HEALTH BENEFITS COMMITTEE

A G E N D A

August 16, 2011 - 3:00 P.M. - City Hall Conference Room - City Hall - City of Dover

Public comments are welcomed on any item and will be permitted at appropriate times. When possible, please notify the City Clerk (736-7008 or e-mail at cityclerk@dover.de.us) should you wish to be recognized.

AGENDA ADDITIONS/DELETIONS

1. Public Comment
2. Elimination of Medicare Part B Reimbursement for Current Non-Bargaining Employees
3. Review of Health Care Alternatives
4. Setting of Future Meeting Dates and Times
5. Adjournment

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THE AGENDA ITEMS AS LISTED MAY NOT BE CONSIDERED IN SEQUENCE. THIS AGENDA IS SUBJECT TO CHANGE TO INCLUDE THE ADDITION OR THE DELETION OF ITEMS, INCLUDING EXECUTIVE SESSIONS.

LEGISLATIVE, FINANCE, AND ADMINISTRATION COMMITTEE

The Legislative, Finance, and Administration Committee meeting was held on June 27, 2011 at 5:53 p.m. with Chairman McGlumphy presiding. Members present were Mr. Anderson, Dr. Jones and Mr. Shevock. Mr. Hare was absent. Members of Council present were Mr. Bonar, Mr. Hutchison, Mr. Lynn, and Council President Leary. Mayor Carey was also present.

AGENDA ADDITIONS/DELETIONS

Mr. Shevock moved for approval of the agenda, seconded by Mr. Anderson and unanimously carried.

Discussion - Elimination of Medicare Part B Reimbursements for Current Non-Bargaining Employees *(Tabled June 13, 2011 in Order to Obtain Legal Opinion)*

During their meeting of June 13, 2011, members considered the elimination of Medicare Part B reimbursements for current non-bargaining employees as a cost-saving measure. After much discussion, members tabled the matter and requested that a legal opinion be sought from the City Solicitor to determine the legality of eliminating Medicare Part B reimbursement for non-vested, non-bargaining employees in light of Council's action related to this matter on July 27, 2009 and that the matter be scheduled for reconsideration at a subsequent meeting.

Mr. Anderson moved to remove the matter from the table, seconded by Dr. McGlumphy and unanimously carried.

Dr. McGlumphy noted the receipt of a legal opinion from Deputy City Solicitor Pepper indicating that the City could legally eliminate Medicare Part B reimbursement for non-vested, non-bargaining employees.

Mr. Anderson questioned if the Committee's recommendation should be reworded to remove any mention of the word "vesting" and that time frames be specified. Dr. McGlumphy explained that the Committee's recommendation cannot reference "vesting" since it is not a vested right but can reference "years of service."

Responding to Mr. Shevock, Dr. McGlumphy stated that, to his knowledge, this matter has not been reviewed by the Health Benefits Committee. Dr. Jones felt that, due to the seriousness and complex nature of this matter, it should be reviewed by the Health Benefits Committee prior to the Legislative, Finance, and Administration Committee's consideration.

At the request of Mr. Anderson, Ms. Denise Devine, Assistant City Clerk, stated that during the Committee meeting of June 13, 2011, a motion was made by Mr. Hare and seconded by Dr. McGlumphy to maintain Medicare Part B reimbursement for all employees who are vested as of June 27, 2011; however, after further discussion, the motion was withdrawn.

Mr. Shevock moved to recommend that the matter be forwarded to the Health Benefits Committee for their review and brought back to the Committee for a recommendation by September 1, 2011, seconded by Dr. Jones.

Mr. Anderson explained the critical issues involving Medicare, as noted in the President's Debt Commission's Report. He stated that there will be substantial changes to Medicare which the City will have no control over and which will cause a severe financial liability to the City. He suggested that members move this matter forward to City Council for consideration.

For clarification, Dr. McGlumphy advised members that the Committee reports to City Council and, as such, the Committee's recommendation will be forwarded to City Council at their next meeting. Council will have the option to accept the Committee's recommendation or take other action at that time.

Dr. McGlumphy referred to emails he received regarding the issue referencing "fairness." He questioned "fairness" to whom: the new employee; employees with 10, 20, or 30 years of service; taxpayers; etc. He noted that members have been provided statistical projections for Medicare Part B reimbursements with inflationary costs that indicate significant sums of money that will affect the City as a whole. He reminded members that this issue is not a benefit but rather a subsidy, and that the projected amount is over $600,000.

