reiterate, however, none of these changes can be implemented until 2011 Wisconsin Act 10 is effective.

Background***Adopted Wage and Benefit Modifications***

The 2010 Budget included savings associated with changes to the healthcare plan and overtime policies. The healthcare changes are presented in Attachment 1.

Overtime changes are all in accordance with the Fair Labor Standards Act (FLSA) and include:

- Overtime pay will begin after 40 hours is worked in a week as opposed to 8 hours being worked in a single day. For example, previously an employee who worked 10 hours in a single day was paid overtime even if they did not work more than 40 hours for that week. With this change, they would not earn overtime for any week in which they worked 40 hours or less regardless of the number of hours worked on any single day of that week.
- Overtime will be based on hours worked, as opposed to hours credited. Previously an employee who utilized 8 hours of vacation and worked 40 hours would receive overtime. With this change, they would not earn overtime for that week.
- FLSA exempt non-salaried employees will earn overtime only as compensatory time-off unless otherwise approved by the Human Resources Director.

The 2010 Budget also reduced the pension multiplier factor used in calculating an employee's pension from 2.0 to 1.6 and increased the retirement age from age 60 to 64. However, as adoption of these two pension-related changes requires an actuarial report and review by the Pension Study Commission, they will be presented in a separate report, in a later cycle.

Corresponding pension ordinance changes are not included with this report and the fiscal impact is not included in the fiscal note.

While the 2010 changes were applied to non-represented employees and partially applied to members of five bargaining units with settled contracts (see Table 1), unrealized savings from all of these changes were carried forward into the 2011 Budget.

The 2011 Budget also included additional wage and benefit modifications. These included the continuation of a freeze on pay range step advancements and the phased in implementation of a 4% employee pension contribution. In addition, the Medicare Part B reimbursement was eliminated for non-represented employees who retired after March 31, 2011. Medicare Part B for AFSCME employees is not addressed in this report or in the proposed ordinance changes. Represented staff will continue to receive this benefit.

The 2010 modifications were offset in 2011 by 26 furlough days while the 2011 changes were to be offset by unspecified corrective action. Currently, approximately 1200 employees are taking one furlough day per pay period but no other additional corrective actions have been taken.

Milwaukee County's bargaining units have agreed to some but not all of these proposed changes as shown in table 1. As will be discussed below, 2011 Wisconsin Act 10, once effective, will allow Milwaukee County to make these changes for all non-public safety bargaining units upon the expiration of their current contract.

Table 1 – Status of 2010 and 2011 Wage and Benefit Modifications by Union

	2010 HC Changes	2010 OT Changes	2010 Multiplier and Ret. Age	2011 Step Freeze	Pension Contribution	When impacted by Act 10
Attorneys	Yes	NA	Yes	No	No	2012
Building Trades	Partial	No	No	No	No	2012
DC48	No	No	No	No	No	Upon Adoption
Deputy Sheriffs	No	No	No	No	No	NA
Firefighters	No	No	No	No	No	NA
Machinists	Yes	No	Yes	No	No	2012
Non-rep	Yes	Yes	Yes	Yes	Yes	Upon Adoption
Nurses	Partial	No	No	No	No	2012
TEAMCO	Yes	NA	Yes	No	No	2012

** It is assumed the Budget Repair Bill will become effective during 2011; otherwise the unions with contracts expiring in 2012 would not be impacted until the Repair Bill becomes effective.*

Budget Repair Bill

Wisconsin Act 10, also referred to as the Budget Repair Bill, was passed by the Wisconsin Senate in early March but is currently the subject of a temporary restraining order. If and when this legislation becomes effective, Milwaukee County will have the ability to change the non-base pay compensation and benefits of employees represented by non-public safety bargaining units when their contracts expire. Currently, this only includes the American Federation of State, County and Municipal Employees District Council 48. However, as of January 1, 2012 it will also include employees represented by District No. 10 of the International Association of Machinists and Aerospace Workers; the Technicians, Engineers and Architects of Milwaukee County; the Federation of Nurses and Health Professionals; the Building Trades and Attorneys of Milwaukee County

The Repair Bill also mandated that all Milwaukee County employees contribute half of the actuarially determined pension contribution. This has been calculated in consultation with the County's actuary to be 6.0% for 2011. A few important points regarding this calculation:

- This figure will change each year based on how the retirement system performs as compared to actuarial assumptions. It is likely to increase over the next 2 years as the 2008 market losses continue to be smoothed in over a 5-year period.
- The pension system's normal cost is approximately 8.4% of salary. The required pension contribution is greater than half of the normal cost because prior service cost, or the unfunded liability, must also be considered. Because the Budget Repair bill established fixed rates for the state and the City of Milwaukee and a fluctuating rate for the County, the County's contribution rate will differ from both other systems.
- Going forward, it is likely that this contribution rate will be established as part of the annual budgeting process for the subsequent year based on the actuary's estimated required contribution.
- As is the case with the existing pension contribution, this deduction to salary will be taken pre-tax in order to reduce the impact on employees. It is anticipated that the state-mandated contributions will be handled in the same manner as the existing county adopted contributions. Thus, if an employee leaves the County before vesting, their contributions will be returned at a 5% interest rate.

