

ADOPTED 2005 BUDGET

DEPT: EMPLOYEE FRINGE BENEFITS

UNIT NO. 1950
FUND: General - 0001

OPERATING AUTHORITY & PURPOSE

Pursuant to the provisions of Section 59.51(2) of the Wisconsin Statutes, the County Board may represent the County and have management of the

business and concerns in all cases where no other provision is made.

BUDGET SUMMARY				
	2003 Actual	2004 Budget	2005 Budget	2004/2005 Change
Health Benefits-Hospital, Professional, Major Medical & Dental	\$ 84,875,417	\$ 101,269,028	\$ 112,081,227	\$ 10,812,199
Employee Group Life Insurance	1,514,694	1,486,866	1,421,458	(65,408)
Unemployment Compensation	0	0	0	0
Fringe Benefits	0	0	0	0
Annuity - County Mandatory Contribution	349,739	417,000	313,000	(104,000)
Retirement System Contribution-OBRA	279,727	348,000	365,000	17,000
Retirement System Contribution*	15,003,841	35,510,000	35,370,000	(140,000)
Medicare Reimbursement to Retired Employees	3,805,265	4,028,728	4,610,081	581,353
Benefit Abatement	0	0	0	0
Health Benefits - Consultant Fees	100,481	183,833	183,833	0
Local Transportation (Transit Pass Program)	305,893	309,372	325,866	16,494
Other Contributions	2,439,163	2,553,419	1,328,084	(1,225,335)
Total Expenditures	\$ 108,674,220	\$ 146,106,246	\$ 155,998,549	\$ 9,892,303
Abatements	101,519,121	139,033,420	148,691,536	9,658,116
Revenue	7,216,383	7,072,826	7,307,013	234,187
Property Tax Levy	\$ (61,284)	\$ 0	\$ 0	\$ 0

5403 - Health Benefits - Hospital, Professional, Major Medical and Dental Expense

Increase \$11,101,144, from \$101,269,028 to \$112,081,227

This appropriation provides for the costs associated with the following health benefits:

	2004 Budget	2005 Budget	Change
Basic Health Benefits, Including Major Medical	\$ 57,694,430	\$ 61,705,711	\$ 4,011,281
Mental Health/Substance Abuse/EAP Carve-Out	1,131,312	1,159,102	27,790
Employee Assistance Program	83,349	83,349	0
Health Maintenance Organizations (HMO)	36,276,650	43,161,645	6,884,995
County Dental Plan	1,642,000	1,855,454	213,454
Dental Maintenance Organizations (DMO)	1,862,084	1,906,293	44,209
Administrative Expense	2,430,203	2,060,673	(369,530)
Employee Health Plan Waiver	149,000	149,000	0
Total Health Benefit Cost	\$ 101,269,028	\$ 112,081,227	\$ 10,812,199

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* Contributions (employee, retiree, COBRA, etc.) totaling \$7,307,013, which are now reflected as revenue, will partially offset the increase in this object for 2005.

The 2005 Adopted Budget provides for a 10.7% increase in employee health benefits. Costs for basic health benefits are expected to increase, while costs for the County's health maintenance organizations are expected to increase. For 2005, the mix of health care entities providing health care services to County employees, retirees and their families will change, with no impact on benefits.

The Department of Administrative Services shall provide a quarterly report to the Committee on Finance and Audit as to the status of health care expenditures.

A five-year comparison of budget and actual experience for health insurance is as follows:

<u>Year</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual % Change</u>
1999	\$ 51,716,734	\$ 54,308,366	7.9
2000	\$ 61,023,804	\$ 62,789,308	15.6
2001	\$ 68,626,405	\$ 69,619,600	10.9
2002	\$ 77,163,449	\$ 81,476,337	17.0
2003	\$ 80,601,606	\$ 84,875,417	4.2

5404 - Employee Group Life Insurance

Decrease \$65,408, from \$1,486,866 to \$1,421,458

The group life insurance appropriation is based on the coverage amount, which in turn is based on employees' salaries. For 2005, employee group life insurance costs decrease \$65,408, from \$1,486,866 to \$1,421,458.