Responding to Mr. Hutchison, Ms. Devine indicated that the Health Benefits Committee does not have regularly scheduled meetings and that their meetings are held on an "as needed" basis.

With regard to "fairness," Mr. Lynn stated that it would be fundamentally unfair to take a "right" or "subsidy" away from a group of individuals who have no voice to speak for themselves, are not unionized, are not banded together, and cannot come before City Council by and through a union representative to voice their opinions. It was his hope that members would forward the matter to the Health Benefits Committee and that it would not be submitted for any further consideration by City Council.

Concurring, Mr. Bonar reiterated his opposition to taking benefits away from either current or retired employees. It was his feeling that the City's "word" is the City's "bond." Understanding that financial situations change, he felt that the City should acquire the necessary funding.

Council President Leary reminded members that the membership of the Health Benefits Committee includes representatives for all major bargaining units, non-bargaining employees, senior staff, and two (2) members of Council (Mrs. Williams and Mr. Hare).

The motion to recommend that the matter be referred to the Health Benefits Committee for their review by September 1, 2011, and subsequently brought back to the Committee for a recommendation was carried, with Mr. Anderson voting no.

Proposed Ordinance #2011-15 - Appendix A - Subdivisions - Regarding Homeowners' Association Responsibilities *(Deferred June 13, 2011 Due to Time Constraints)*

Members were provided proposed Ordinance #2011-15, which would amend Appendix A - Subdivisions, regarding homeowners' association responsibilities. Mrs. Ann Marie Townshend, Director of Planning and Community Development, reminded members that the proposed ordinance

History and Projection for Medicare Part B Premiums

37 Year History of Medicare Part B		
Year	Monthly Premium	% Change
1975	$6.60	
1976	$7.20	9.1%
1977	$7.70	6.9%
1978	$8.20	6.5%
1979	$8.70	6.1%
1980	$9.60	10.3%
1981	$11.00	14.6%
1982	$12.20	10.9%
1983	$12.20	0.0%
1984	$14.60	19.7%
1985	$15.50	6.2%
1986	$15.50	0.0%
1987	$17.90	15.5%
1988	$24.80	38.5%
1989	$31.90	28.6%
1990	$28.60	-10.3%
1991	$29.90	4.5%
1992	$31.80	6.4%
1993	$36.60	15.1%
1994	$41.10	12.3%
1995	$46.10	12.2%
1996	$42.50	-7.8%
1997	$43.80	3.1%
1998	$43.80	0.0%
1999	$45.50	3.9%
2000	$45.50	0.0%
2001	$50.00	9.9%
2002	$54.00	8.0%
2003	$58.70	8.7%
2004	$66.60	13.5%
2005	$78.20	17.4%
2006	$88.50	13.2%
2007	$93.50	5.6%
2008	$96.40	3.1%
2009	$96.40	0.0%
2010	$110.50	14.6%
2011	$115.40	4.4%

Historical Avg. Annual Increase	8.6%
Last 5 Year Avg. Annual Increase	5.6%

Projection of Medicare Part B @ 8.6%		
Year	Monthly Premium	% Change
2012	$125.32	8.6%
2013	$136.10	8.6%
2014	$147.81	8.6%
2015	$160.52	8.6%
2016	$174.32	8.6%
2017	$189.31	8.6%
2018	$205.60	8.6%
2019	$223.28	8.6%
2020	$242.48	8.6%
2021	$263.33	8.6%
2022	$285.98	8.6%
2023	$310.57	8.6%
2024	$337.28	8.6%
2025	$366.29	8.6%
2026	$397.79	8.6%
2027	$432.00	8.6%
2028	$469.15	8.6%
2029	$509.50	8.6%
2030	$553.32	8.6%
2031	$600.90	8.6%
2032	$652.58	8.6%
2033	$708.70	8.6%
2034	$769.65	8.6%
2035	$835.84	8.6%
2036	$907.72	8.6%
2037	$985.78	8.6%
2038	$1,070.56	8.6%
2039	$1,162.63	8.6%
2040	$1,262.61	8.6%
2041	$1,371.20	8.6%
2042	$1,489.12	8.6%
2043	$1,617.19	8.6%
2044	$1,756.26	8.6%
2045	$1,907.30	8.6%
2046	$2,071.33	8.6%
2047	$2,249.47	8.6%
2048	$2,442.92	8.6%
2049	$2,653.01	8.6%
2050	$2,881.17	8.6%
2051	$3,128.95	8.6%
2052	$3,398.04	8.6%
2053	$3,690.27	8.6%

