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GAVC
00001

Retiree Health Insurance

- Total of 621 Retirees Currently Participating
- 599 Choose a PPC Option
- Total Enrollment in PPC is 1614
- 22 Choose Care Manager
- Total Enrollment in Care Mgr is 685
- 64 Pre-1985 Retirees Participate

Retiree Health Ordinance

- FASB – Post-Employment Benefits Statement
- Actuarial Analysis of City’s Liability at Current Contribution Percentages
- \$70+ Million Price Tag
- City Paid 100% of Individual
80% of Family

Retiree Health Ordinance

- Early 1993 City created a committee to study Retiree Health Insurance
 - Reduce City Liability/Costs
 - Apply to All Employees and Retirees
 - Market based contributions
 - Fair to existing Retirees and Long-Term Employees

**Retiree Health Committee
Recommendations**

- Cost Sharing of all Tiers
- Switched to a Four Tier Plan Design
 - Individual
 - Individual/Spouse
 - Individual/Child
 - Family (Three or More)

Retiree Health Ordinance

- Set City Contributions based on Years of Service and Age
- Set Minimum Years of Service to Qualify
- Base Plan
- Transition Plan

**Retiree Health Insurance
Base Plan**

- Applies to Active Employees with Less than 10 years of Service as of April 1, 1995
- Maximum Contribution Levels - 50% of Individual Coverage (market)
- No Minimum Contribution Level
- No Service Multiplier

Base Plan Continued

- 2% Contribution for Years 1-10
- 3% Contribution for Years 11-20
- 2% Contribution for All Years Greater than 20
- -2% for Age less than 65

Base Plan Example

Age = 65			
Years of Service at Retirement = 25			
Years 1-10			0.2
Years 11-20			0.3
Greater than 20 (6*.02)			0.1
Age < 65 (0*.02)			0
Grid Point			0.6
Maximum			0.6
Individual Premium			210.34
City Contribution			105.17

Retiree Health Insurance Transition Plan

- Applies to Individuals Retired and Employees with Greater than 10 years of Service as of April 1, 1995
- Included a Service Multiplier up to 2.0
- Maximum Contribution Levels of 80% for Individual Coverage
- Maximum Contribution of 155% of Individual Coverage for all other Tiers

Transition Plan Continued

- Set Minimum Contribution of 50% of Individual Coverage
- 2% Contribution for Years 1-10
- 3% Contribution for Years 11-20
- 2% Contribution for All Years Greater than 20
- -2% for Age less than 65
- +8% for Age greater than 65

Transition Plan Example Active at 4/1/95

Age = 50		
Years of Service at 4/1/95 = 15		
Years of Service at Retirement = 20		
Transition Years of Service		
Years		20
Multiplier		1.5
Transition Years		30
Years 1-10		0.2
Years 11-20		0.3
Greater than 20 (10*.02)		0.2
Age < 65 (15*.02)		-0.3
Grid Point		0.4
Minimum		0.5
Individual Premium		210.34
City Contribution		105.17

Transition Plan Example Retired at 4/1/95 (Age 70 & 30 YOS)

Transition Years of Service		
Years		30
Multiplier		2
Transition Years		60
Years 1-10		0.2
Years 11-20		0.3
Greater than 20 (40*.02)		0.8
Age > 65 (5*.08)		0.4
Grid Point		1.7
Maximum		1.56
Individual Premium		210.34
City Contribution		326.03

Retiree Health Insurance

- Original Cost of Base Plan = 1.48% of PR
- Cost of Transition Plan = 1.34% of PR
- Total Contribution = 2.82% of Payroll
- Approximately \$1.7 million
- Currently 3.89% of Payroll
- Approximately \$3 million

Retiree Health Insurance

- State of Florida - \$5/yr up to \$150 max
- Alachua Co. – Through FRS
– \$5/yr up to \$150 max
- Alachua County School Board – Through FRS

PPC I vs. Blended

	2002	2002	\$ Change	% Change
Individual	247.46	210.34	(37.12)	-15.0%
Employee/Spouse	523.87	445.29	(78.58)	-15.0%
Employee/Child	357.57	303.93	(53.64)	-15.0%
Family	593.79	504.72	(89.07)	-15.0%

**PPC II Premiums
vs. Blended**

	<u>2002</u>	<u>2002</u>	<u>\$ Change</u>	<u>% Change</u>
Individual	180.44	210.34	29.90	16.6%
Employee/Spouse	390.84	445.29	54.45	13.9%
Employee/Child	273.52	303.93	30.41	11.1%
Family	451.26	504.72	53.46	11.8%

**Pension Adjustments
1985 - 1998**

- 1985 Added 3% to Base Pension
- 1986 Added 2.5% to Base Pension
- 1987 Added 2.5% to Base Pension
- 1988 Bonus \$100 + \$2/year of Service
- 1989 Bonus \$100 + \$2/year of Service
- 1990 Bonus of \$6/year of Service
- 1991 Lump Sum Bonus toward Insurance

**Pension Adjustments
1985 – 1998 cont.**

- 1992 Bonus \$290.22 to all > 65 yrs.
- 1993 Bonus \$317 to all > 65 yrs.
- 1994 Bonus \$350 to all > 65 yrs.
- 1995 Bonus \$350 to all > 65 yrs.
- 1996 Bonus \$350 to all > 65 yrs
- 1997 Bonus \$350 to all > 65 yrs
- 1998 Bonus \$350 to all > 65 yrs

Pension COLA

- 10/1/99 – Consolidated
- 10/1/00 – General
- General Provisions
 - 20 YOS & Age 62
 - 25 YOS & Age 60 (GP)
 - 25 YOS & Age 55 (CP)
 - Plus \$350 Equalizer

Retiree Benefits Summary

Net Impact	H.I. Only	H.I./COLA	HI/C/M
< \$0	79	184	215
\$0 to \$25	297	219	191
\$25 to \$50	139	127	127
\$50 to \$75	51	44	43
\$75 to \$100	40	32	30
> \$100	15	15	15

Multiplier Increase

- Pre-85 Retirees
 - Retired knowing no COLA
 - Retired with no health insurance guarantee
 - Retired under 1.75 multiplier
- Since received:
 - COLA
 - Transition plan
 - Restructuring of Tiers (twice)

Summary Continued

- Health Insurance Premium Decrease Due to Greater Percentage Increase in Base
- 85% Have Impact of \$50/mo. or less
- 50% of Pre-1985 Retirees have Net Increase after COLA
- All Active Employees Health Insurance is increasing Between \$6 and \$74/mo.

Health Care Cost Management Short-Term Solutions

- Increase Employee Contributions
- Increase Deductibles
- Increase Maximum Out of Pocket
- Change Rx Program

Health Care Cost Management Long-Term Solutions

- Promote Life Style Changes
- Educate Beneficiaries
- Buy More on Value and Less on Price
- Defined Contribution Plans
