

1 By Supervisor Alexander

2 **A RESOLUTION**

3 Authorizing and Directing the Employee Benefits Director, in conjunction
4 with the Employee Benefits Workgroup, to examine the potential benefits from
5 transferring employees/retirees from the current self-funded traditional
6 healthcare plan coverage to coverage provided under the Patient Protection
7 and Affordable Care (PPAC) Act

8 WHEREAS, the reelection of President Obama will help ensure that the
9 components of "Obamacare" or the Patient Protection and Affordable Care
10 (PPAC) Act, continue to be implemented, including the planned healthcare
11 exchanges that are to be operational by January 1, 2014; and

12 WHEREAS, Milwaukee County is budgeted to spend approximately
13 \$110.6 million on employee/retiree healthcare costs in 2013, with costs
14 expected to rise faster than general inflation in coming years; and

15 WHEREAS, based on a June 2012 Fiscal Forecasting report, the County is
16 expecting a structural deficit that will grow to approximately \$91.8 million by
17 2017; and

18 WHEREAS, in December 2009, the Department of Audit issued an audit
19 regarding the County Parks system that stated *...the Parks deferred maintenance*
20 *figure likely exceeds \$200 million, overwhelms available resources, and is rising;*
21 and

22 WHEREAS, a memo dated June 25, 2012, from the Director of
23 Transportation related to the Milwaukee County Transit System's Five-Year
24 Sustainability Analysis indicated that:

- 25 • To sustain 2012 service levels without additional state or federal
26 funding, tax levy support increases from \$19 million to \$48 million
27 by 2017
- 28 • Holding tax levy and state operating aid at 2012 levels over the
29 next five years results in significant reductions in service ranging
30 from a 19 percent to a 29 percent cut in service hours

31 ; and

32 WHEREAS, the PPAC Act requires that healthcare exchanges be created
33 in every state by January 1, 2014; and

34 WHEREAS, employers can opt out of providing their own healthcare
35 plans and place employees in the government program in exchange for paying
36 a \$2,000 per active employee penalty to the federal government; and

37 WHEREAS, the penalty payment to the federal government would be
38 approximately \$7.1 million if the County directed employees/retirees to the
39 healthcare exchange to purchase health insurance coverage rather than
40 providing a County-sponsored plan; and

41 WHEREAS, depending what is recommended by the Employee Benefits
42 Director and Workgroup, and approved by the County Board, the savings could
43 be as much as \$103.5 million, which could be used to help subsidize the
44 healthcare exchange cost and/or support other County programs and services;
45 and

46 WHEREAS, the healthcare exchanges will establish larger risk pools and
47 subsidize healthcare premiums for individuals/families whose income is as
48 much as 400 percent of the federal poverty guidelines, or approximately
49 \$88,200 for a family of four; and

50 WHEREAS, the implementation of the healthcare exchanges may provide
51 Milwaukee County an opportunity to significantly lower its healthcare expenses,
52 allowing scarce tax levy dollars to be used to fund parks, transit or other County
53 programs and services; and

54 WHEREAS, Milwaukee County should explore any new opportunities that
55 may become available with the continued rollout of the PPAC Act that could
56 save tax levy dollars and the need for any additional sales tax increases to fund
57 County operations; now, therefore,

58 BE IT RESOLVED, that the Milwaukee County Board of Supervisors hereby
59 authorizes and directs the Employee Benefits Director, working in conjunction
60 with the Employee Benefits Workgroup, to explore the potential opportunities
61 that may be available within the Patient Protection and Affordable Care (PPAC)
62 Act for the provision of healthcare for employees and retirees; and

63 BE IT FURTHER RESOLVED, that the Employee Benefits Director shall
64 issue a report to the Committee on Finance, Personnel and Audit by May 1,
65 2013, on the feasibility of utilizing all or some of the benefits that may be

66 available under the PPAC Act for providing healthcare coverage to employees
67 and retirees, including any related cost-benefit analysis.