Projection of Medicare Part B @ 5.6%		
Year	Monthly Premium	% Change
2012	$121.86	5.6%
2013	$128.69	5.6%
2014	$135.89	5.6%
2015	$143.50	5.6%
2016	$151.54	5.6%
2017	$160.03	5.6%
2018	$168.99	5.6%
2019	$178.45	5.6%
2020	$188.44	5.6%
2021	$199.00	5.6%
2022	$210.14	5.6%
2023	$221.91	5.6%
2024	$234.33	5.6%
2025	$247.46	5.6%
2026	$261.32	5.6%
2027	$275.95	5.6%
2028	$291.40	5.6%
2029	$307.72	5.6%
2030	$324.95	5.6%
2031	$343.15	5.6%
2032	$362.37	5.6%
2033	$382.66	5.6%
2034	$404.09	5.6%
2035	$426.72	5.6%
2036	$450.61	5.6%
2037	$475.85	5.6%
2038	$502.49	5.6%
2039	$530.63	5.6%
2040	$560.35	5.6%
2041	$591.73	5.6%
2042	$624.87	5.6%
2043	$659.86	5.6%
2044	$696.81	5.6%
2045	$735.83	5.6%
2046	$777.04	5.6%
2047	$820.55	5.6%
2048	$866.50	5.6%
2049	$915.03	5.6%
2050	$966.27	5.6%
2051	$1,020.38	5.6%
2052	$1,077.52	5.6%
2053	$1,137.86	5.6%

City of Dover

Projection for Medicare B Premium Reimbursements with 5.6% inflation & all annual premiums increasing based on new rates each year

