

# City of Syracuse

## Health Benefits Report



**Submitted to:**

**Syracuse Common Council**

**Mayor Stephanie A. Miner**

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**City of Syracuse Auditor**

**Introduction:**

Apart from wages and salaries, medical and pharmacy benefits for active and retired City employees and their dependents is the largest single expenditure item in the City budget. By any measure, this \$48.3 million cost is substantial. It is projected to comprise 16% of all City spending in 2012/13. It exceeds the entire \$33.5 million annual City property tax levy.

Given the size of this expenditure, the Audit Department initiated a macro level review of the program covering the following areas:

- program background
- benefits overview
- costs overview, including short and long term financial analyses
- enrollee cost sharing provisions
- comparisons to other public employee health plans
- constraints on health plan modifications

It is the Audit Department's hope that the information in this report will prove to be a useful resource to stakeholders seeking to maintain a quality program for all beneficiaries that is also affordable to City taxpayers.

In addition, this report includes recommendations to strengthen the financial viability of this program, including one that has the potential to save \$ 1 million in prescription benefits to City retirees aged 65 and over.

**Program Background:**

The City of Syracuse has traditionally provided health benefits to its employees and retirees as part of an overall compensation package.

In the late 1950's the State allowed units of local government to offer the New York State Health Insurance Plan. This insured plan was administered by the New York State Department of Civil Service and featured uniform State wide benefits and uniform State-wide premiums. The City became a participating employer under this plan and remained so until the late 1970s.

The uniform State plan premiums, however, in effect provided a subsidy to Downstate public employers by Upstate public employers due to the higher cost of health care Downstate. Beginning in 1978, the City withdrew its employees from the State plan. It was replaced with a local insured plan offered by the Central New York Chapter of Blue Cross/Blue Shield with benefits mirroring those of the State plan.

The move to a local plan eliminated this intra-State subsidy and lowered costs. In addition, the City gained flexibility in plan design as it was no longer subject to Statewide determinations, including the outcomes of labor negotiations with State employee unions.

In the mid-1980's, the City's employee health plan underwent another transition. The City moved away from its local insurance plan, with its fixed per capita premiums, and replaced it with a local "self-insured" program. Under this approach, the City's costs were not determined by a BlueCross/Blue

Shield premium calculation process, but by the actual medical and pharmacy claims incurred by its enrollees, plus the administrative costs charged by a Third Party Administrator (“TPA”). Benefit levels of the replacement plan were established that were, on an overall basis, equal to or better than the plan that was being replaced.

This change to a self-insured approach provided lowered costs compared to the previous plan. It also provided the City with the opportunity and incentive to capture additional savings by controlling claims costs, such as tightening administrative procedures, performing eligibility verifications and promoting employee wellness programs. This change also allowed greater flexibility in negotiating benefit issues with its unionized workforce. Finally, it allowed the City to recapture a million dollar plus reserve fund that it had been required to maintain by the New York State Insurance Department.

The City continues to operate on a “self-insured” basis, periodically opening the TPA contract to competitive proposals. Since moving to the self-insured approach, TPA contracts have been awarded to two local companies: Excellus Blue Cross/Blue Shield and POMCO. The three-year POMCO contract expires April 30, 2013; the Excellus Blue Cross Blue Shield contract expires annually on December 31st.

Prescription coverage for beneficiaries is currently provided through MEDCO/Express Scripts as the City’s Pharmacy Benefit Manager. This contract expires on June 30, 2013 and competitive proposals are also expected to be solicited.

### **Benefit Overview:**

A summary of POMCO benefits and coverage is provided as Appendix #1. (The Excellus Blue Cross/Blue Shield plan offers essentially the same benefits.) Detailed descriptions of the City’s plans are available to enrollees at [www. MyPOMCO.com](http://www.MyPOMCO.com) and [www. Excellusbcbs.com](http://www. Excellusbcbs.com).

Analysis of the specific provisions of the City’s health and pharmacy benefit package is beyond the scope of this report. However, these plans are generally recognized as providing comprehensive, high-quality coverage.

