

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE : November 15, 2011

TO : Supervisor Lee Holloway, Chairman
Milwaukee County Board of Supervisors


FROM : Steve Cady, Fiscal & Budget Analyst, County Board
Jerome J. Heer, Director of Audits

SUBJECT : Fiscal Note Review for the 2009-2012 Contract between Milwaukee County and the Deputy Sheriffs Association

We have reviewed the fiscal note prepared by the Department of Administrative Services regarding the 2009 - 2012 tentative agreement between County of Milwaukee and Deputy Sheriffs Association.

We agree with the assumptions, methodologies and conclusions presented in the fiscal note. It should be noted that, unlike many other labor contract fiscal notes, there are many assumptions that could alter the actual impact of the proposed agreement. This includes the actual number of deputy sheriff positions that would take advantage of the pension benefit window, the resolution of the 2012 Adopted Budget for the Office of the Sheriff, and the Sheriff's implementation of any proposed labor agreement. A portion of this fiscal note relies upon the calculations provided by Buck Consultants, the County's actuary. We have relied on the actuary's numbers as presented in a separate communication dated November 14, 2011.

If you have any questions, do not hesitate to call us.



Steve Cady
Fiscal & Budget Analyst



Jerome J. Heer
Director of Audits

cc: Chris Abele, County Executive
Candace Richards, Director, DAS – Human Resources Division
Fred Bau, DAS – Labor Relations
Patrick Farley, Director, Department of Administrative Services
Carol Mueller, Finance and Audit Committee Clerk, County Board Staff
Pamela Bryant, Interim Fiscal & Budget Administrator
Scott Manske, Controller, Department of Administrative Services
Richard Ceschin, Research Analyst, County Board Staff
Jodi Mapp, Committee Clerk - Personnel

COUNTY OF MILWAUKEE
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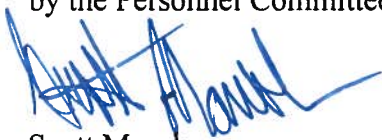
DATE : November 15, 2011

TO : Supervisor Lee Holloway, County Board Chairman
Milwaukee County Board of Supervisors

FROM : Scott Manske, Controller

SUBJECT : Fiscal Note on the Memorandum of Agreement for the 2009-2012 Contract between Milwaukee County and the Milwaukee Deputy Sheriff's Association

Attached to this memo is the fiscal note on the above-mentioned contract that will be considered by the Personnel Committee and Finance and Audit Committee on November 16, 2011.



Scott Manske
Controller

Attachment

cc: Chris Abele, County Executive
Candace Richards, Interim Director, DAS – Human Resources Division
Fred Bau, DAS – Labor Relations
Terrence Cooley, Chief of Staff, County Board
Patrick Farley, Director, Department of Administrative Services
Jerome Heer, Director of Audits
Pamela Bryant, Interim DAS - Fiscal and Budget Administrator
Jodi Mapp, Personnel Committee Clerk
Carol Mueller, Finance and Audit Committee Clerk, County Board Staff
Stephen Cady, Fiscal and Budget Analyst, County Board Staff
Rick Ceschin, Senior Research Analyst, County Board Staff
George Aldrich, Chief of Staff, Office of County Executive

FISCAL NOTE

The following provides a summary of the **fiscal impact of the proposed Deputy Sheriff's Association contract agreement for the years 2009 - 2012.** The summary compares the fiscal impact of the County proposal and the Deputy Sheriff's Association ("DSA Union") proposal. The following is an estimate of the fiscal impact of each proposal based upon current personnel and anticipated step changes. The actual fiscal impact may be greater than or less than the impact that is estimated below.