As a result, the 2% pension contribution that was to have increased to 4% by the end of the year that was adopted as part of the 2011 Budget will immediately be superseded by the state law and will increase to 6% when the law becomes effective. This will immediately apply to non-represented employees, elected officials and to employees represented by DC48. It will apply to all other employees represented by non-public safety bargaining units in January 2012 (assuming adoption during 2011 of the Repair Bill). Depending on when this change becomes effective, savings could exceed those budgeted for the originally contemplated phased-in 4% contribution in 2011. These savings could then be used to help offset state budget reductions in 2011 and 2012. While this change also requires an actuarial report and Pension Study Commission review, the Department of Administrative Services must implement the change as soon as the law becomes effective since it represents state statute. For that reason, the fiscal effect of the change is being considered in this report even though the ordinance changes will likely be considered in a later cycle.

Recommendation

The policies discussed above have been adopted by the County in the 2011 Budget. As dictated by the adopted budget and in order to maximize savings to keep the 2011 Budget balanced and partially offset potential state budget reductions in 2011 and 2012, the Employee Benefits Workgroup recommends implementing the 2010 Healthcare plan design changes, overtime modifications and step freeze for employees represented by District Council 48, to be effective once the Budget Repair Bill becomes law. In addition, as required by Wisconsin Act 10, the Workgroup acknowledges that the County must implement a 6% pension contribution when the Repair Bill becomes legally effective for non-represented employees and employees represented by DC48. The pension contribution shall be applied to all other employees represented by non-public safety bargaining units effective the first pay period January 2012, assuming Wisconsin Act 10 is effective before that date.

The Employee Benefits Work Group will recommend implementing the 1.6 multiplier, age 64 retirement and Medicare Part B changes for employees represented by DC 48 at a later date.

Given the amount of confusion surrounding this issue, it is important to note the following:

- These recommendations represent policies adopted in the 2010 and 2011 Adopted Budget.
- Approving the ordinance changes included in this report will only immediately affect DC48 represented employees once Wisconsin Act 10 is effective. Non-represented staff and DC48 employees will also be subject to a 6% pension contribution as required by state statute.
- Changes in the pension multiplier and retirement age are not included in these ordinance changes but will likely be brought forth in the near future after an actuarial report and Pension Study Commission review is completed.
- Medicare Part B premium reimbursements for represented employees are NOT affected by any of the attached changes. All represented staff regardless of their retirement date will continue to receive this benefit.
- Eligibility for county-paid (i.e., premium free) retiree healthcare is NOT affected. Employees eligible for retiree health care will continue to receive this benefit based on the non-represented employee plan design regardless of their retirement date.
- Eligibility for a pension and back-drop is NOT affected. Employees will continue to earn pension service credit and preserve their back-drop if they currently are eligible for one.
- Eligibility and the calculation of accrued sick-time payouts is NOT affected.
- Additional information on the impacts of the Budget Repair Bill are available in a "Frequently Asked Questions" document that is available on the County's intranet. In addition, questions can be emailed to ***RepairBill_QandA@milwcnty.com***.

Furthermore, as depicted in the fiscal note, since the savings from these actions will completely offset the expected savings from furlough days, the Employee Benefits Work Group, recommends that furlough days be eliminated once the Repair Bill becomes effective and these changes can be implemented. The elimination of furlough days is subject to any action by the new County Executive. It is important to also note the following:

- It is anticipated that furlough days for all employees will only be rescinded when the Repair Bill becomes legally effective. Until that time, affected employees MUST continue to take furlough days.

- When a cut-off date for furlough days is decided upon, an expected pro rata furlough total will be determined. Employees, who have not met that minimum amount, will continue to have a furlough balance that they are expected to fulfill. For example, if the Repair Bill becomes effective mid-year, furlough balances will be reduced to 13 days. If an employee has only taken 10 furlough days, they will still be expected to take 3 additional days. More information on this procedure will be provided.

Assuming a mid-year implementation in 2011, these actions will result in savings of \$2,096,247. It is estimated these actions will result in \$10,514,928 of savings in 2012. Of this 2012 amount, \$3.9 million is not already budgeted. These figures do not include revenue offsets so the actual levy impact will be less.

Cc: Marvin Pratt, County Executive
E. Marie Broussard, Deputy Chief of Staff, County Executive
Terry Cooley, Chief of Staff, County Board
Carol Mueller, County Board Clerk
Jody Mapp, County Board Clerk
Employee Benefit Work Group members

Summary of Plan Changes Required by the 2011 Adopted Budget

Actively Employed Members of AFSCME DC 48

Medical Plan Changes:

