



## Memorandum

**To:** St. Clair County Board of Commissioners  
**From:** St. Clair County Retirement Health Care Work Group  
**Date:** December 20, 2011  
**Re:** November 30, 2011 Meeting  
Recommendations for the Board of Commissioners – FINAL

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The following twenty recommendations were developed by the St. Clair County Retirement Health Care Work Group for consideration by the County Board of Commissioners.

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 the 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 a financial statement basis – the present value of the unfunded cash flow will be a greater figure).

While there was consensus in these recommendations there was not unanimous consent.

### Recommendations:

#### Legal Considerations

1. Legal counsel should review all recommendations for permissibility.

#### Alternative Financing

2. Review the requirements for a bond initiative dedicated to satisfy the retiree medical liabilities and the ability of the County to finance a bond.
3. Redirect certain contributions that were otherwise committed to the pension fund once the pension is fully funded.
4. Review dedicated millage options to pay retiree medical costs including a Headlee Override.
5. Divert/redirect other current revenue of the County to fund retiree medical liabilities.
6. Sell county assets to satisfy or offset the retiree medical liabilities.

#### Plan Design and Study Considerations

7. Consider all permutations of the Employee Group Waiver Plan (EGWiP) and the EGWiP with Wraparound.
8. Perform eligibility and claims audits of the plan.

### **Buyout Options**

9. Consider a voluntary buyout, for example, for all eligible employee or former employees with less than 10 years of service (for actives, terminated vested and deferred retirees).
10. Targeted buyout of terminated employee group (with \$31 million in liabilities).

### **Benefit Elimination**

11. Eliminate and/or radically change the benefits for the terminated employee group (perhaps all deferred retirees but certainly for the members with less than 10 years of service).

### **Plan Design/Redesign**

12. Require that future retiree benefits are identical to the current employee elections/plan.
13. Reduce benefits for all participants. This includes a) reducing benefit levels and b) charging an across the board co-premium. Mitigating the impact of the changes based on income, work tenure, and time to retirement should also be considered.
14. Coordinate spousal coverage; eliminate or reduce duplicate benefits.
15. Decouple the retirement plan and retiree medical plan eligibility definitions. End the "Rule of 80" early retirement date for health care purposes; require that health care benefits cannot begin before the age of 60, and the participant must actually retire from the county and not be a deferred retiree.
16. Change the definition of income for certain subsidized benefits for low income participants to include all household income not just county pension income (of less than \$25,000).
17. Implement other employee contributions as part of active employee contributions for healthcare.
18. County should formally match employee contributions.
19. Eliminate the ability to buy health insurance if otherwise ineligible to receive the benefit based on service at retirement.

### **Other Considerations**

20. Consider increasing 2.00 retirement plan multiplier to 2.40 retirement plan multiplier if there is a dramatic change to the health care benefit for affected participants.