	Non-Bargaining Vested					Non-Bargaining Non-Vested					
Year	Eligible Employees Turning 65	Mortality Reductions	Cumulative Retirees/ Employees	Amount of Annual Increase	Amount of Budget for Payments	Eligible Employees Turning 65	Mortality Reductions	Cumulative Retirees/ Employees	Amount of Annual Increase	Amount of Budget for Payments	Annual Total
2010					$0.00					$0.00	
2011	1	0	1	$1,384.80	$1,384.80	1	0	1	$1,384.80	$1,384.80	$2,769.60
2012	1	0	2	$1,539.90	$2,924.70	0	0	1	$77.55	$1,462.35	$4,387.05
2013	0	0	2	$163.78	$3,088.48	1	0	2	$1,626.13	$3,088.48	$6,176.96
2014	0	0	2	$172.95	$3,261.44	0	0	2	$172.95	$3,261.44	$6,522.87
2015	0	0	2	$182.64	$3,444.08	0	0	2	$182.64	$3,444.08	$6,888.15
2016	2	0	4	$3,829.81	$7,273.89	0	0	2	$192.87	$3,636.94	$10,910.83
2017	0	0	4	$407.34	$7,681.23	1	0	3	$2,123.98	$5,760.92	$13,442.15
2018	0	0	4	$430.15	$8,111.37	0	0	3	$322.61	$6,083.53	$14,194.91
2019	0	0	4	$454.24	$8,565.61	2	0	5	$4,623.48	$10,707.01	$19,272.63
2020	1	0	5	$2,741.00	$11,306.61	0	0	5	$599.59	$11,306.61	$22,613.22
2021	1	0	6	$3,021.13	$14,327.73	0	0	5	$633.17	$11,939.78	$26,267.51
2022	4	0	10	$10,889.08	$25,216.81	2	0	7	$5,711.99	$17,651.77	$42,868.58
2023	3	0	13	$9,400.83	$34,617.64	0	0	7	$988.50	$18,640.27	$53,257.90
2024	1	0	14	$4,750.61	$39,368.24	0	0	7	$1,043.85	$19,684.12	$59,052.36
2025	4	0	18	$14,082.58	$53,450.83	2	0	9	$7,041.29	$26,725.41	$80,176.24
2026	4	0	22	$15,536.37	$68,987.20	1	0	10	$4,632.40	$31,357.82	$100,345.02
2027	3	0	25	$13,797.44	$82,784.64	1	0	11	$5,067.42	$36,425.24	$119,209.88
2028	2	0	27	$11,629.59	$94,414.22	0	0	11	$2,039.81	$38,465.05	$132,879.28
2029	1	0	28	$8,979.84	$103,394.07	0	0	11	$2,154.04	$40,619.10	$144,013.16
2030	3	(1)	30	$16,103.57	$119,497.63	1	(1)	11	$4,789.30	$45,408.40	$164,906.03
2031	1	(1)	30	$6,769.42	$126,267.05	1	0	12	$4,005.22	$49,413.62	$175,680.67
2032	3	0	33	$17,230.10	$143,497.15	2	(1)	13	$10,079.16	$59,492.78	$202,989.93
2033	1	0	34	$12,627.75	$156,124.90	1	0	14	$4,793.94	$64,286.72	$220,411.62
2034	2	0	36	$18,441.11	$174,566.01	4	0	18	$22,996.28	$87,283.00	$261,849.01
2035	1	(2)	35	$12,126.70	$186,692.70	2	(1)	19	$13,744.25	$101,027.26	$287,719.96
2036	2	0	37	$13,379.49	$200,072.19	4	0	23	$23,341.94	$124,369.20	$324,441.40
2037	0	0	37	$11,204.04	$211,276.24	3	0	26	$24,095.18	$148,464.38	$359,740.62
2038	1	0	38	$17,861.41	$229,137.64	1	(2)	25	$11,574.34	$160,038.73	$389,176.37
2039	0	(1)	37	$11,446.91	$240,584.55	1	0	26	$5,519.25	$165,557.98	$406,142.53
2040	0	(1)	36	$6,826.08	$247,410.63	2	0	28	$22,719.65	$188,277.63	$435,688.26
2041	0	(4)	32	$2,677.39	$250,088.02	1	(2)	27	$14,874.70	$203,152.33	$453,240.35
2042	0	(3)	29	($14,293.67)	$235,794.35	1	0	28	$6,802.83	$209,955.16	$445,749.51
2043	0	(1)	28	($7,548.20)	$228,246.16	0	0	28	$11,757.49	$221,712.65	$449,958.80
2044	0	(5)	23	($1,041.60)	$227,204.56	1	(2)	27	$18,008.04	$239,720.69	$466,925.25
2045	0	(3)	20	($28,269.16)	$198,935.40	0	(1)	26	($2,695.73)	$237,024.96	$435,960.36
2046	0	(3)	17	($16,600.38)	$182,335.02	3	(1)	28	$31,999.89	$269,024.85	$451,359.87
2047	0	(2)	15	($17,711.72)	$164,623.30	0	0	28	$6,681.10	$275,705.95	$440,329.25
2048	0	(1)	14	($10,037.30)	$154,586.00	0	0	28	$15,439.53	$291,145.48	$445,731.48
2049	0	(3)	11	($5,015.58)	$149,570.42	1	(1)	28	$25,899.69	$317,045.18	$466,615.59
2050	0	(1)	10	($23,407.54)	$126,162.88	0	(1)	27	$6,236.84	$323,282.01	$449,444.89
2051	0	(3)	7	($7,871.51)	$118,291.37	0	(2)	25	$4,551.96	$327,833.98	$446,125.34
2052	0	(1)	6	($29,164.26)	$89,127.11	0	(1)	24	($5,961.95)	$321,872.03	$410,999.14
2053	0	(2)	4	($9,970.50)	$79,156.61	1	(4)	21	$13,947.98	$335,820.01	$414,976.62
	42	(38)			$4,812,851.46	41	(20)			$5,058,559.69	$9,871,411.15

A mortality age of 83 for male and female was used for all analysis

City of Dover

Projection for Medicare B Premium Reimbursements (with all eligible persons premiums @ $200 Cap)