	HMO Comparable	PPO Comparable
Deductible	None <i>(no change)</i>	Network: \$250 per person to a family maximum of \$750 Out-of-Network: \$500 per person to a family maximum of \$1,500 <i>(increase of \$100 per person)</i>
Outpatient Services	100% of eligible expenses after any copays and deductibles <i>(no change)</i>	Network: 90% of eligible expenses after any copays and deductibles Out-of-Network: 70% of eligible expenses after any copays and deductibles <i>(Out-of-network previously covered at 80%)</i>
Inpatient Services	100% of eligible expenses after any copays and deductibles <i>(no change)</i>	Network: 90% of eligible expenses after any copays and deductibles Out-of-Network: 70% of eligible expenses after any copays and deductibles <i>(Out-of-network previously covered at 80%)</i>
Emergency Room	\$100 Copay <i>(increase of \$50 per visit)</i>	\$100 Copay <i>(increase of \$50 per visit)</i>

Out-of-Pocket Maximums	Not Applicable <i>(no change)</i>	Network: \$2,000 per person to a family maximum of \$3,500 Out-of-Network: \$4,000 per person to a family maximum of \$6,000 <i>(increase of \$500 per person)</i>
Mental Health /Substance Abuse – Outpatient Services	\$10 Copay <i>(coverage levels required by the Mental Health Parity Act now apply)</i>	Network: \$20 Copay Out-of-Network: \$40 Copay <i>(coverage levels required by the Mental Health Parity Act now apply)</i>
Mental Health / Substance Abuse – Inpatient Services	100% <i>(applies Mental Health Parity Act)</i>	Network: 90% Out-of-Network: 70% <i>(applies Mental Health Parity Act)</i>

Note: The tables above are intended as a summary of changes only. For specific coverage terms, provisions, conditions, limitations, or exclusions please refer to your summary plan description.

A RESOLUTION

To implement provisions of the 2010 and 2011 Adopted Budgets, Org. Unit 1972 – Wage and Benefit Modifications, for non-public safety collective bargaining units, and to propose a pro rata reduction in furlough days for active employees represented by AFSCME District Council 48, all of which are contingent upon the legal effective date of 2011 Wisconsin Act 10.

WHEREAS, the 2010 Adopted Budget for Org. Unit 1972 – Wage and Benefit Modifications, included wage, health and pension modifications for all employees, including:

1. An increase in the normal retirement age for new members of the Employee Retirement System (ERS) from age 60 to age 64,
2. A reduction in the annual pension service credit multiplier for members of the ERS for all future years from 2.0% to 1.6%,
3. The elimination of incremental wage and salary advancements for calendar year 2010,
4. Increases in employee premium contributions and certain co-pay and deductible amounts under the Milwaukee County Group Health Benefit Plan, and
5. Changes to overtime compensation in accordance with the Fair Labor Standards Act

;and

WHEREAS, these modifications were implemented in 2010 for non-represented employees (File No. 09-471) and are contained in collective bargaining agreements with some of the unions representing non-public safety county employees; and

WHEREAS, employees represented by AFSCME District Council 48 have been working under a status quo continuation of the collective bargaining agreement with Milwaukee County that expired December 31, 2008; and

WHEREAS, the Milwaukee County 2011 Adopted Budget imposed up to 26 furlough days for employees represented by AFSCME DC48 in the absence of a new collective bargaining agreement containing the modifications set forth above or equivalent fiscal savings; and

35 WHEREAS, 2011 Wisconsin Act 10, known as the Budget Repair Bill, contains
36 provisions that prohibit collective bargaining over non-base wage and benefit items for
37 non-public safety employees and that implement a mandatory pension contribution; and

38 WHEREAS, upon the effective date of 2011 Wisconsin Act 10, the County will
39 have the authority to immediately implement the modifications listed above from the
40 2010 Adopted Budget for Org. Unit 1972 for AFSCME DC 48 employees and will be
41 required by that law to immediately begin collection of pension contributions from
42 nonrepresented employees, elected officials and AFSCME DC 48 employees; and

43 WHEREAS, with the implementation of these changes and the mandatory
44 pension contributions, Milwaukee County will realize previously budgeted wage and
45 benefit savings, permitting the elimination of a portion of the 26 furlough days imposed
46 on members of AFSCME DC 48; and

47 WHEREAS, because the increase in the normal retirement age for new members
48 of the ERS and the reduction in the annual pension service credit multiplier from 2.0%
49 to 1.6% for members of AFSCME DC48 will require an actuarial review prior to
50 implementation, and such review has been requested but not yet completed, those
51 provisions of the 2010 wage and benefit modifications are not recommended at this
52 time; and

53 WHEREAS, upon the effective date of 2011 Wisconsin Act 10 or the expiration of
54 other non-public safety collective bargaining agreements on December 31, 2011,
55 whichever is later, the County will be authorized to implement the wage and benefit
56 modifications outlined herein, along with those contained in the 2011 Adopted Budget,
57 as well as other subsequent policy directives adopted by action of the County Board
58 and County Executive; now, therefore,

59 BE IT RESOLVED, that the Milwaukee County Board of Supervisors hereby
60 authorizes and directs the Department of Administrative Services to implement, as soon
61 as permitted by law, the following wage and benefit policies for active employed
62 members of AFSCME District Council 48:

- 63 1. The Milwaukee County 2010 Group Health Benefit Plan
- 64 2. The elimination of incremental wage and salary advancements for one year
65 and one day
- 66 3. Changes to overtime compensation in accordance with the Fair Labor
67 Standards Act;

