

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: June 30, 2011

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: A resolution authorizing and directing the Interim Director, Department of Administrative Services – Division of Employee Benefits, to revise the Milwaukee County Employee Health Plan to extend health benefits coverage to domestic partners of eligible active Milwaukee County employees and their dependents.

FISCAL EFFECT:

- | | |
|---|--|
| <input type="checkbox"/> No Direct County Fiscal Impact | <input type="checkbox"/> Increase Capital Expenditures |
| <input checked="" type="checkbox"/> Existing Staff Time Required | <input type="checkbox"/> Decrease Capital Expenditures |
| <input checked="" 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 checked="" type="checkbox"/> Not Absorbed Within Agency's Budget | |
| <input type="checkbox"/> Decrease Operating Expenditures | <input type="checkbox"/> Use of contingent funds |
| <input checked="" 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	0	742,066
	Revenue	3,000	0
	Net Cost	-3,000	742,066
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.

Adoption of this resolution will provide employee health benefits to domestic partners of eligible active Milwaukee County employees and their families beginning January 1, 2012. For 2011 an expenditure of staff time will be required to draft plan revisions and address open enrollment issues.

Studies have shown that for companies who extend health benefits to domestic partners the average increase in health costs has been roughly one percent. The City of Milwaukee's actual experience showed a take-up rate consistent with that projection.

The 2011 Adopted Budget provides for \$138 million in health benefits expenditures. Of this amount \$73,304,881 is attributed to the health benefits of active employees (basic health, dental, mental health/substance abuse and wellness), offset by \$4,595,050 in employee contributions for a net budgeted cost of \$68,709,831. Because FSA reimbursements for domestic partners are not allowed under federal law, those costs are not included.


For 2012, DAS - Employee Benefits is estimating health costs to increase by 8% while employee contributions remain unchanged. Updated actuarial analysis, or changes to overall enrollment, head count, ongoing utilization or plan design may impact the estimate positively or negatively. At an 8% increase, the 2012 health expenditures for active employees would be budgeted at \$74,206,617, net of contributions. Using an estimated take-up rate of 1% and a corresponding cost increase of the same amount, extending benefits to domestic partners and dependents would project to a 2012 budget expense of \$742,066.

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.

Additionally, a modest amount of revenue is anticipated in the County Clerk's Office from the fees collected for the domestic partnership declaration. Although the number of declarations is unknown - and some same-sex couples may have already paid for and received such a declaration - a revenue estimate of \$3,000 is included for 2011, based on potential declarations issued in advance of open enrollment this year.

Department/Prepared By County Board / Ceschin

Authorized Signature



Did DAS-Fiscal Staff Review? Yes No

