

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 07/13/2011

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Change in Health Care Plan provisions for 2011 for Represented or Retired Represented Deputy Sheriffs and Firefighters

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	(-69,400)	(-166,560)
	Revenue		
	Net Cost	(-69,400)	(-166,560)
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. The County Board is being requested to authorize, by resolution, a change in the health care benefits for active members of the Deputy Sheriffs Association and Firefighters union, and retired members formerly represented by the Deputy Sheriffs Association and the Firefighters Union. The State Budget for 2011 - 2013 included a change that bars the municipal employee from bargaining on the design and selection of health care coverage plans for public safety unions, and the impact of that plan design on the wages and hours and conditions of employment of the public safety employee. As a result, the County is proposing changes to health care provisions currently in place under the union contract with the two unions, and is transferring the health care provisions to County Ordinance. In addition, health care changes have been made to the currently contract health provisions to make them comparable to health care changes that were recently made for AFSCME DC-48 by resolution. Per a reading of the underlying background, employee health care premiums, are still a negotiable item, and therefore no change is being proposed for the health care employee premiums.

B. Based on the health care changes proposed, as included in the resolution and change in ordinance, the County would save \$69,400 in 2011 for the remaining five months of 2011 and \$166,560 for 2012 based on a full year of savings. Attached to this fiscal note is a summary of the plan changes that are being proposed, as included in the resolution. The savings due to changes for active and retired Firefighters is \$1,680 and \$1,930, respectively for 2011 and \$4,050 and \$4,600 for 2012, respectively. The savings due to changes for active and retired Deputy Sheriffs is \$18,290 and \$47,500, respectively for 2011 and \$43,910 and \$114,000 for 2012, respectively. The 2012 dollar amount is based on the health plan changes that are proposed in

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.

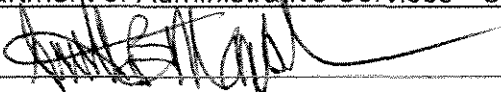
the related resolution. If separate health changes are proposed for 2012 as part of the 2012 budget or in a separate resolution, the savings for 2012 will increase from the amount reported.

C. The savings for 2011 will be used to offset anticipated savings that were originally budgeted in org unit 1972, and then allocated as savings to departments. The County budget had anticipated that the retiree savings would begin as of January 1, 2011. The active employee savings were anticipated to be in place as of January 1, 2011, with an offset for not achieving these savings of furlough days. However, since the two unions are public safety unions, they were both exempted from taking furlough days for 2011. For 2012, the savings will be used to offset anticipated costs increases in health care costs.

D. The cost estimates for health care were based on the overall health care population for Milwaukee County. Taking anticipated results for the entire County and narrowing the impact to the two unions will generally result in an error both plus and minus from the figures stated in this fiscal note. In other words, the actual results may not reflect the projected results used in this fiscal note.

Department/Prepared By Department of Administrative Services - Scott B. Manske

Authorized Signature



Did DAS-Fiscal Staff Review? Yes No

Milwaukee County
 Analysis of Changes to Health Care Provisions for
 Represented Firefighters and Represented Deputy Sheriffs
 Ordinance change proposed for July 2011

Fire Fighters Union Impact of Health Care Changes Proposed			2011	2012
Healthcare Plan	Employee Premium Change	Active	N/A	N/A
Healthcare Plan	Steer healthcare participants from PPO to HMO/Increase PPO Out-of-Network Co-pay	Active	1,200	2,890
Healthcare Plan	Increase PPO deductibles	Active	30	80
Healthcare Plan	Increase out-of-pocket maximum	Active	30	80
Healthcare Plan	\$100 emergency room co-pay	Active	420	1,000
Active Members Fire Fighters Union			1,680	4,050
Healthcare Plan	Steer healthcare participants from PPO to HMO/Increase PPO Out-of-Network Co-pay	Retiree	1,250	3,000
Healthcare Plan	Increase PPO deductibles	Retiree	130	300
Healthcare Plan	Increase out-of-pocket maximum	Retiree	130	300
Healthcare Plan	\$100 emergency room co-pay	Retiree	420	1,000
Retired Members Fire Fighters Union			1,930	4,600
Total Savings by Year			3,610	8,650

Deputy Sheriffs Union Impact of Health Care Changes Proposed			2011	2012
Healthcare Plan	Employee Premium Change	Active	N/A	N/A
Healthcare Plan	Steer healthcare participants from PPO to HMO/Increase PPO Out-of-Network Co-pay	Active	8,910	21,390
Healthcare Plan	Increase PPO deductibles	Active	1,250	3,000
Healthcare Plan	Increase out-of-pocket maximum	Active	1,250	3,000
Healthcare Plan	\$100 emergency room co-pay	Active	6,880	16,520
Active Members Deputy Sheriffs Union			18,290	43,910
Healthcare Plan	Steer healthcare participants from PPO to HMO/Increase PPO Out-of-Network Co-pay	Retiree	33,330	80,000
Healthcare Plan	Increase PPO deductibles	Retiree	4,500	10,800
Healthcare Plan	Increase out-of-pocket maximum	Retiree	4,500	10,800
Healthcare Plan	\$100 emergency room co-pay	Retiree	5,170	12,400
Retired Members Deputy Sheriffs Union			47,500	114,000
Total Savings by Year			65,790	157,910

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Calculated Savings for the Reprsented Members - both ac		2011	2012
Firefighters	Active	1,680	4,050
	Retirees	1,930	4,600
Deputy Sheriffs	Active	18,290	43,910
	Retirees	47,500	114,000
Total Savings by year		69,400	166,560

		Firefighters	Deputy Sheriffs
Single	Active	6.0	76.0
Family	Active	12.0	271.0
Total	Active	18.0	347.0
Members incl family	Active	51.0	1,030.0

	2010	2010
Health Costs	252,700	5,326,000
Copays/Deductibles	7,500	97,400.0
Premiums	12,600	294,600.0
Net Health Costs	232,600	4,934,000
Employee Cost Share	20,100	392,000
Pcntg Employee Share	8.0%	7.4%
After Change		
Employee Cost Share	24,150	435,910
Pcntg Employee Share	9.6%	8.2%

Single	Retirees	1.00	92.00
Family	Retirees	12.00	256.00
Enrollees	Retirees	13.00	348.00
Members	Retirees	26.00	690.00

	2010	2010
Health Costs	34,120	2,084,600
Copays/Deductibles	6,220	131,900.0
Premiums	-	-
Net Health Costs	27,900	1,952,700
Employee Share	6,220	131,900
Pcntg Employee Share	18.2%	6.3%
After Change		
Employee Share	10,820	245,900
Pcntg Employee Share	31.7%	11.8%