68 BE IT FURTHER RESOLVED, that the 2011 Adopted Budget policy of imposing
69 26 furlough days on members of AFSCME District Council 48 shall be modified on a pro
70 rata basis to coincide with the implementation date of wage and benefit modifications
71 contained herein, once permitted on the effective date of 2011 Wisconsin Act 10; and

72 BE IT FURTHER RESOLVED, to codify these changes, the Milwaukee County
73 Board of Supervisors hereby amends Sections 17.10, 17.14, and 17.16 of the
74 Milwaukee County Code of General Ordinances by adopting the following:

75 **AN ORDINANCE**

76 The County Board of Supervisors of the County of Milwaukee does ordain as
77 follows:

78 **SECTION 1.** Section 17.10 of the General Ordinances of Milwaukee County is
79 amended as follows:

80 **17.10. Advancement within a pay range.**

81 The incumbent of a position shall be advanced to the next highest rate of pay in the pay
82 range provided for the classification only upon meritorious completion of two thousand
83 eighty (2,080) straight time hours paid. Deviation from this requirement is permissible
84 under the following conditions:

- 85 (1) A department head may permit an employe to be advanced one (1) additional
86 step in the range if advancement to the next highest rate above the rate
87 originally received results in a pay increase of less than twenty-one cents
88 (\$0.21) per hour.
- 89 (2) The director of human resources may approve the request of any department
90 head to advance a promoted employe or incumbent of a reclassified position
91 one (1) additional step in the range if the employe would have advanced in the
92 classification from which they were promoted to the same rate of pay within
93 ninety (90) days of the promotion. The decision of the director may be appealed
94 to the committee on personnel within thirty (30) days of notice. The decision of
95 the county board on the committee recommendation, subject to review by the
96 county executive, shall be final.
- 97 (3) Department heads:
- 98 (a) Who have adopted the annual performance appraisal system revised in
99 1986 and approved by the director of human resources may advance an
100 employe who has exhibited exemplary performance up to two (2) steps in
101 the pay range providing the director has verified that the performance
102 evaluation system has been implemented in the appropriate manner.
103 Such advancements shall be implemented in accordance with subsection
104 (4) of this section.
- 105 (b) May request an advancement in the pay range for an employe who holds
106 a position which is critical to the operation of their department if the
107 request is necessary to retain the employe in county service. The request
108 may be implemented upon approval of the director, in accordance with
109 subsection (4) of this section.
- 110 (c) In subsections (a) and (b) above the decision of the director of human
111 resources may be appealed to the committee on personnel within thirty
112 (30) days of notice. The decision of the county board on the committee's

113 recommendation, subject to review by the county executive, shall be final
114 and shall be implemented the first day of the first pay period following
115 review by the county executive, or in the event of a veto, final county
116 board action.

117 (4) Monthly while any advancements within a pay range requested by departments,
118 pursuant to subsections (3)(a) and (3)(b) are pending, the director of human
119 resources shall provide a report to the committee on personnel which lists all
120 such advancements which the director intends to approve, along with a fiscal
121 note for each. This report shall be distributed to all county supervisors and
122 placed on the committee agenda for informational purposes. If a county
123 supervisor objects to the decision of the director within seven (7) working days
124 of receiving this report the advancement shall be held in abeyance until resolved
125 by the county board, upon recommendation of the committee, and subsequent
126 county executive action. If no county supervisor objects, the advancement shall
127 be implemented the first day of the first pay period following the meeting of the
128 committee. In the event the county board takes no action on an advancement,
129 after receipt of a recommendation from the committee, the advancement shall
130 be implemented the first day of the first pay period following action by the county
131 executive or, in the event of a veto, final county board action.

132 (5) From January 1, 2010 through December 31, 2011, notwithstanding any other
133 provisions of this code, incumbents of a position not represented by a collective
134 bargaining unit who would have received an advance in the pay range upon the
135 meritorious completion of two thousand eighty (2,080) hours, shall be advanced
136 to the next highest rate of pay in the pay range provided for the classification
137 only upon meritorious completion of an additional four thousand one hundred
138 and sixty (4,160) straight-time hours for full-time positions, and a prorated
139 fraction thereof for employees whose scheduled work week is less than forty
140 (40) hours or who began employment after January 1, 2010. The intent of this
141 section is to temporarily suspend incremental salary advancements for
142 nonrepresented employees for 2010 and 2011, consistent with the terms of the
143 2010 and 2011 Adopted Budget.

144 (6) From the effective date of 2011 Wisconsin Act 10 until one year and one day
145 thereafter, notwithstanding any other provisions of this code, incumbents of a
146 position represented by the American Federation of State, County and Municipal
147 Employees District Council 48 who would have received an advance in the pay
148 range upon the meritorious completion of two thousand eighty (2,080) hours,
149 shall be advanced to the next highest rate of pay in the pay range provided for
150 the classification only upon meritorious completion of an additional two thousand
151 and eighty (2080) straight-time hours for full-time positions, and a prorated
152 fraction thereof for employees whose scheduled work week is less than forty
153 (40) hours or who began employment after the legal effective date of 2011
154 Wisconsin Act 10. The intent of this section is to temporarily suspend
155 incremental salary advancements for employees represented by District Council
156 48 for one year consistent with the terms of the 2011 Adopted Budget.