The following table presents the key wage and benefit elements of the proposed contract:

Table 1: Wage and Benefit Proposals			
DSA Offer 11/08/2011: Deputy Sheriff Contract 2009 - 2012			
		Union Offer	
Offer Received		November 4, 2012	
Period Covered by Contract		2009 - 2012	
Item	Wage Rate Increases:		
1	2009, 2010, 2011	0.00%	
2	January 1, 2012	0.00%	
3	October 28, 2012 PPD 24	4.00%	
4	Step Increases	Eliminate for 2012	
5	Uniform Allowance	No payment for 2012	
6	Hazardous Duty Pay	No payment for 2012	
7	Pension Contribution	6.59%	
8	Pension Board Member	Require DSA Pension Member	
9	Window for Pension Plan	Up to 5-Years of Age Only	
10	Layoffs of Members	Layoffs up to 61 Members	
11	Health Care Change	Adopt County Plan	
12	Employee Contributions to Health Insurance Premiums:	Effective 1/1/2012	
		Single	Family
	PPO Plan	\$ 85	\$ 170
	Current Contribution Rates:	Effective 1/1/2008	
		Single	Family
	PPO Plan	\$ 75	\$ 150
	HMO Plan	35	70

The following tables present the fiscal impact summary by year:

Table 2B: Fiscal Impact by Year					
DSA Offer 11/08/2011: Deputy Sheriff Contract 2009 - 2012					
Item		2009	2010	2011	2012
Wages					
1	2009, 2010, 2011 - 0.0%	\$ -	\$ -	\$ -	\$ -
2	January 1, 2012 - 0.0%	-	-	-	-
3	October 28, 2012 - 4.0%	-	-	-	106,800
4	Step Increases Frozen	-	-	-	(254,900)
	Sub-Total Wages	-	-	-	(148,100)
	FICA 7.65 %	-	-	-	(11,300)
	Pension 13.18%	-	-	-	(19,500)
	Sub-Total Wages and FICA	-	-	-	(178,900)
5	Uniform Allowance - None for 2012	-	-	-	(153,400)
6	Hazardous Duty Pay - None for 2012	-	-	-	(270,800)
7	Pension Contribution - 6.59%	-	-	-	(1,398,900)
8	Pension Board Member	-	-	-	-
9	Window for Pension Plan - 5 Years	-	-	-	504,300
10	Layoffs of Members - See Note Below	-	-	-	-
11	Health Care Change	-	-	-	-
	Same as other County employees for 2012	-	-	-	(750,100)
12	Contributions to Health Insurance				
	PPO - Change to \$75 Single \$170 Family	-	-	-	(279,700)
	HMO - Plan eliminated for 2012	-	-	-	-
		-	-	-	-
		-	-	-	-
	Total Wage and Benefit Change	\$ -	\$ -	\$ -	\$ (2,527,500)
Amounts Used in Calculations:					
	Number of Positions	361.0	361.0	361.0	361.0
	Full-time equivalents	361.0	361.0	361.0	361.0
	Total calculated wages	\$ 23,139,887	\$ 23,139,887	\$ 23,139,887	\$ 22,991,787
	Average wage rate/hour	\$ 30.82	\$ 30.82	\$ 30.82	\$ 30.62
	Total base wages	\$ 23,139,887	\$ 23,139,887	\$ 23,139,887	\$ 23,139,887
	Annual Lift Pcntg Wages on base wage	0.00%	0.00%	0.00%	-0.64%
	Cumulative Lift Pcntg Wages on base wage	0.00%	0.00%	0.00%	-0.64%
	Annual Lift Pcntg All Costs on base wage	0.00%	0.00%	0.00%	-10.92%
	Cumulative Lift Pcntg All Costs on base wage	0.00%	0.00%	0.00%	-10.92%