In a 1998 report, the independent benefits consulting firm of Locey & Cahill confirmed that the City plan offered its employees and their families “exceptional protection with minimal out-of pocket costs.” Since that time, as documented below, enrollee costs have continued to be much lower than those in other public sector health plans. In addition, plan benefits have expanded due to Federal and State mandates, local administrative decisions and labor negotiations. Recent examples of such benefit expansions include:

- vision coverage added for active employees (2004)
- family coverage available to same sex domestic partners (2008)
- family coverage provided for dependent children up to the age of 26 (2012)
- \$0 co-pays for generic prescriptions (2012)
- expanded coverage for autism spectrum disorder (2012)

The City’s health plan provides primary coverage for medical treatment and prescriptions for full-time active employees, their survivors and dependents. The City also provides primary medical and pharmacy coverage to eligible retirees until they reach age 65.

Retirees ages 65 and over must enroll in Medicare Part B for primary medical coverage, at a basic cost of \$99.00/month. The City plan provides secondary (supplemental) coverage in those instances.

Primary prescription drug coverage for this group is provided through the City health plan at a cost of approximately \$5.1 million/year. Under the Medicare Prescription Drug Improvement & Modernization Act of 2003, the City currently receives a Medicare Part D subsidy (“RDS subsidy”) of approximately \$1 million per year to partially offset these costs.

To be eligible for retiree health benefits, an employee must:

- have completed a minimum of ten years of service with the City
- meet the New York State Retirement System’s eligibility criteria to retire
- begin to collect his/her New York State pension
- have been enrolled in the City’s health insurance program at the time of retirement

The age at which a City employee may retire, and thereby qualify for City retiree health benefits, is determined by provisions of the various plans of the New York State Retirement System. Sworn City Police and Fire personnel may retire after 20 years of service. As a result, a public safety employee may qualify for City retiree health benefits while in his/her mid-40’s. The City currently has 58 public safety retirees age 50 and younger enrolled in the retiree health benefits program.

	<u>Family</u>	<u>Single</u>
Police:	38	5
Fire:	13	2
Total	51	7

The normal retirement age for most civilian employees (Pension Tiers 3 & 4) is age 62, although employees with 30 or more years of service may retire and qualify for health benefits at age 55.

**Cost Overview:**

As of October 1, 2012, the City of Syracuse provided primary or secondary health benefit coverage to 8,213 active and retired employees, their dependents and survivors.

- 7872 serviced by POMCO
- 341 serviced by Excellus Blue Cross/Blue Shield.

These beneficiaries are covered under the single or family plans of 3,550 enrollees. A breakdown of these enrollees by active vs. retiree status and by bargaining unit is provided as Appendix 2.

The City’s net bill to provide and administer medical and pharmacy benefits, after co-pay and deductible amounts are applied, is projected by the City Budget Office to be \$48.3 million for calendar 2013.

This figure does not include the cost of dental and vision plans for the City's active employees and dependents (approximately \$2.4 million/yr.). It also does not include the cost of employee and retiree benefits provided by the financially dependent Syracuse City School District.

There is limited external funding to offset these costs. As a result, 92% of the revenues needed to fund this program must be provided through City budget appropriations of the City's general, water, sewer, and airport funds:

<u>Source</u>	<u>Amount</u>	<u>%</u>
Enrollee Contributions	\$ 1.7 million	3.5%
Federal Medicare Part D Subsidy	\$ 1.0 million	2.1%
Grant and SURA Reimbursements	\$ 1.1 million	2.3%
City Budget Appropriations	\$44.5 million	92.1%
<b>Total</b>	<b>\$48.3 million</b>	<b>100%</b>

This cost is also one of the fastest growing items in the City budget. Over the last ten year period for which actual expenditure-growth data is available, costs have increased by 146.2% (Appendix #3.)

The cost to the City to provide medical and prescription benefits to individual enrollees can be quantified in terms of "premium equivalent" rates. POMCO has recently projected the 2013 premium equivalent rates to be as follows:

Single Plan:	\$ 6,408/yr.	(or \$ 534/mo.)
Family Plan:	\$17,244/yr.	(or \$1,437/mo.)

These single and family plan "blended" premium equivalent rates are derived from the separately calculated premium equivalent rates for active employees and retirees (Appendix # 4)

Short-Term Financial Analysis: In the short term, the City faces three fundamental problems as it attempts to maintain the current level of medical and pharmacy benefits.