157

158 **SECTION 2.** Section 17.14 (8) of the General Ordinances of Milwaukee County is
159 created as follows:

160 **17.14. Employment definitions.**

161 (8) Milwaukee County Group Health Benefit Program for actively employed members
162 represented by AFSCME District Council 48. Changes to Section 17.14(8) shall become
163 effective as soon as administratively possible following the legal adoption of 2011 Wisconsin Act
164 10.

165 (a) Health and dental benefits shall be provided for in accordance with the terms and
166 conditions of the current plan document and the group administrative agreement for the
167 Milwaukee County Health Insurance Plan or under the terms and conditions of the
168 insurance contracts of a Managed Care Organization (HMO) approved by the county.

169 (b) All health care provided shall be subject to utilization review.

170 (c) Eligible employes may choose health benefits for themselves and their dependents
171 under a preferred provider organization (county health plan or PPO) or HMO approved
172 by the county.

173 (d) Eligible employees enrolled in the PPO or HMO shall pay a monthly amount toward
174 the monthly cost of health insurance as described below:

175 (1) Employees enrolled in the HMO comparable plan shall pay fifty dollars
176 (\$50.00) per month toward the monthly cost of a single plan and one
177 hundred dollars (\$100.00) per month toward the monthly cost of a family
178 plan.

179 (2) Employees enrolled in the PPO comparable plan shall pay ninety dollars
180 (\$90.00) per month toward the monthly cost of a single plan and one
181 hundred eighty dollars (\$180.00) per month toward the monthly cost of a
182 family plan.

183 (3) The appropriate payment shall be made through payroll deductions.
184 When there are not enough net earnings to cover such a required
185 contribution, and the employee remains eligible to participate in a health
186 care plan, the employee must make the payment due within ten (10)
187 working days of the pay date such a contribution would have been
188 deducted. Failure to make such a payment will cause the insurance
189 coverage to be canceled effective the first of the month for which the
190 premium has not been paid.

191 (4) The county shall deduct employees' contributions to health insurance on
192 a pre-tax basis pursuant to a section 125 plan.

193 (5) The county shall establish and administer flexible spending accounts
194 (FSAs) for those employees who desire to pre-fund their health insurance
195 costs as governed by IRS regulations. The county retains the right to
196 select a third party administrator.

197 (e) In the event an employe who has exhausted accumulated sick leave is placed on
198 leave of absence without pay status on account of illness, the county shall continue to
199 pay the monthly cost or premium for the PPO or HMO chosen by the employe and in

200 force at the time leave of absence without pay status is requested, if any, less the
201 employe contribution during such leave for a period not to exceed one (1) year. The one-
202 year period of limitation shall begin to run on the first day of the month following that
203 during which the leave of absence begins. An employe must return to work for a period
204 of sixty (60) calendar days with no absences for illness related to the original illness in
205 order for a new one-year limitation period to commence.

206 (f) Where both husband and wife are employed by the county, either the husband or
207 the wife shall be entitled to one (1) family plan. Further, if the husband elects to be the
208 named insured, the wife shall be a dependent under the husband's plan, or if the wife
209 elects to be the named insured, the husband shall be a dependent under the wife's plan.
210 Should neither party make an election the county reserves the right to enroll the less
211 senior employe in the plan of the more senior employe. Should one (1) spouse retire
212 with health insurance coverage at no cost to the retiree, the employed spouse shall
213 continue as a dependent on the retiree's policy, which shall be the dominant policy.

214 (g) Coverage of enrolled employes shall be in accordance with the monthly enrollment
215 cycle administered by the county.

216 (h) Eligible employes may continue to apply to change their health plan to one (1) of the
217 options available to employes on an annual basis. This open enrollment shall be held at
218 a date to be determined by the county and announced at least forty-five (45) days in
219 advance.

220 (i) The county shall have the right to require employes to sign an authorization enabling
221 non-county employes to audit medical and dental records. Information obtained as a
222 result of such audits shall not be released to the county with employe names unless
223 necessary for billing, collection, or payment of claims.

224 (j) Amendments to the Public Health Service Act applies federal government (COBRA)
225 provisions regarding the continuation of health insurance to municipal health plans.
226 Milwaukee County, in complying with these provisions, shall collect the full premium from
227 the insured, as allowed by law, in order to provide the continued benefits.

228 (k) The county reserves the right to establish a network of providers. The network shall
229 consist of hospitals, physicians, and other health care providers selected by the county.
230 The county reserves the right to add, modify or delete any and all providers under the
231 network.

232 (n) All eligible employes enrolled in the PPO shall have a deductible equal to the
233 following:

234 (1) The in-network deductible shall be two hundred fifty dollars (\$250.00) per
235 insured, per calendar year; seven hundred fifty dollars (\$750.00) per family, per
236 calendar year.