<p>Footnote on Layoffs of Members</p> <p>The Union in their latest offer is requesting a maximum layoff of 61 members for 2012. The Budget for 2012 has a provision to layoff approximately 117 members. The cost per member including benefits is \$95,000. The cost of 117 members is \$11,115,000. The net budgeted savings for laid off members for 2012 is \$61,500, or \$7.2 million for 117 proposed layoffs.</p>
<p>Footnote on Retiree and Active Health Care Savings:</p> <p>In August 2011, the County made a change to the health care benefits of active DSA members and retired DSA members. These changes mainly impacted the PPO plan of the participants, since the changes were only to take health care changes to the 2010 budget of the County. The changes were made as a result of a change in the State Statute which would no longer allow DSA members to negotiate the design of health care plans. The DSA union has since grieved the changes that were made in August 2011. There is disagreement regarding the fiscal impact the unions agreement to this change has on this fiscal note. This fiscal note assumes that there is an exposure for the health changes made in 2011 for DSA. Savings for Retirees is not included in this fiscal note. The savings for 2012 for the DSA retirees is approximately \$1.0 million.</p>

CHANGES IN PROPOSED CONTRACT:

Following are the changes that are in the tentative contract agreement for DSA Union:

1. Overall Issue Regarding Proposed Contract –

The County has been negotiating with the DSA union to reach agreement on a contract for 2009, 2010, 2011 and, now, 2012. The proposed DSA contract is intended to complete negotiations on prior years, plus deal with issues related to the 2012 budget year. The proposed 2012 County budget may require the layoff of anywhere from 92 to 117 DSA Union positions, depending on the final approved budget. Currently, there are 361 active DSA union members.

The calculation of the fiscal impact summary by year and the changes in the proposed contract is based on all 361 DSA members. The Budgetary Fiscal Impact for 2012 is based on the current budget proposal to layoff 92 employees, using the County Board approved budget for 2012. This is compared against the proposed contract which would limit the number of layoffs to sixty-one (61), by using contract savings to add back positions, and adding back positions based on contract savings.

The final section of this fiscal note provides a view of 2013 based on layoffs, retirements and the ending of certain one-time savings provisions contained in the contract. This schedule should give you an impact of the contract on years beyond the contract.

A stipulation has to be made that these are only fiscal estimates. The reality of what may occur will likely be different than what is noted here. The fiscal impact will eventually be determined by the final 2012 budget, the Sheriff's implementation of the 2012 budget, actual retirements, and any administrative or legislation matters that have to be undertaken to implement the 2012 budget and DSA contract.

2. Wage rate increases – The tentative agreement calls for a wage increase of 4% in pay period 24 of 2012 (October 28, 2012):

Item	Date Effective	Percent Increase
3	October 28, 2012	4.0%

For purposes of this fiscal note, the only wage increase is at the end of the contract period. The proposed wage increase will have little impact on the 2012 budget (\$71,000), since it is only for three pay periods. However, in 2013 the full impact will be seen since it will be for twenty-six pay periods. The last wage increases given to the Deputy Sheriff's were in the 2007 and 2008 contract, which were as follows: 1.5% effective January 1, 2007, 1.5% on July 1, 2007, 1.5% on January 1, 2008, and 1.5% on July 1, 2008. Non-represented employees did not receive any wage increases for 2009 or 2010, but did receive a 2011 wage increase of 1% at mid-year and 1% at the end of 2011. However, non-represented employees were subject to furlough days in 2009 and 2010, plus increased costs for health and pension benefits, which the Deputy Sheriff Association members were not subject to. Other non-represented employees did not

receive wage increases during a similar period, and certain members were subject to furlough days in 2009 (2 days), 2010 (26 days), and 2011 (13 days).

The wage costs do not include the cost of step increases.

3. Elimination of Step Increases for a One-Year Period

The proposed agreement calls for the following changes:

Item	Date Effective	Drop Steps	Annual Savings 2012
4	January 1, 2012	For one year, members shall not receive a step increase	(\$254,900)

There are 117 represented members that could be getting step increases for 2012. These members would be delayed from step increases for a one year period, which would provide savings of \$254,900. The step increase is \$0.97 per hour or 3.5% over average wage rates.

