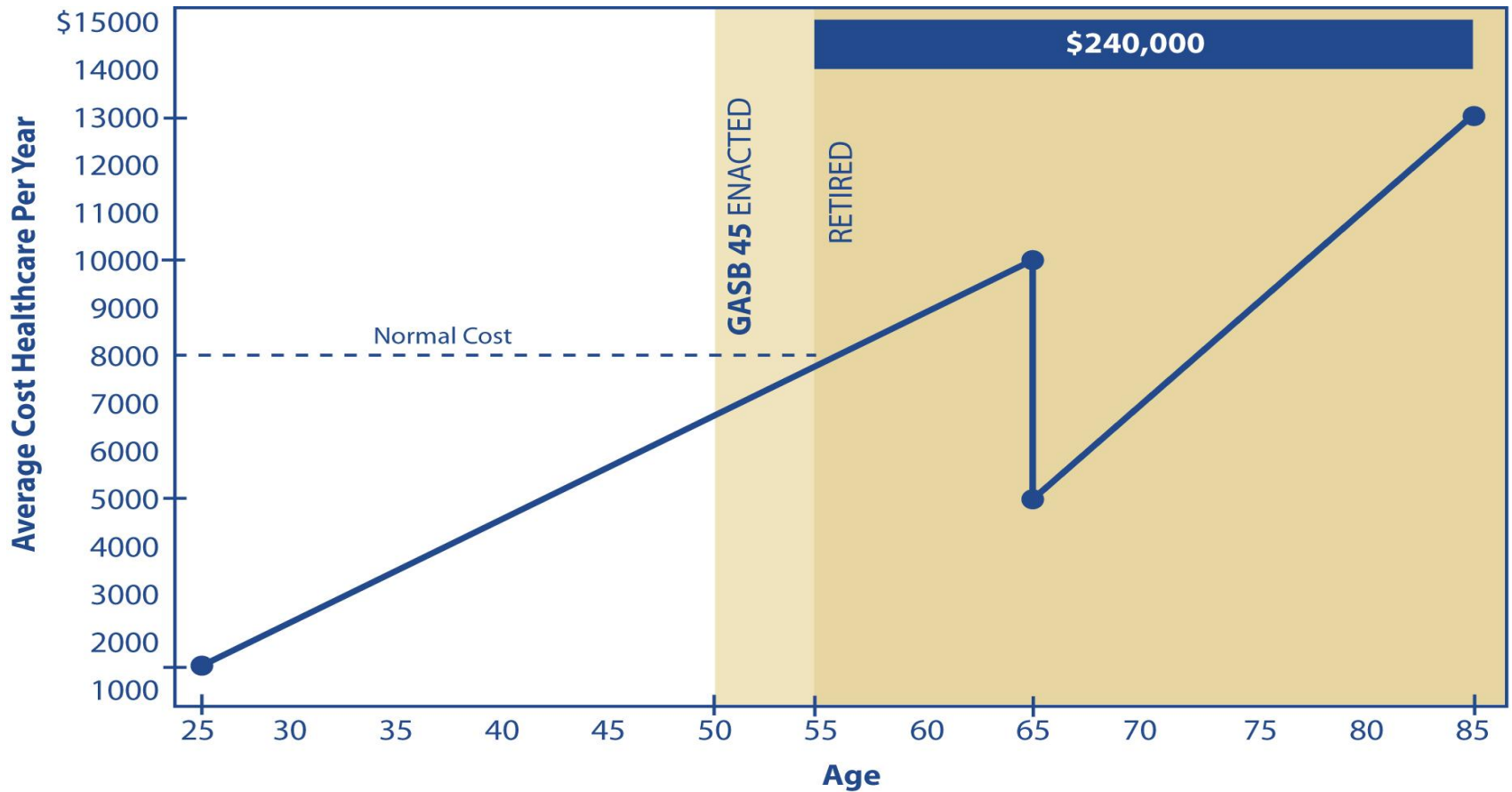




GASB 45 Healthcare Solutions

Today's Topics

- Healthcare Options For Medicare Eligible Retirees
- Healthcare Options for Pre-Medicare Eligible Retirees
- Defined Benefit vs. Defined Contribution plans
- Wellness & Disease Management Programs
- Possible Solutions





Assumed Rates of Medical Trend

Year	Period	Trend for Period	Cumulative Trend
1	2008 - 2009	1.080	1.08000
2	2009 - 2010	1.080	1.16640
3	2010 - 2011	1.080	1.25971
4	2011 - 2012	1.080	1.36049
5	2012 - 2013	1.079	1.46797
6	2013 - 2014	1.078	1.58247
7	2014 - 2015	1.077	1.70432
8	2015 - 2016	1.076	1.83385
9	2016 - 2017	1.067	1.95672
10	2017 - 2018	1.060	2.07412
20	2027 - 2028	1.050	3.37852
30	2037 - 2038	1.050	5.50325
40	2047 - 2048	1.050	8.96422
50	2057 - 2058	1.050	14.60177

