



# TALKING *Points*

St. Clair County Retirement Health Care Work Group

January 19, 2011

## Annual Actuarial Meeting – November 30, 2010

On November 30, 2010 Gabriel, Roeder, Smith & Company gave a presentation and detailed review of the 44<sup>th</sup> Annual Actuarial Valuation for basic retirement benefits and the 25<sup>th</sup> Annual Actuarial Valuation for retiree health benefits. Generally, the actuarial valuation deals with plan financials, benefit values, contribution requirements and future assumptions for the purpose of calculating contribution percentages which will permit the accumulation of assets required to fund future benefits to be paid.

The declining state of the retirement health care fund was heavily discussed at the meeting. As of December 31, 2009, the market value of assets in the Retiree Health Care Trust was \$35,648,575. Retiree health benefits are supported by contributions from the employer, some of the members and by the investment income earned on assets. The annual cost of retirement health care in 2009 was approximately \$5,500,000 and projected by the actuarial valuation to increase on average of \$650,000 per year over the next few years.

Based on the information provided to the actuary, the Retiree Health Care Trust is expected to be depleted in roughly five to six years if changes are not implemented. It was discussed at the meeting that there should not be any drastic immediate changes to the existing system, but there are a number of things that could be evaluated and implemented to extend retirement health care for years to come.

## St. Clair County Retirement Health Care Work Group

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

The work group will meet frequently, collaborating efforts to study and develop solutions that will extend the Retirement Health Care Trust Fund a minimum of ten years and pursue long term solutions to provide continuing fund solvency.

## Recent Actions - Retirement

On January 19, 2011, the St. Clair County Board of Commissioners approved the following changes to the retiree health care plan:

- Increase prescription drug co-payment for non-hardship retiree health care groups from a \$10/\$20 prescription co-payment to a \$15/\$30/\$45 prescription co-payment, matching prescription co-payments of existing employee plans.
- Increase prescription drug co-payment for hardship retiree health care groups from a \$5 prescription co-payment to a \$10/\$20 prescription co-payment.
- Increase the hardship provision to include health care eligible retiree's whose annual income is less than \$25,000 with more than 20 years of credited service. The hardship provision previously included retiree pensions less than \$20,000 annually and more than 20 years of credited service.
- Offer the MedTipster program to retiree benefit groups on a pilot basis which will provide the opportunity to receive FREE Generic prescription drugs.

This Board approved action effective April 1, 2011 is projected to save just over \$1 Million dollars in retirement health care costs.

### **Communicating Information**

The Retirement Health Care Work Group Talking Points will be available to be viewed on the St. Clair County web site at [www.stclaircounty.org](http://www.stclaircounty.org). Simply click on Offices – Human Resources – Retirement - Talking Points.

Future public workshops will be scheduled allowing individuals to further communicate and engage in the process of proposing ideas and solutions.

#### **Wednesday, March 2, 2011, 12:00 p.m. – Retiree Association Luncheon**

Board of Commissioner Chairman, Jeffery Bohm and County Administrator, William Kauffman will be in attendance at the March 2<sup>nd</sup> Retiree Association luncheon to briefly discuss the state of the retirement health care fund and plans to pursue a solution.

Additional educational workshops will soon be scheduled to provide information and hands on training sessions for members regarding the MedTipster free generic drug program.