A five-year comparison of budget and actual experience for group life insurance is as follows:

<u>Year</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual % Change</u>
1999	\$ 1,634,299	\$ 1,153,650	(13.6)
2000	\$ 1,680,495	\$ 1,976,544	71.3
2001	\$ 1,938,394	\$ 1,758,717	(11.0)
2002	\$ 1,449,666	\$ 1,450,167	(17.5)
2003	\$ 1,500,598	\$ 1,514,694	4.4

5405 - Annuity - County Mandatory Contribution

Decrease \$104,000, from \$417,000 to \$313,000

The budget for the County's mandatory annuity contribution relates to eligible employees who have been members of the pension system prior to January 1, 1971, at the following rates:

- 8% of earnings for Deputy Sheriff
- 8% of earnings for Elected Officials
- 6% of earnings for Other Employees

A five-year comparison of budget-to-actual experience for the annuity contribution is as follows:

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<u>Year</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual % Change</u>
1999	\$ 650,000	\$ 700,686	(6.0)
2000	\$ 650,000	\$ 629,279	(10.2)
2001	\$ 525,000	\$ 565,861	(10.1)
2002	\$ 525,000	\$ 413,645	(26.9)
2003	\$ 496,375	\$ 349,739	(15.4)

5406 – Retirement System Contribution – OBRA

Increase \$17,000, from \$348,000 to \$365,000

The OBRA pension contribution was established as a separate account in 2002 to differentiate the contribution from the Retirement System Contribution made for full-time County employees. The 2004 OBRA contribution was \$348,000. For 2005, the contribution to the OBRA Retirement System is \$365,000, an increase of \$17,000.

A five-year comparison of budget and actual experience for the Retirement System Contribution - OBRA is as follows:

<u>Year</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual % Change</u>
1999	\$ 209,152	\$ 209,152	(4.1)
2000	\$ 229,359	\$ 229,359	9.7
2001	\$ 250,094	\$ 250,094	9.0
2002	\$ 274,972	\$ 274,972	9.9
2003	\$ 279,727	\$ 279,727	1.7

5409 - Retirement System Contribution

Decrease \$140,000, from \$35,510,000, to \$35,370,000

The 2005 Recommended budget provides \$35,370,000 for the County's contribution to the Milwaukee County Employees Retirement System. This amount is a \$140,000 decrease from the 2004 Adopted Budget

The Department of Administrative Services, County Board staff and other interested parties are directed to explore the possibility of using pension obligation bonds to reduce Milwaukee County's pension costs. Appropriate alternatives and options will be brought to the Committee on Finance and Audit for consideration.

A five-year comparison of budget-to-actual experience for the Retirement System Contribution is as follows:

<u>Year</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual % Change</u>
1999	\$ 2,055,950	\$ 2,055,950	(79.6)
2000	\$ -	\$ -	(100.0)
2001	\$ -	\$ 2,100,000	100.0
2002	\$ -	\$ 2,147,000	2.2
2003	\$ 15,003,841	\$ 15,003,841	85.7

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5416 - Medicare Reimbursement to Retired Employees

Increase \$581,353, from \$4,028,728 to \$4,610,081

This account provides for County payment of the Medicare Part B premium for retired employees, including their eligible beneficiaries, over age 65, who retired with 15 or more years of pension-credited service or are on Disability Medicare. The actual cost of the premium will not be finalized by Congress until November. It is estimated that the 2005 rate will increase by 17.26% from \$66.60 to \$78.10 per month.

A five-year comparison of budget-to-actual experience for Medicare reimbursement to retired employees is as follows:

<u>Year</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual % Change</u>
1999	\$ 2,551,788	\$ 2,596,030	4.5
2000	\$ 2,765,082	\$ 2,847,228	9.7
2001	\$ 2,752,582	\$ 2,898,726	1.8
2002	\$ 3,320,970	\$ 2,930,049	1.1
2003	\$ 3,714,216	\$ 3,805,265	29.9

6148 - Health Benefits - Consultant Fees

No change from \$183,833

An appropriation of \$183,833 is included to retain outside consultants to assist Human Resources staff in actuarial analysis, ad hoc reporting, requests for proposal and contract/rate negotiations.

6804 - Local Transportation (Transit Pass Program)

Increase \$16,494, from \$309,372 to \$325,866

An appropriation of \$325,866 is included to cover the continuation of the County's corporate transit pass program. In 2004, the County, as the employer, purchases quarterly passes for \$117 each, while the employee reimburses the County \$30 per quarter through payroll deduction. The impact of the Marquette interchange construction project may cause a significant increase in passes sold.

8299 - Other Contributions

Decrease \$1,225,335, from \$2,553,419 to \$1,328,084

Costs associated with the County's obligation to United Regional Medical Services in the amount of \$1,328,084 for pension-related expenses from the closure of John L. Doyne Hospital are included in this budget for 2005. These expenditures are partially offset by \$120,000 in projected revenue.