Medicare Eligible Retirees

- Medicare Advantage & Private Fee For Service Plans
- Allow Retirees to select outside plans

Plan Name	Rate	Percentage
Retiree PPO Pre-Medicare	\$ 1,009.00	186%
Retiree PPO Medicare	\$ 328.12	60%

- Offer benefit plans with no contributions
- Alternate contribution strategies

- Add a Premium Cap

Plan Name	Rate	Percentage
Humana HMO	\$ 137.00	42%
People's Health	\$ 140.00	43%
Vantage	\$ 140.00	43%
Humana PFFS	\$ 174.00	53%
Universal American	\$ 133.60	41%
United Healthcare PFFS	\$ 254.38	78%

- Retiree Drug Subsidy Options

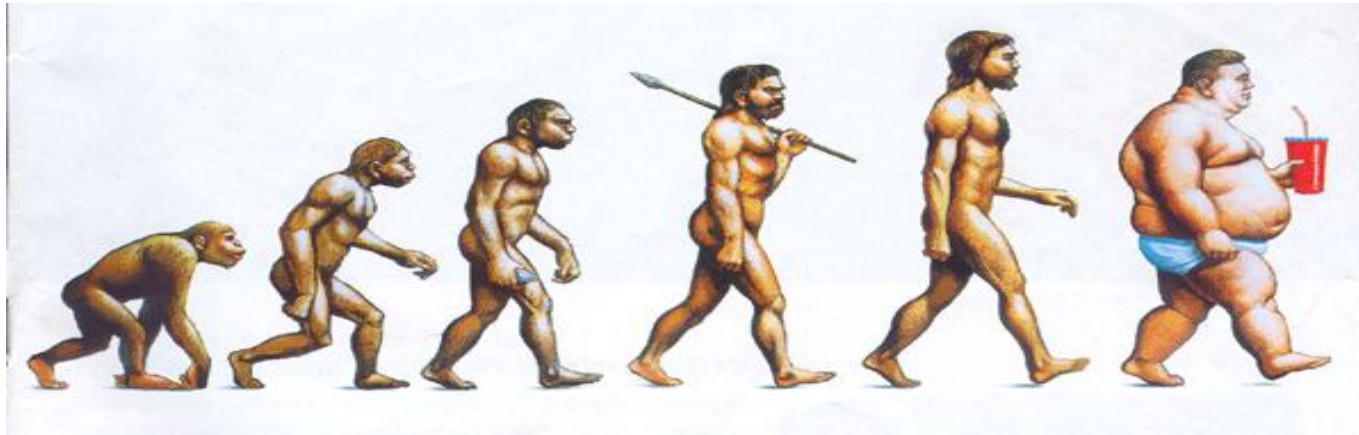
Pre Medicare Retiree Health

- Pre-Medicare Retiree Plans
 - Cost Benefit Analysis
 - Consumer Driven Health Plans
 - Premium vs. Saving on High Deductible Health Plans
 - Health Care Saving Accounts
 - Benefit Plan Options
 - Offer Choice

Defined Benefit vs. Defined Contribution plans

- Current defined Benefit Plans
- Alternate Defined Contribution Plans
 - VEBA 501 (c) (9) plans
 - Section 115 Trust Plans
 - How they work
 - Offer % of Salary into a Defined Contribution Plan
 - Off a flat \$ based on years of service or job description
 - Employee uses own plan assets to pay premiums or healthcare related expenses
 - 90% of new employees would rather have money than the promises of retiree healthcare

Wellness & Disease Management Programs

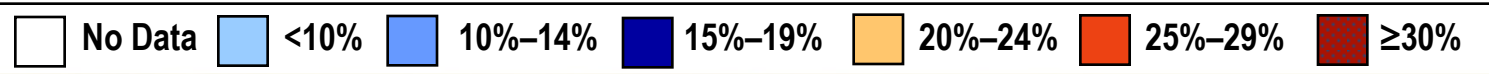


- Body Mass Indicators
- Disease Management Programs
- Incentive Based Wellness
- Health Risk Appraisals

Obesity Trends Among U.S. Adults

BRFSS, 1985-2006

(*BMI ≥ 30 , or ~ 30 lbs overweight for 5' 4" person)



Possible Solutions

- Current Employees
 - Focus on Wellness, Retiree Eligibility & Defined Contribution Plans
- Current Retirees Pre-Medicare
 - Focus on Disease Management Programs and HDHP/HRA Plans
- Current Retirees Medicare
 - Maximize the Contributions & Medicare Advantage Programs
- Start Funding for the Liability
- Savings can reduce GASB 45 by 80%



Thank You

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