4. Uniform Allowance is eliminated for 2012 only.

Item	Date Effective	Description	Annual Savings 2012
5	January 1, 2012	Eliminate Uniform Allowance for 2012 only	(\$153,400)

Members are eligible for a uniform allowance each year of \$425 per person. The bonus is only eliminated for 2012 only.

5. Hazardous Duty Pay is eliminated for 2012 only.

Item	Date Effective	Description	Annual Savings 2012
6	January 1, 2012	Eliminate Hazardous Duty Pay for 2012 only	(\$270,800)

Members are eligible for a hazardous duty payment in November of each year of \$750 per person. The bonus is only eliminated for 2012 only.

6. Change in health care contributions for 2012

Item	Date Effective	Description	Annual Savings 2012
11	January 1, 2012	Change Medical and Drug Benefits for members	(\$750,100)

The proposed agreement calls for the changes described in the addendum at the end of the fiscal note. The changes proposed for 2012 will provide savings in medical and drug benefits. The savings are included in the 2012 budget as originally submitted by the County Executive and as modified by the County Board.

The State Budget for 2011 – 2013 provided that the County would no longer have to bargain health care benefits for represented employees. As a result, the 2012 budget will modify the health care benefits for most represented employees. An additional provision was included in the State Budget which would prohibit public safety employees from bargaining the design and selection of health care coverage plans by the municipal employer. The County made changes in August 2011 to change the plan design of represented public safety employees to the County’s 2010 health coverage provisions. The DSA union filed a grievance for this change in health care benefits, by claiming that their interpretation of the statute would not allow the health plan provisions to change. By agreeing to this provision in the contract, the DSA union would have the same health benefits as all other employees for 2012, without a grievance. As to 2011, the union has **not** indicated if it will drop its grievance for the implementation of the health care changes in August 2011. This fiscal note assumes that the union will drop the 2011 health care change grievance. In addition, this fiscal note assumes the County Board health care changes, as noted in the last pages of the fiscal note.

<u>Proposed Change to Active Health Plan</u>	<u>Cost Savings</u>
Increase Out of Pocket Maximums	
Increase PPO and HMO Emergency Room Co-pay	
Increase In-Network deductible to \$500/ \$1000/ \$1500 for PPO plan, Increase Out-Network deductible for PPO to \$1000/\$2000/\$3000,	
Limit health plan options for Milwaukee County employees to a PPO, and therefore eliminate the HMO	
Increase PPO Office Visit Co-Pay to \$30/ \$60 (amount was \$20/ \$40)	
Total of all Medical Plan Changes	(\$883,400)
Increase Prescription Drug Co-Pay \$10/\$30/ \$50 (current plan is \$5/ \$20/ \$40), plus change mail order co-pay	(\$263,700)
Provide for a Flexible Spending Account contribution to employees of \$500, \$1,000, \$1,500, depending on single, two-member, and family.	\$397,000
Total	(\$750,100)

There are currently 35 members who are in the County PPO plan and 272 members who are in the HMO plan. A cost estimate for this change was based on a report received from an outside actuary for purposes of the preparation of the 2012 budget. This estimate uses the 2010 costs and the factors provided by the outside actuary for each of the items noted above. The changes mirror the changes made for the non-represented employees proposed for 2012. In 2011, the active non-represented employees received a Flexible Spending Account (FSA) contribution of \$500, \$1,000, or \$1,500 depending on single, couple, or family. This same provision is provided here for the Deputy Sheriffs Union. If no agreement is reached with the DSA union for 2013 prior to the end of 2012, the DSA members will continue under the 2012 health plan provisions.

7. Change in Employee Premium Contribution for Health Care:

Item	Date Effective	Description	Annual Savings 2012
12	January 1, 2012	Change premiums	(\$259,300)

Table 1 is self-explanatory with regards to the changes in health care contributions by employees of the union. The new rates are an increase for HMO members and a decrease for PPO members. All members will now be paying \$85 single and \$170 family.