$ 200.00

	Non-Bargaining Vested					Non-Bargaining Non-Vested					
Year	Eligible Employees Turning 65	Mortality Reductions	Cumulative Retirees/ Employees	Amount of Annual Increase	Amount of Budget for Payments	Eligible Employees Turning 65	Mortality Reductions	Cumulative Retirees/ Employees	Amount of Annual Increase	Amount of Budget for Payments	Annual Total
2010			0	$0.00	$0.00			0	$0.00	$0.00	$0.00
2011	1	0	1	$1,800.00	$1,800.00	1	0	1	$1,800.00	$1,800.00	$3,600.00
2012	1	0	2	$4,800.00	$6,600.00	0	0	1	$0.00	$1,800.00	$8,400.00
2013	0	0	2	$0.00	$6,600.00	1	0	2	$2,400.00	$4,200.00	$10,800.00
2014	0	0	2	$0.00	$6,600.00	0	0	2	$0.00	$4,200.00	$10,800.00
2015	0	0	2	$0.00	$6,600.00	0	0	2	$0.00	$4,200.00	$10,800.00
2016	2	0	4	$4,800.00	$11,400.00	0	0	2	$0.00	$4,200.00	$15,600.00
2017	0	0	4	$0.00	$11,400.00	1	0	3	$2,400.00	$6,600.00	$18,000.00
2018	0	0	4	$0.00	$11,400.00	0	0	3	$0.00	$6,600.00	$18,000.00
2019	0	0	4	$0.00	$11,400.00	2	0	5	$4,800.00	$11,400.00	$22,800.00
2020	1	0	5	$2,400.00	$13,800.00	0	0	5	$0.00	$11,400.00	$25,200.00
2021	1	0	6	$2,400.00	$16,200.00	0	0	5	$0.00	$11,400.00	$27,600.00
2022	4	0	10	$9,600.00	$25,800.00	2	0	7	$4,800.00	$16,200.00	$42,000.00
2023	3	0	13	$7,200.00	$33,000.00	0	0	7	$0.00	$16,200.00	$49,200.00
2024	1	0	14	$2,400.00	$35,400.00	0	0	7	$0.00	$16,200.00	$51,600.00
2025	4	0	18	$9,600.00	$45,000.00	2	0	9	$4,800.00	$21,000.00	$66,000.00
2026	4	0	22	$9,600.00	$54,600.00	1	0	10	$2,400.00	$23,400.00	$78,000.00
2027	3	0	25	$7,200.00	$61,800.00	1	0	11	$2,400.00	$25,800.00	$87,600.00
2028	2	0	27	$4,800.00	$66,600.00	0	(1)	10	($1,800.00)	$24,000.00	$90,600.00
2029	1	0	28	$2,400.00	$69,000.00	0	0	10	$0.00	$24,000.00	$93,000.00
2030	3	0	31	$7,200.00	$76,200.00	1	0	11	$2,400.00	$26,400.00	$102,600.00
2031	1	(1)	31	$0.00	$76,200.00	1	0	12	$2,400.00	$28,800.00	$105,000.00
2032	3	(1)	33	$3,000.00	$79,200.00	2	(1)	13	$2,400.00	$31,200.00	$110,400.00
2033	1	0	34	$2,400.00	$81,600.00	1	0	14	$2,400.00	$33,600.00	$115,200.00
2034	2	0	36	$4,800.00	$86,400.00	4	0	18	$9,600.00	$43,200.00	$129,600.00
2035	1	(2)	35	($2,400.00)	$84,000.00	2	(1)	19	$2,400.00	$45,600.00	$129,600.00
2036	2	0	37	$4,800.00	$88,800.00	4	0	23	$9,600.00	$55,200.00	$144,000.00
2037	0	0	37	$0.00	$88,800.00	3	0	26	$7,200.00	$62,400.00	$151,200.00
2038	1	0	38	$2,400.00	$91,200.00	1	(2)	25	($2,400.00)	$60,000.00	$151,200.00
2039	0	(1)	37	($2,400.00)	$88,800.00	1	0	26	$2,400.00	$62,400.00	$151,200.00
2040	0	(1)	36	($2,400.00)	$86,400.00	2	0	28	$4,800.00	$67,200.00	$153,600.00
2041	0	(4)	32	($9,600.00)	$76,800.00	1	(2)	27	($2,400.00)	$64,800.00	$141,600.00
2042	0	(3)	29	($7,200.00)	$69,600.00	1	0	28	$2,400.00	$67,200.00	$136,800.00
2043	0	(1)	28	($2,400.00)	$67,200.00	0	0	28	$0.00	$67,200.00	$134,400.00
2044	0	(5)	23	($12,000.00)	$55,200.00	1	(2)	27	($2,400.00)	$64,800.00	$120,000.00
2045	0	(3)	20	($7,200.00)	$48,000.00	0	(1)	26	($2,400.00)	$62,400.00	$110,400.00
2046	0	(3)	17	($7,200.00)	$40,800.00	3	(1)	28	$4,800.00	$67,200.00	$108,000.00
2047	0	(2)	15	($4,800.00)	$36,000.00	0	0	28	$0.00	$67,200.00	$103,200.00
2048	0	(1)	14	($2,400.00)	$33,600.00	0	0	28	$0.00	$67,200.00	$100,800.00
2049	0	(3)	11	($7,200.00)	$26,400.00	1	(1)	28	$0.00	$67,200.00	$93,600.00
2050	0	(1)	10	($2,400.00)	$24,000.00	0	(1)	27	($2,400.00)	$64,800.00	$88,800.00
2051	0	(3)	7	($7,200.00)	$16,800.00	0	(2)	25	($4,800.00)	$60,000.00	$76,800.00
2052	0	(1)	6	($2,400.00)	$14,400.00	0	(1)	24	($2,400.00)	$57,600.00	$72,000.00
2053	0	(2)	4	($4,800.00)	$9,600.00	1	(4)	21	($7,200.00)	$50,400.00	$60,000.00
	42	(38)			$1,941,000.00	41	(20)			$1,578,600.00	$3,519,600.00