237 (2) The out-of-network deductible shall be five hundred dollars (\$500.00) per
238 insured, per calendar year; one thousand five hundred dollars (\$1,500.00) per
239 family, per calendar year.

240 (o) All eligible employees and/or their dependents enrolled in the PPO shall be subject to
241 a twenty-dollar (\$20.00) in-network office visit co-payment or a forty-dollar (\$40.00) out-
242 of-network office visit for all illness or injury related office visits. The in-network office
243 visit co-payment shall not apply to preventative care which includes prenatal, baby-
244 wellness, and physicals, as determined by the plan

245 (p) All eligible employees and/or their dependents enrolled in the PPO shall be subject to
246 a co-insurance co-payment after application of the deductible and/or office visit co-
247 payment.

248 (1) The in-network co-insurance co-payment shall be equal to ten (10) percent
249 of all charges subject to the applicable out-of-pocket maximum.

250 (2) The out-of-network co-insurance co-payment shall be equal to thirty (30)
251 percent of all charges subject to the applicable out-of-pocket maximum.

252 (q) All eligible employees enrolled in the PPO shall be subject to the following out-of-
253 pocket expenses including any applicable deductible and percent co-payments to a
254 calendar year maximum of:

255 (1) Two thousand dollars (\$2,000.00) in-network under a single plan.

256 (2) Three thousand five hundred dollars (\$3,500.00) in-network under a family
257 plan.

258 (3) Three thousand five hundred dollars (\$3,500.00) out-of-network under a
259 single plan.

260 (4) Six thousand dollars (\$6,000.00) out-of-network under a family plan.

261 (5) Office visit co-payments are not limited and do not count toward the
262 calendar year out-of-pocket maximum(s).

263 (6) Charges that are over usual and customary do not count toward the
264 calendar year out-of-pocket maximum(s).

265 (7) Prescription drug co-payments do not count toward the calendar year out-of-
266 pocket maximum(s).

267 (8) Other medical benefits not described in (q)(5), (6), and (7) shall be paid by
268 the health plan at one hundred (100) percent after the calendar year out-of-
269 pocket maximum(s) has been satisfied.

270 (r) All eligible employees and/or their dependents enrolled in the PPO shall pay a one
271 hundred dollar (\$100.00) emergency room co-payment in-network or out-of-network. The
272 co-payment shall be waived if the employe and/or their dependents are admitted directly
273 to the hospital from the emergency room. In-network and out-of-network deductibles and
274 co-insurance percentages apply.

275 (s) All eligible employes and/or their dependents enrolled in the PPO or HMO shall pay
276 the following for a thirty (30) day prescription drug supply at a participating pharmacy:

277 (1) Five dollar (\$5.00) co-payment for all generic drugs.

278 (2) Twenty dollar (\$20.00) co-payment for all brand name drugs on the
279 formulary list.

280 (3) Forty dollar (\$40.00) co-payment for all non-formulary brand name drugs.

281 (4) Non-legend drugs may be covered at the five dollar (\$5.00) generic co-
282 payment level at the discretion of the plan.

283 (5) The plan shall determine all management protocols.

284 (t) All eligible employes and/or their dependents enrolled in the HMO shall be subject to
285 a ten-dollar (\$10.00) office visit co-payment for all illness or injury related office visits.
286 The office visit co-payment shall not apply to preventative care. The county and/or the
287 plan shall determine preventative care.

288 (u) All eligible employes and/or their dependents enrolled in the HMO shall pay a one-
289 hundred-dollar (\$100.00) co-payment for each in-patient hospitalization. There is a
290 maximum of five (5) co-payments per person, per calendar year.

291 (v) All eligible employes and/or their dependents enrolled in the HMO shall pay fifty (50)
292 percent co-insurance on all durable medical equipment to a maximum of fifty dollars
293 (\$50.00) per appliance or piece of equipment.

294 (w) All eligible employes and/or their dependents enrolled in the HMO shall pay a one
295 hundred dollar (\$100.00) emergency room co-payment (facility only). The co-payment
296 shall be waived if the employe and/or their dependents are admitted to the hospital
297 directly from the emergency room.

298 (x) The health plan benefits for all eligible employes and/or their dependents for the in-
299 patient and out-patient treatment of mental and nervous disorders, alcohol and other
300 drug abuse (AODA) will be consistent with the mandates of the Federal mental health
301 parity act.

302 (y) Each calendar year, the county shall pay a cash incentive of five hundred dollars
303 (\$500.00) per contract (single or family plan) to each eligible employe who elects to dis-
304 enroll or not to enroll in a PPO or HMO. Any employe who is hired on and after January
305 1, and who would be eligible to enroll in health insurance under the present county
306 guidelines who chooses not to enroll in a county health plan shall also receive five
307 hundred dollars (\$500.00). Proof of coverage in a non-Milwaukee County group health
308 insurance plan must be provided in order to qualify for the five hundred dollars (\$500.00)
309 payment. Such proof shall consist of a current health enrollment card.

310 (1) The five hundred dollars (\$500.00) shall be paid on an after tax basis. When
311 administratively possible, the county may convert the five hundred dollars

312 (\$500.00) payment to a pre-tax credit which the employe may use as a credit
313 towards any employe benefit available within a flexible benefits plan.