First, the City has an inadequate revenue base to pay for its ongoing costs. Audited financial statements and budget projections document operating deficits for each of the last four fiscal years:

<u>Fiscal Year Ending</u>	<u>Operating Deficit</u>
6/30/09 (Actual)	\$ 4.6 million
6/30/10 (Actual)	\$ 9.2 million
6/30/11 (Actual)	\$ 9.7 million
6/30/12 (Budgeted)	\$13.0 million

These operating deficits mean that in each year, the City spent more money than it took in. For these four years, the City budgets have been “balanced” only by appropriating funds from surplus “rainy day” accounts.

Secondly, compounding this operating deficit problem, spending in the current budget (FY 2012/13) relies on a one-time \$20.9 million State “spin-up” payment that will not be available next year. Taken together, these budget deficits and reliance on non-recurring revenue of this size jeopardize the City’s ability to cover its current expenditure levels, including the \$44.5 million budget item for health benefits.

Finally, the City’s health benefit costs are projected to grow at an annual rate of 8.4%, requiring an additional \$3.7 million to maintain the current program in the next fiscal year. However, the City’s sources of growth revenues are limited. To put the growth of benefit costs into perspective, even if City property taxes were raised to the State’s 2% tax cap limit, only \$670,000 in new funding would be generated. Clearly, large new revenue sources or significant expenditure cuts must be identified and implemented both to overcome the City’s structural revenue problem and to pay for these growing health benefit costs.

Long Term Financial Analysis: Taking a longer term view, the City funds its health benefit program on a pay-as-you-go basis. It budgets only enough money to pay for the health claims expected to be paid out during the next twelve month period. This funding method is a common practice among public employers. However, it does not set aside any assets to pay for obligations which the City has already incurred and which will inevitably come due down the road . . . the future health claims of its retired workforce.

Each year, the City hires an independent firm to value the cost of this commitment to provide post-retirement benefits to its health plan enrollees and dependents. This “GASB 45” valuation takes into account such factors as the scope of the City’s benefit plan, the level of employee and retiree cost sharing, and industry projections of future health care costs. In November 2011, the firm of AON Hewitt reported that as of July 1, 2010, the City had an unfunded accrued liability of \$910.8 million for post-retirement health benefits, and that this liability has been growing each year (Appendix #5).

Again, it is not legally required that the City fund this long-term liability in its annual operating budgets or to reserve assets for this purpose. However, to put its health plan on firm financial footing, AON Hewitt calculated the City would have to identify and set aside \$67.1 million per year for each of the next 30 years.

#### **Enrollee Cost Sharing:**

Enrollees pay for a portion of their health costs through deductibles, co-pays for service, and contributions made through monthly or bi-weekly payroll deductions. For active employees, the amounts of the periodic payroll deductions differ widely depending on their City bargaining unit. (Appendix #6)

Represented Employees: Members of the nine municipal unions make annual payroll deduction contributions of \$180 to \$540 for single plans and of \$360 to \$900 for family plans. Expressed as a percentage of premium equivalent costs, these numbers equate to a contribution rate of 2.8% to 8.4% for single coverage and of 2.1% to 5.2% for family coverage (Appendix #7)

Non-Represented Employees: On July 1, 2012, as part of the 2012/13 approved budget, the City implemented three changes that significantly increased the amount of health plan contributions required of non-represented employees, who comprise about 10% of the workforce.

First, the contribution amount changed from a flat monthly rate to a percentage of the premium equivalent amount. This change will insure that in the future, the amount of employee contributions will be tied to the actual cost of the benefit. Secondly, the minimum contribution rate was changed to 10% of the premium equivalent. Thirdly, a progressive schedule was introduced so that higher compensated employees are responsible for covering a higher percentage of their health care costs, with a maximum contribution of 25% of the premium equivalent rate.

When the new rate structure is fully phased in on July 1, 2013, all non-represented employees will be paying between 10% to 25% of the single and family premium equivalent rates. Appendix #8 provides the new payment schedule for non-represented employees.