8. Pension Contribution

The tentative agreement proposes the following pension plan contribution:

Item	Effective Date	Pension Plan	Annual Cost Impact 2011
7	1/1/2012	Provide for an employee contribution to the ERS pension plan. (6.59% of wages)	(\$1,398,900)

The employee contribution is based on an actuarial analysis of the current Annual Required Contribution, as it relates to the protective services of Milwaukee County (Deputy Sheriffs Union and Firefighters). The current wages of the employees were multiplied by 6.59% using the contribution factor. Non-represented and certain represented employees are currently paying 4.70%, based on the provisions of the 2011-2013 State Budget. The State Budget required that employees contribute one-half of the actuarially required contribution. Protective Services contribution rates are higher than other employee groups due to the fact that they have higher benefit levels for the pension plan.

9. Add one member to the County ERS Board.

Item	Date Effective	Description	Annual Savings 2012
8	January 1, 2012	Add one-member to ERS Pension Board	Unknown

Membership on the County ERS Pension Board is made by appointments and by elections. Currently, three active employee members are elected to the Pension Board based upon at-large elections. Total membership on the pension board is 9. This membership consists of three (3) active employees, one (1) retired employee, three (3) appointed by the County Executive and two (2) appointed by the County Board Chairman. The addition of one DSA member would bring the total ERS board membership to 10. DSA members represent 9% of the active ERS member. Active members, including the DSA member, would represent 40% of the voting membership of the ERS board after this change. The inclusion of a guaranteed member from the DSA on the ERS board, is currently not provided to any other represented employee group.

10. Pension Plan Window

The tentative agreement proposes the following pension change:

Item	Effective Date	Pension Plan	Annual Cost Impact 2011
9	12/31/2011	Provide for the addition of up to five years of age for employees in order to allow them to qualify for retirement in 2011. Total possible members - 67.	Depends on number of members who participate.

The proposed contract provides for the addition to an employee’s age of the amount of time that is necessary in order for the employee to meet the normal retirement age requirement or, if applicable to the employee, the Rule of 75 provision for retirement benefits, but in no event more than five (5) years. Any member who accepts this provision must retire by December 31, 2011. There are currently 21 members that are eligible to retire from Milwaukee County either by age or the Rule of 75. The Deputy Sheriffs Union members can retire at age 57. Including this new provision in the contract would make an additional 46 people eligible to retire, the majority of whom would be able to retire under the Rule of 75.

The cost of this provision is related to the pension benefits that are paid out to members earlier than originally anticipated by the actuarial analysis. If an employee, who accepts this provision, retires five years earlier than the current actuarial analysis had anticipated, the County actuarial liability will increase by the additional payments over those five years. If all 46 individuals would retire from Milwaukee County, the pension liability would increase by \$5.3 million or \$115,000 per retiree.

The offset to this cost is that the County avoids the normal cost payments for these individuals and additional years of service credit. If these retired positions are not replaced the normal cost will be decreased for the County. The normal cost for these 46 employees is \$423,123 per year, per the Buck Actuarial report.

The cost to the County for 2012, if all 46 people retire, would be an increased pension liability of \$504,000 per year. Offsetting this cost, based on the budgetary layoffs, or reductions in DSA positions, would be a reduction in the normal cost of \$423,123. For 2012, the net cost would be \$81,159.

The following table shows the impact of the 46 retirements over a 15 year amortization; as recommended in the Buck actuarial report. The first column is the amortization of the actuarial liability of \$5,287,787 over a fifteen year period. The second column continues the savings for the normal cost for all fifteen years, based on an assumption that these positions will never be replaced.