A mortality age of 83 for male and female was used for all analysis

Health Benefit Committee Meeting
Prioritizing Suggestions

1. City contribution rates are based upon Blue Cross Blue Shield (BCBS) HMO.

Example:

Coverage Level	Total Monthly Cost	City Contribution	Total Employee's Responsibility	FY12 Cost to Employees for PPO	Add't Cost to Employee/Savings to City
	BCBS – PPO	BCBC - HMO			
Employee	619.53	567.24	$52.29	$0.00	$52.29
Employee and Child (ren)	953.35	791.65	$161.70	$83.46	$78.24
Employee and Spouse	1,282.69	1,038.61	$244.08	$165.80	$78.28
Family	1,602.88	1,260.20	$342.68	$245.84	$96.84
My Docs/Health Benefit Committee/HMO vs. PPO					

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2. Employee responsible for a percentage of "employee only" premium. The value of the percentage paid for 'employee only" coverage could be deposited into a HRA. Thus, the total benefit to the employee is not being reduced it is just being provided in a modified form. Please realize that the "employee only" premium is the key factor in determining premiums for all levels of coverage.

Examples to consider: 10% and 15%

The example below represents a contribution of 10% of the monthly premium for employee only coverage. The employee premium effects the employee/city distribution of the dependent premium. The additional monthly expense the employee would incur would be deposited into a HRA account each month.

Health Insurance Rates for Fiscal Year 11/12								
		Current Premium Breakdown			0.10			
		Employee Pays	City Pays	Total Monthly Cost	Employee Pays	City Pays	Total Monthly Cost	Increase to Employee
First State Basic	Employee	$0.00	$542.99	$542.99	$54.30	$488.69	$542.99	$54.30
	Employee & Children	$70.26	$753.75	$824.01	$138.13	$685.88	$824.01	$67.87
	Employee & Spouse	$144.40	$976.19	$1,120.59	$212.27	$908.32	$1,120.59	$67.87
	Family	$214.28	$1,185.82	$1,400.10	$282.15	$1,117.95	$1,400.10	$67.87
Comprehensive PPO	Employee	$0.00	$619.53	$619.53	$61.95	$557.58	$619.53	$61.95
	Employee & Children	$83.46	$869.89	$953.35	$160.90	$792.45	$953.35	$77.44
	Employee & Spouse	$165.80	$1,116.89	$1,282.69	$243.23	$1,039.46	$1,282.69	$77.43
	Family	$245.84	$1,357.04	$1,602.88	$323.28	$1,279.60	$1,602.88	$77.44
	Special Medicfill	$0.00	$437.67	$437.67	$43.77	$393.90	$437.67	$43.77
	Special Medicfill without Prescription	$0.00	$204.05	$204.05	$20.41	$183.65	$204.05	$20.41
Blue Care HMO	Employee	$0.00	$567.24	$567.24	$56.72	$510.52	$567.24	$56.72
	Employee & Children	$74.80	$791.65	$866.45	$145.71	$720.74	$866.45	$70.91
	Employee & Spouse	$157.12	$1,038.61	$1,195.73	$228.03	$981.89	$1,195.73	$70.91
	Family	$231.00	$1,260.20	$1,491.20	$301.90	$1,203.48	$1,491.20	$70.90
Aetna	Employee	$0.00	$566.78	$566.78	$56.68	$510.10	$566.78	$56.68
	Employee & Children	$74.70	$790.89	$865.59	$145.55	$734.21	$865.59	$70.85
	Employee & Spouse	$156.30	$1,035.67	$1,191.97	$227.15	$978.99	$1,191.97	$70.85
	Family	$229.98	$1,256.69	$1,486.67	$300.82	$1,200.01	$1,486.67	$70.84