Retirees Under 65: Per City Ordinance # 1 of 2007, retirees under age 65 contribute \$180 per year for single coverage and \$360 per year for family coverage. (For unionized employees, these rates may be superseded by provisions in approved City labor agreements.) A copy of this ordinance is provided as Appendix #9.

These rates equate to a contribution rate of 2.8% of the premium equivalent for single coverage and from 2.1% for family coverage.

Retirees 65 and Over: The current annual Medicare Part B premium is \$1,198.80 (\$99.90/mo.) for most retirees. This rate is adjusted each November. This contribution is remitted directly to the Social Security Administration via a deduction from each retiree's New York State pension check.

This group of enrollees currently makes one of the highest contributions toward their health benefits, as their payment equates to a contribution rate of 19.0% of the premium equivalent for single plans and 7.2% for family plans.

### **Comparable Public Employee Plans:**

As noted above, the City withdrew from the New York State Health Plan with the goal of providing equivalent benefits for its enrollees at a lower cost for local taxpayers. In the early years of the transition both goals were met.

However, both the State plan and the City plan have evolved over time. Both plan benefits and enrollee cost sharing provisions have changed due to Federal and State mandates and negotiated agreements with State and local labor unions.

The effect of these changes has made the City of Syracuse plan more costly to the taxpayers than the State plan's current offerings.

Appendix #6 contains information comparing certain features of the health benefits plans offered to employees in other New York State jurisdictions. It includes data regarding employee contributions and premium equivalents for the fifteen Syracuse employee bargaining units and for their counterparts working for the State and the cities of Rochester and Yonkers. With the exception of Syracuse's non-

represented employees (Bargaining Units 0, 6 and 9), employees in the other jurisdictions pay a significantly higher portion of their health plan costs.

For example, the following are the annual enrollee contribution amounts for jurisdictions that have the similar bargaining units:

	<u>Syracuse</u>	<u>Yonkers</u>	<u>Rochester</u>	<u>NY State</u>
White Collar (CSEA):				
Single	\$180	\$1,710	\$ 515	\$ 856
Family	\$360	\$1,875	\$1,403	\$3,444
Police/Troopers:				
Single	\$360	\$2,995	\$ 515	\$ 726
Family	\$720	\$4,688	\$1,403	\$3,166

#### **Constraints on Health Plan Changes:**

Any proposal to modify the City's health plan must acknowledge and take into account the legal protections afforded to current beneficiaries.

Active Employees: With the passage of New York State's Public Employees Fair Employment Act (the "Taylor Law") in 1967, the City's health benefits package, as a term and condition of employment, became a mandatory subject of negotiations between the City and its employee labor unions.

The current salary and benefit package to City employees is thus the cumulative product of the give-and-take of the negotiations process, where trade-offs between fringe benefits, raises, work schedules, and other contractual items are routinely made by both parties.

City employees who are represented by municipal unions have their health benefits incorporated into the contractual language of their labor agreements. These agreements also contain language that generally requires the City to demonstrate that any change it may propose to its medical plan provide benefits that on an overall basis are equal or superior to those in the existing plan.

Modifications of the benefit programs changes can only be made within the framework that the Taylor Law imposes on all parties in the negotiations process. Final approval on such proposed changes can only be made by a ratification vote of the union membership and by passage of a City ordinance approved by both the Common Council and the Mayor.

Benefit packages negotiated by Public Safety unions have the added protection of access to third-party binding arbitration. Through this process, unresolved contract issues can be submitted to an independent arbitrator appointed by the New York State Public Employee Relations Board. The decisions of the arbitration panel are binding and can be imposed on both the City and the union.

Two specific provisions of the Taylor Law make it difficult to negotiate changes in City labor contracts, including modifications to employee health plans. First, the 1982 Triborough Amendment prohibits a public employer from altering any provision of an expired labor contract until a new agreement is reached. A recent New York State Conference of Mayors' review notes that this provision "discourages unions from offering concessions or givebacks since, as long as no agreement is reached, the terms of the current contract remain in effect."

Secondly, for non-public safety employees, the Taylor Law dictates the course of action if negotiations reach an impasse. In that event, the legislative body of the municipality is authorized to impose a one-year agreement. However, only salaries and wages can be adjusted. Fringe benefit items are extended "as is" for the contract extension period.