314 (2) The five hundred dollars (\$500.00) payment shall be paid on an annual
315 basis by payroll check no later than April 1 of any given year to qualified
316 employes on the county payroll as of January 1. An employe who loses his/her
317 non-county health insurance coverage may elect to re-join the county health
318 plan. The employe would not be able to re-join an HMO until the next open
319 enrollment period. The five hundred dollars (\$500.00) payment must be repaid in
320 full to the county prior to coverage commencing. Should an employe re-join a
321 health plan he/she would not be eligible to opt out of the plan in a subsequent
322 calendar year.

323 (z) The provisions of C.G.O. 17.14(8) shall not apply to seasonal and hourly employes.
324 An hourly employe shall be considered to be one who does not work a uniform period of
325 time within each pay period and shall include an employe who works a uniform period of
326 time of less than twenty (20) hours per week.

327 (aa) The provisions of 17.14(8) shall apply to employes on an unpaid leave of absence
328 covered by workers compensation.

329 **SECTION 3.** Section 17.14 (9) of the General Ordinances of Milwaukee County is
330 amended as follows:

331 (9) *County dental benefit plan and dental maintenance organizations.* Employes who
332 are eligible for group hospital and medical benefits under the provision of subsection (7)
333 or subsection (8) of this section shall also be entitled to dental benefits upon application
334 in accordance with enrollment procedures established by the county, except that retired
335 members of the county retirement system shall not be eligible for dental benefit
336 coverage. Eligible employes may enroll in the county dental benefit plan (fee for service)
337 or a dental maintenance organization approved by the county.

338

339 **SECTION 4.** Section 17.16 of the General Ordinances of Milwaukee County is
340 amended as follows:

341 **17.16. Overtime compensation.**

342 This section shall be applied in the following manner, and consistent with collective
343 bargaining agreements and state and federal regulations:

344 (1) Employes may be assigned to overtime work provided that such overtime shall be
345 limited to emergency conditions which endanger the public health, welfare or safety;
346 or for services required for the protection or preservation of public property; or to
347 perform the essential functions of a department which cannot be performed with the
348 personnel available during normal work hours, either because of vacancies in
349 authorized positions or because of an abnormal peak load in the activities of the

350 department; or for other purposes which specific provision for overtime
351 compensation has been made by the county board. Employees required to work
352 overtime shall be compensated as follows:

- 353 a) Employees represented by a collective bargaining unit shall be compensated for
354 overtime in accordance with provisions of the Fair Labor Standards Act and the
355 respective collective bargaining agreement.
- 356 b) Employees who are not represented by a collective bargaining unit shall be
357 compensated for overtime as follows: employees holding positions which are
358 non-exempt from the Fair Labor Standards Act shall receive time and one-half for
359 all hours worked over forty (40) hours per week regardless of the pay range to
360 which the position held is assigned. Employees holding a position exempt from
361 the Fair Labor Standards Act who are not in an executive classification shall be
362 compensated for overtime for all hours worked in excess of forty (40) hours in a
363 week on a straight time basis and may only liquidate accrued overtime as
364 compensatory time off unless approved by the DAS director of human resources
365 who shall also provide the personnel committee with quarterly reports of all
366 overtime that is paid rather than used as compensatory time off.
- 367 c) Employees holding positions authorized on a seasonal basis shall receive time
368 and one-half for all hours worked in excess of forty (40) hours per week.
- 369 d) Unless a collective bargaining agreement deems otherwise, an appointing
370 authority may approve payment, or the accrual of compensatory time, for
371 overtime. However, no employe may accrue more than two hundred forty (240)
372 hours of compensatory time, unless permitted by the provisions of the Fair Labor
373 Standards Act.
- 374 e) Employees holding positions which are covered by the annual work year who are
375 eligible for time and one-half overtime shall receive payment for the half time
376 portion of the overtime and shall accrue the straight time portion of the overtime
377 as compensatory time, up to a maximum of two hundred forty (240) hours of
378 compensatory time, after which all overtime shall be paid.
- 379 f) Elected officials, members of boards and commissions, and employes
380 compensated on a per diem, per call or per session basis shall not be
381 compensated for overtime.
- 382 g) Employees included in the executive compensation plan are to be considered
383 salaried employes and therefore are not eligible for accrual of compensatory time
384 or payment of overtime. Executive level employes shall be expected to work
385 sufficient hours to perform their assigned duties effectively.
- 386 h) Unless overtime is required in accordance with the provisions of the Fair Labor
387 Standards Act, employes shall not receive overtime for hours worked, or
388 credited, in excess of eight (8) hours per day or forty (40) hours per week, if such
389 overtime is due to holding dual employment status.

- 390 (2) Under the conditions specified for emergency overtime, employees may be
391 permitted to work on holidays or during vacation periods without compensatory time
392 and receive double time for each day so worked provided that only the hours
393 actually worked on each of these days shall be considered in any computation of
394 overtime for the biweekly period in which they occurred; except that

395 a) Physicians and psychiatrists employed in the classified service shall receive time
396 and-one-half for each holiday so worked, if such compensation is so authorized
397 by the provisions of section 17.36.