Please continue to Page 3 for a 15% example.

The example below represents a contribution of 15% of the monthly premium for employee only coverage. The employee premium effects the employee/city distribution of the dependent premium. The additional monthly expense the employee would incur would be deposited into a HRA account each month.

Health Insurance Rates for Fiscal Year 11/12									
			Current Premium Breakdown			0.15			
			Employee Pays	City Pays	Total Monthly Cost	Employee Pays	City Pays	Total Monthly Cost	Increase to Employee
First State Basic	Employee		$0.00	$542.99	$542.99	$81.45	$461.54	$542.99	$81.45
	Employee & Children		$70.26	$753.75	$824.01	$172.07	$651.94	$824.01	$101.81
	Employee & Spouse		$144.40	$976.19	$1,120.59	$246.21	$874.38	$1,120.59	$101.81
	Family		$214.28	$1,185.82	$1,400.10	$316.09	$1,084.01	$1,400.10	$101.81
Comprehensive PPO	Employee		$0.00	$619.53	$619.53	$92.93	$526.60	$619.53	$92.93
	Employee & Children		$83.46	$869.89	$953.35	$199.62	$753.73	$953.35	$116.16
	Employee & Spouse		$165.80	$1,116.89	$1,282.69	$281.95	$1,000.74	$1,282.69	$116.15
	Family		$245.84	$1,357.04	$1,602.88	$362.00	$1,240.88	$1,602.88	$116.16
	Special Medicfill		$0.00	$437.67	$437.67	$65.65	$372.02	$437.67	$65.65
	Special Medicfill without Prescription		$0.00	$204.05	$204.05	$30.61	$173.44	$204.05	$30.61
Blue Care HMO	Employee		$0.00	$567.24	$567.24	$85.09	$482.15	$567.24	$85.09
	Employee & Children		$74.80	$791.65	$866.45	$181.16	$685.29	$866.45	$106.36
	Employee & Spouse		$157.12	$1,038.61	$1,195.73	$263.48	$953.52	$1,195.73	$106.36
	Family		$231.00	$1,260.20	$1,491.20	$337.35	$1,175.11	$1,491.20	$106.35
Aetna	Employee		$0.00	$566.78	$566.78	$85.02	$481.76	$566.78	$85.02
	Employee & Children		$74.70	$790.89	$865.59	$180.97	$705.87	$865.59	$106.27
	Employee & Spouse		$156.30	$1,035.67	$1,191.97	$262.57	$950.65	$1,191.97	$106.27
	Family		$229.98	$1,256.69	$1,486.67	$336.24	$1,171.67	$1,486.67	$106.26

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3. Create a vesting schedule. In the example below, the city's share would be determined by years of service to the City. For example, an employee with 25 years of service would be responsible for 15% of the City share of the premium.