Amortization Table for DSA Contract Proposal		
Based on Buck Analysis		
Total Possible Retirements		67
Retirements affecting Liability		46
Change in Pension Liability		\$ 5,287,787
Amortization Period		15 Years
<u>Year</u>	<u>Amortization of Additional Liability - Cost</u>	<u>Normal Cost - Retirements/ No Replacement - Savings</u>
2012	\$ 504,300	\$ (423,100)
2013	521,900	(440,000)
2014	540,200	(444,400)
2015	559,100	(448,900)
2016	578,700	(453,400)
2017	598,900	(457,900)
2018	619,900	(462,500)
2019	641,600	(467,100)
2020	664,000	(471,800)
2021	687,300	(476,500)
2022	711,300	(481,300)
2023	736,200	(486,100)
2024	762,000	(490,900)
2025	788,700	(495,900)
2026	816,300	(500,800)
Based on 15 Years	\$ 9,730,400	\$ (7,000,600)
Net Cost Retirements and Vacant Positions		\$ 2,729,800

Many of these employees are eligible for post-retirement health care through Milwaukee County. The employees, who retire earlier, will be able to begin to receive post-retirement health care. The fiscal note does not include a cost for the post-retirement health care for these employees, based on an earlier retirement date.

Budgetary Fiscal Impact

The proposed DSA contract is intended to complete negotiations on prior years, plus deal with issues related to the 2012 budget year. The proposed 2012 County budget may require the layoff of anywhere from 92 to 117 DSA Union positions, depending on the final approved budget. Currently, there are 361 active DSA union members

The Contract proposes to allow the lay-off of a maximum of sixty-one (61) union members. The number of lay-offs would be reduced by any members who retire from the County, prior to year end. To encourage retirements, the proposed contract provides a window to allow members who are near to retirement to retire in 2011, instead of a future year. The contract also provides that for 2012, any savings generated by the proposed contract will be used to add-back jobs to the 2012 budget.

The table is based on the 2012 adopted budget by the County Board, before any vetoes from the County Executive, or their action by the County Board. Lines 1 – 9 are based on **no** DSA contract being approved. Lines 10- 22 are based on a DSA contract being approved, including an assumption for retirements and add backs of positions. The top and bottom should be equal in the total columns. The Budget Offsets represent the budget appropriations included in the budget for hourly employees, corrections officers or outside contracts based on the actions taken in the budget.

DSA Contract for 2009 - 2012						
Current 2012 Budget for Deputy Sheriffs Association members						
	Active Positions	Salaries and Overtime	Active Benefits	Budget Offsets	Total	
1 2012 Status prior to any changes	361	\$ 23,139,900	\$ 13,678,200		\$ 36,818,100	
2						
3 Layoff of Positions	-117	(7,499,600)	(4,433,100)	4,732,700	(7,200,000)	
4 includes position savings less alternative costs						
5 Net Positions	244	15,640,300	9,245,100	4,732,700	29,618,100	
6						
7 Budget Amendment	25	1,602,500	947,200	(1,349,700)	1,200,000	
8 Budget Status after County Board	269	\$ 17,242,800	\$ 10,192,300	\$ 3,383,000	\$ 30,818,100	
9 Savings from Layoffs	-92	\$ (5,897,100)	\$ (3,485,900)	\$ 3,383,000	\$ (6,000,000)	
Proposed Budget for 2012 based on DSA Union Contract						
	Active Positions	Salaries and Overtime	Active Benefits	Budget Offsets	Total	
10 Proposed Contract Changes	361	\$ 106,800	\$ (2,862,600)		\$ (2,755,800)	
Active Positions						
12 Current Positions	361	23,139,900	13,678,200	-	36,818,100	
13 Layoffs Proposed	(92)	(5,897,100)	(3,485,900)	3,383,000	(6,000,000)	
14 Positions Saved Contract	37	2,371,700	1,401,900	(1,496,700)	2,276,900	
15 Contract Savings	306	90,500	(2,426,500)		(2,336,000)	
16 Retirements Liab net Normal Cost)	30		36,400		36,400	
17 Net Cost of Active Positions	306	19,705,000	9,204,100	1,886,300	30,795,400	
Layoff Positions						
18 Proposed Layoffs	(92)	(5,897,100)	(3,485,900)	3,383,000	(6,000,000)	
19 Positions Saved by Contract	37	2,371,700	1,401,900	(1,496,700)	2,276,900	
20 Contract Savings		90,500	(2,426,500)	-	(2,336,000)	
21 Retirements	30	-	36,400	-	36,400	
22 Net Layoffs and Cost/ (Savings)	(25)	(3,434,900)	(4,474,100)	1,886,300	(6,022,700)	
Line 22 includes savings from layoffs and retirements of thirty positions						

