

Fiscal Responsibility

Retiree Health Care-Changes and Liabilities

(Source - St. Clair County Human Resources/Plante Moran Accounting/Nyhart Actuary)

Myth - "St. Clair County Board of Commissioners didn't work in a transparent way to make changes to retiree health care"

Fact - On January 12, 2011, St. Clair County Board of Commissioners approved the formation of the Retirement Health Care Work Group. The work group comprised of representatives from the St. Clair County Commissioners, Road Commission, Community Mental Health Authority, Retirement System and Board of Trustees.

The goals of the Committee were to offer solutions for the Board of Commissioners to explore that:

- A. Extend the short-term funding of the retiree medical benefits, currently at about \$36 million, for more than 5-7 years when it is expected to be depleted (as calculated by the actuary), and
- B. reduce the overall unfunded liability of approximately \$208 million (on financial statement basis - the present value of the unfunded cash flow will be a greater figure)

Meetings

At least eleven (11) work group committee meetings, which were open to the public, commenced in 2012 with the first meetings on 1/19/2011 and the last meeting on 11/30/2011. The work group recommendation memo was finalized in 12/28/2011 and forwarded to the Board of Commissioners. The members were also invited to attend a Board of Commissioners workshop 04/18/2013 where Joe Rankin (Plante Moran) was to provide the Board with an update as to what had been accomplished thus far. In addition, four retiree luncheons were attended to answer questions about possible changes.

Liability Reductions

RESULTS: Over \$100,000,000 in unfunded liability reduction! (Source Nyhart Actuary)

	As of December 31, 2011	As of December 31, 2014
Actuarial Accrued Liability	\$223,723,268	\$125,951,254
Actuarial Value of assets	\$35,528,936	\$37,543,635
Unfunded Actuarial Accrued Liability	\$188,194,332	\$88,407,619
Funded Ratio	15.9%	29.8%

Changes in Retiree Health Care

The underlying benefit provisions available to all retirees have been changed from PPO 2 to PPO 4 effective on August 1, 2012. Benefit provisions are as noted below.

Benefit changes as of August 1, 2012

	PPO 2	PPO 4
Deductible	\$100/200	\$500/1,000
Coinsurance	10%	20%
Maximum out-of-pocket (Single Family)	\$500/1,000	\$1,500/3,000
Co-Payments:		
Office Visit	\$15	\$20
Chiropractic Office Visits	\$0	\$20
Routine Mammograms	90% after deductible	80% after deductible
Pharmacy Benefit:		
Hardship	\$10/20	\$10/20/40
Non-Hardship	\$15/30/45	\$10/40/80

Retiree Health Care Costs

2013	\$3,011,945 (est)
2012	\$5,239,846
2011	\$5,696,207
2010	\$6,044,047
2009	\$5,349,074
2008	\$4,594,065
2007	\$4,120,920
2006	\$3,843,765

The following changes resulted in a savings of over \$2,100,000 per year!