Example to consider:

Years of Service with the City of Dover	Percentage of City Share
Less than 20 years	45%
20 years less than 25 years	60%
25 years less than 30	85%
30 years or more	100%

City of Dover									
Health Insurance Rates for Fiscal Year 11/12						20-25 years of Service, 60% of City Share			
			Current Premium Breakdown			0.40			
			Employee Pays	City Pays	Total Monthly Cost	Employee Pays	City Pays	Total Monthly Cost	Increase to Employee
First State Basic	Employee		$0.00	$542.99	$542.99	$217.20	$325.79	$542.99	$217.20
	Employee & Children		$70.26	$753.75	$824.01	$341.75	$482.26	$824.01	$271.49
	Employee & Spouse		$144.40	$976.19	$1,120.59	$415.90	$704.70	$1,120.59	$271.50
	Family		$214.28	$1,185.82	$1,400.10	$485.77	$914.33	$1,400.10	$271.49
Comprehensive PPO	Employee		$0.00	$619.53	$619.53	$247.81	$371.72	$619.53	$247.81
	Employee & Children		$83.46	$869.89	$953.35	$393.22	$560.13	$953.35	$309.76
	Employee & Spouse		$165.80	$1,116.89	$1,282.69	$475.56	$807.14	$1,282.69	$309.76
	Family		$245.84	$1,357.04	$1,602.88	$555.60	$1,047.28	$1,602.88	$309.76
	Special Medicfill		$0.00	$437.67	$437.67	$175.07	$262.60	$437.67	$175.07
	Special Medicfill without Prescription		$0.00	$204.05	$204.05	$81.62	$122.43	$204.05	$81.62
Blue Care HMO	Employee		$0.00	$567.24	$567.24	$226.90	$340.34	$567.24	$226.90
	Employee & Children		$74.80	$791.65	$866.45	$358.42	$508.03	$866.45	$283.62
	Employee & Spouse		$157.12	$1,038.61	$1,195.73	$440.74	$811.71	$1,195.73	$283.62
	Family		$231.00	$1,260.20	$1,491.20	$514.61	$1,033.30	$1,491.20	$283.61
Aetna	Employee		$0.00	$566.78	$566.78	$226.71	$340.07	$566.78	$226.71
	Employee & Children		$74.70	$790.89	$865.59	$358.09	$564.18	$865.59	$283.39
	Employee & Spouse		$156.30	$1,035.67	$1,191.97	$439.69	$808.96	$1,191.97	$283.39
	Family		$229.98	$1,256.69	$1,486.67	$513.36	$1,029.98	$1,486.67	$283.38
City pays 100% of employee coverage and 75% of dependent coverage, subject to collective bargaining agreements.									

4. City contribution based upon years of service. Employees would receive a percentage for each year of service. For example, 3%. Therefore, an employee with 25 years of service would receive a 75% benefit in retirement. This suggestion is similar to #3 however provides a different method for calculating the benefit.

5. Lock in City contributions based upon City contributions at retirement. City contributions would be increased by a fixed percentage. This increase would mitigate some of effects of yearly premium increases however ensure the City doesn't assume full responsibility of the increase.

6. No supplemental coverage at Medicare eligible.
   It should be noted that this option would eliminate prescription drug coverage as Medicare Part A and B only covers medical expenses. Option could be supplemented with a Health Retirement Account to allow retirees to purchase coverage on the open market.

7. Eliminate all retirement health care coverage. Option could be supplemented with a Health Retirement Account. Provide a monthly contribution during active employment. Contribution amount needs to be determined.

8. Cost sharing for dependent health care coverage ends. Employee is responsible for full cost of dependent coverage.

9. Incentive for declining health care coverage. Either a cash payment or a deposit into the Health Retirement Account account.

10. Change eligibility guidelines for retirement health care for new employees. For example, a minimum of 30 years for full employee premium payment.

11. Offer a cafeteria plan. Employees are entitled to a fixed amount of benefit dollars each fiscal year. The dollar value would need to be determined. The dollar value would need to be determined as well as any yearly increase due to benefit cost increases. Unused dollars would be placed in a Health Retirement Account.

    An active employee with dependent coverage would have a smaller Health Retirement Account balance then the employee who only had single coverage as the employee with dependent coverage used their benefit during active employment while the other employee will use it in retirement.

12. Create new health guidelines for new hire benefits.
    This option does not reduce the current OPEB liability.

Additional suggestion presented:

- Enhance and promote a health and wellness program. It would be anticipated that the health plan would incur a reduction in expenses as members have a healthier life style.

Revenue enhancement:

- Addition red light cameras to be installed in the major intersections throughout Dover. Additional revenue that is generated would go directly to fund the OPEB liability.

- A modest tax increase over the next 10 years.