Wage and Benefit Lift for 2013

The following table projects the cumulative dollar change and percentage lift in costs for the proposed contract. It includes costs for 2012, as previously shown in the other schedules; however the schedule looks at the impact of the contract on the 2013 budget. The 2013 budget year is included to illustrate the full impact of the proposed contract. The last two columns show the cost impact to the County based on a lower number of active employees in 2013, and an estimated number of active employees who would take the early retirement in 2011. The first column represents the costs if there were still 361 active employees and eligible active employees would take the retirement window.

Table 4: 2009 - 2010 Cumulative Lift for 2013							
DSA Offer 11/08/2011: Deputy Sheriff Contract 2009 - 2012							
<i>As if all costs were annualized</i>							
Item			Union Offer				Cum Lift %
			Cumulative Total Lift	Cumulative Lift %	Cost/ (Svgs) Per Active	Remaining Active	
Continuing Costs Increase (Decrease) Over Prior Year							
Wages							
1	2009, 2010, 2011 - 0.0%	\$ -	0.00%	\$ -		\$ -	
2	January 1, 2012 -- 0.0%	-	0.00%	-			
3	October 1, 2012 -- 4.0%	925,600	4.00%	2,564	306	784,600	4.00%
4	Step Increases Frozen	-	0.00%	-		-	*
	Sub-Total Wages	925,600	4.00%	2,564		784,600	
	FICA 7.65 %	70,800	0.31%	200	306	60,000	
	Pension 13.18%	122,000	0.53%	300	306	103,400	
	Sub-Total Wages and FICA	\$ 1,118,400	4.83%	\$ 3,064		\$ 948,000	4.83%
5	Uniform Allowance	-	0.00%	-		-	
6	Hazardous Duty Pay	-	0.00%	-		-	
7	Pension Contribution - 4.70% / 6.59%	(1,398,900)	-6.05%	(3,875)	306	(1,185,800)	-6.05%
8	Pension Board Member	-		-	Retirees	-	
9	Window for Pension Plan - 3 yr / 5 yr Normal Cost	504,300	2.18%	7,527	30	225,800	1.15%
10	Layoffs of Members	-	0.00%	-		-	
11	Health Care Change	-	0.00%	-		-	
	Same as other County employees for 2012	(750,100)	-3.24%	(2,078)	306	(635,800)	-3.24%
12	Contributions to Health Insurance						
	PPO - Change to \$75 Single \$170 Family	(279,700)	-1.21%	(775)	306	(237,100)	-1.21%
	HMO - Plan eliminated for 2012	-				-	
	Total Wage and Benefit Change	\$ (806,000)	-3.48%			\$ (884,900)	-4.51%
Lift as a Percentage of Base Wages							
	Annual Lift Percentage		-0.87%				-1.13%
	Cumulative Lift Percentage		-3.48%				-4.51%
	Base Wages	\$ 23,139,887		64,099	306	19,614,400	

Administrative Costs Associated with Implementing this Contract

To implement this contract, personnel in the Department of Administrative Services and IMSD will have to input the rate changes into the Ceridian HPW System. For wage rates, and health plan changes, the implementation will require internal time and effort. Health Plan Changes will be effectuated during the annual open enrollment process. The number of personnel hours to complete this task has not been determined yet, but other projects may be delayed to implement this contract.

The above information was prepared by the Department of Administrative Services and will be reviewed by the Department of Audit and County Board Fiscal and Budget Analyst. A separate report will be issued by them based upon their review.