398 (3) No payment shall be made for overtime unless funds have been provided for such
399 payment in the appropriation for personal services or unless a surplus exists in such
400 appropriation, by reason of vacancies and turnover in authorized positions.

401 (4) The director of human resources may review the time records submitted by the
402 departments for the purpose of determining the extent to which overtime is being
403 worked and compensation time allowed; and may require the heads of departments
404 to submit reports, supplementary information or other data relative to the need for
405 overtime work; may investigate the cause and justification for such overtime; and
406 may prescribe such rules or regulations as in his/her opinion are necessary to
407 control and restrict overtime to emergency conditions. The director is further
408 empowered to recommend changes in procedure or administrative practices which
409 in his/her opinion will eliminate the need for overtime work, and to report to the
410 appropriate committee of the county board instances in which the department head
411 refuses to comply with the recommendations.

412 (5) Section 17.16(1)-(4) shall also apply to:

413 a) Employees represented by bargaining unit American Federation of State, County
414 and Municipal Employees District Council 48 upon the legal effective date of
415 2011 Wisconsin Act 10.

416 b) Employees represented by District No. 10 of the International Association of
417 Machinists and Aerospace Workers; the Technicians, Engineers and Architects
418 of Milwaukee County; the Federation of Nurses and Health Professionals; the
419 Building Trades of Milwaukee County and the Association of Milwaukee County
420 Attorneys upon the legal effective date of the 2011 Wisconsin Act 10 or January
421 1, 2012, whichever is later.

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 3/30/11

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Impact of Implementing Benefit Changes and Rescinding Furloughs

FISCAL EFFECT:

- | | |
|--|--|
| <input 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
(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.

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	-2,096,247	-10,514,928
	Revenue		
	Net Cost	-2,096,247	-10,514,928
Capital Improvement Budget	Expenditure		
	Revenue		
	Net Cost		

DESCRIPTION OF FISCAL EFFECT

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

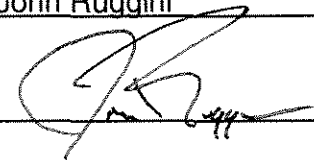
- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated. ¹ 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. Adoption of the attached resolution and ordinances would apply :
 1. the 2010 healthcare plan design changes (Org 1972) to employees represented by DC48 in 2011 and 2012.
 2. Overtime changes included in the 2011 Budget (org. 1972) are applied employees represented by DC48 in 2011 and 2012.
 3. A step freeze (Org. 1972) for one year to employees represented by DC48
 4. A 6% pension contribution (inclusive of the phased-in 4% contribution already included in the 2011 budget, Org. 1972) to employees represented by DC48 and non-represented staff in 2011 and 2012. No salary increase is assumed for represented staff.
 5. The elimination of all furlough days in 2011.
 - B. The table below shows the fiscal impact of each item, assuming a mid-year 2011 implementation and a full-year of savings in 2012.

¹ 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.

Changes	half 2011	2012
2010 Health Care Plan Changes	\$ (587,650)	\$ (1,175,300)
OT Changes	\$ (583,310)	\$ (1,166,620)
Step Freeze	\$ (770,153)	\$ (770,153)
Rep Pension Contribution (budgeted)	\$ (1,344,479)	\$ (4,302,334)
Rep Salary Increase		
Rep 48 Pension Contribution (unbudgeted)	\$ (1,882,271)	\$ (2,151,167)
NR Unbudgeted pension contribution	\$ (830,684)	\$ (949,354)
Furlough Elimination	\$ 3,902,301	
subtotal	\$ (2,096,247)	\$ (10,514,928)

- C. Of the savings depicted above, \$2,096,247 in 2011 and \$3,870,673 in 2012 is not budgeted providing the County with additional funds to offset state budget reductions.
- D. The following assumptions were made:
1. It is assumed the Budget Repair Bill becomes legally effective mid-year in 2011 so that the 2011 savings represent half of the estimated total.
 2. The non-represented salary increase is not represented in this table because the savings associated with the budgeted 4% pension contribution are not included either since the pension contribution is already in effect. No salary increase is assumed for represented staff as this would require separate legislative action.
 3. The budgeted represented pension contribution is equivalent to 2.5% of salary in 2011 and 4.0% of salary in 2012.
 4. The unbudgeted represented and non-represented pension contribution is equivalent to 3.5% of salary in 2011 and 2% in 2012.
 5. All pension contribution figures are calculated using salary data by bargaining unit provided by the Controller's Office
 6. As the step freeze for DC48 is assumed to be implemented mid-year in 2011 and will be in place for 366 days, half of the savings will be realized in 2011 and half in 2012.
 7. No inflationary factors have been included for 2012
 8. No revenue offsets have been calculated. While revenue reductions typically represents 22% of total expenditure reductions, due to the differing participation by union, this amount will fluctuate and has not been calculated.

Department/Prepared By John Ruggini

Authorized Signature 

Did DAS-Fiscal Staff Review? Yes No