The following health care changes were made for DSA employees between the 2010 plan provisions that the members were subject to, to the proposed 2012 budget provisions.

Area	HMO Health Plan 2010	PPO Health Plan 2010	PPO Health Plan 2012
Deductible - In-Network - Preferred Providers	None	<u>\$250 per person to a family maximum of \$750</u>	<u>\$500 per person, \$1,000 couple to a family maximum of \$1,500</u>
			(increase of \$250 Single and \$750 Family)
Deductible - Out-of-Network - All Other Providers	None	<u>\$500 per person to a family maximum of \$1,500</u>	<u>\$1,000 per person, \$2,000 couple, to a family maximum of \$3,000</u>
			Increase of \$500 Single and \$1,500 Family
Co- Insurance - In-Network - Inpatient/ Outpatient Services	Health Plan covers 100% of eligible expenses after any copays and deductibles	Health Plan covers 90% of eligible expenses after any copays and deductibles (unchanged from current plan)	In-Network: Health Plan covers 80% of eligible expenses after any copays and deductibles (unchanged from current plan)
			(In-Network percentage decreases to 80%. Employee now responsible for 20%, up to a max. of Out-of-Pocket)
Co-Insurance Out-of-Network Inpatient/ Outpatient Services	Health Plan covers 100% of eligible expenses after any copays and deductibles	Out-of-Network: Health Plan covers 70% of eligible expenses after any copays and deductibles.	Out-of-Network: Health Plan covers 60% of eligible expenses after any copays and deductibles.
			(Out-of-network previously covered at 70%. Employee now responsible for a 40% of out-of-network expenses.)

Area	HMO Health Plan 2010	PPO Health Plan 2010	PPO Health Plan 2012
Emergency Room	\$100 Copay per visit	\$100 Copay	\$200 Copay per visit <i>(increase of \$100 per visit)</i>
Out-of-Pocket Maximums (In-Network)	Not Applicable	In-Network: \$2,000 per person to a family maximum of \$3,500	In-Network: \$2,500 per person to a family maximum of \$5,000. <i>(Increase of \$500 single and \$1,500 Family.)</i>
Out of Pocket Maximums (Out-of-Network)	<i>(no change)</i>	Out-of-Network: \$3,500 per person to a family maximum of \$6,000	Out-of-Network: \$6,000 per person to a family maximum of \$12,000 <i>(increase of \$2,500 for singles and \$6,000 for a family)</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>(no change from current plan)</i> <i>(no change from current plan)</i>
Mental Health / Substance Abuse – Inpatient Services	Network: 100%	Network: 90% Out-of-Network: 80%	Network: 90% Out-of-Network: 70%
Office Visit - In-Network	No Charge	\$20 Copay per visit	\$30 Copay <i>(increase of \$10 per visit)</i>
Office Visit - Out-of-Network		\$40 Copay per visit	\$60 Copay <i>(increase of \$20 per visit)</i>

Area	HMO Health Plan 2010	PPO Health Plan 2010	PPO Health Plan 2012
Prescription Drug Co-Pay - Generic Preferred Non-Preferred Diabetic Retail Pick-up Mail Order	\$5 per prescription \$20 per prescription \$40 per prescription \$0 per prescription 1 Co-Pay/ 90 Day mandatory mail	\$5 per prescription \$20 per prescription \$40 per prescription \$0 per prescription 1 Co-Pay/ 90 Day mandatory mail	\$10 per prescription \$30 per prescription \$50 per prescription \$0 per prescription Limited to 30 day supply 2 Co-Pay/ 90 Day mandatory mail <i>(increase of \$5 per generic, \$10 preferred, \$10 Non-preferred, and increase Mail Order to 2x co-pay for 90 day supply, and limit retail to 30 day supply)</i>
FSA Contribution by County			Provide for a Flexible Spending Account contribution to employees of \$500, \$1,000, \$1,500, depending on single, two-member, and family.