Retirees: The health plans of most City retirees are also protected from unilateral modifications. While a City retiree is ineligible to belong to a labor union, the long contentious issue of changes in health benefits for most retired employees has been resolved through recent union agreements. These agreements' key provisions include:

- retiree health plans will continue to be offered
- retiree contributions will be equal to the contributions of active employees
- any plan design changes for retirees will mirror plan design changes for active employees
- eligible retirees must enroll in the Medicare program
- upon enrolling in the Medicare program, monthly contributions to the City will cease

A copy of the pertinent provisions of the recently approved labor agreement with City's Middle Managers Unit (Appendix 10) provides an example contractual language relative to this issue.

Non-Represented Employees: The protections to existing benefit plans that are available to represented employees are generally not available to the City's non-represented employees. The City Charter authorizes the Mayor to set salary and benefit levels for this group of City workers. Most recently as noted above, this authority has been used to increase the level of employee cost sharing for approximately 165 non-represented employees, effective July 1, 2012.

### **Conclusion and Recommendations:**

The overall conclusion of the City Auditor's Office is that the City's employee/ retiree health benefits program in its current form is unsustainable. The primary factors that support this conclusion include:

- the high absolute cost of the program
- the severe weakness of the City's revenue base resulting in a series of operating deficits
- the reliance on the City's reserve accounts to fund current benefits, a practice that cannot continue indefinitely
- the industry -wide annual escalation of health costs well in excess of the inflation rate

To address this challenge, the City must continue to seek new sources of growth revenue and to cut unnecessary costs to bring the City's operating budget into long-term balance.

More specifically, this Office recommends that the City Administration and the Common Council:

General Recommendations:

1. Constantly review all factors contributing to the escalation of costs of the City's health benefit program. Changes in plan design, benefit levels, and funding mechanisms must be considered to bring program costs in line with available resources.
2. Consistent with both the legal requirements and the spirit of the Taylor Law, continue negotiations with each of the City's labor unions to find mutually acceptable solutions to the pending funding crisis of the benefits program.
3. Establish a goal of bringing the level of taxpayer support of the City benefits plan in line with such costs in comparable New York State jurisdictions.

Specific Recommendations:

4. Formally evaluate alternative mechanisms for providing prescription coverage for Medicare eligible retirees, including implementing a Medicare Part D Employer Waiver Plan ("EGWP/wrap"), which became available in 2011.

The cost of prescription benefits for retirees age 65 and over is approximately \$5.1 million per year. Applying the current \$ 1.0 million partial reimbursement of these costs under the Medicare Retiree Drug Subsidy ("RDS") leaves the City with a net cost of approximately \$ 4.1 million to provide this benefit.

Estimates have been provided to this office that an EGWP/wrap plan would produce additional Federal subsidies of approximately \$1.0 million.

Issuing an RFP to solicit proposals from prospective EGWP providers would be the next step in confirming the possibility of achieving such savings.

5. Expand of the cost-sharing model recently implemented for non-represented personnel, including the forward looking features of:
  - employee contributions based on a percentage of costs (10%-25%)
  - employee contributions assessed on a sliding scale based on City salary

Potential taxpayer savings under this approach are significant. Even at a 10% across-the-board contribution rate, taxpayer savings in excess of \$4.8 million/yr., could be realized.

In addition, standardization of contribution rates would more fairly spread the cost sharing burden among all beneficiaries of the benefits plan.

6. Explore the feasibility of a buy-out program under which employees or their dependents would be provided a one-time financial incentive to relinquish rights to City health benefits.
7. Consider allocating the costs of retiree health benefits to the City's special funds and to outside funding sources where appropriate. (Currently, the City general fund is charged with the entire cost of retiree medical and prescription benefits.) Such a re-allocation will not reduce overall costs, but will minimize the property tax impact of the fringe benefit costs.

# Health Benefit Report: Appendices

1. Summary of Plan Benefits
2. Enrollee Breakdown by Bargaining Unit and Employment Status
3. Ten Year Cost History
4. Premium Equivalent Rates
5. Post-Retirement Health Cost liability
6. Employee Cost Sharing By Bargaining Unit
7. Represented Employees: Cost Sharing Ranges
8. Employee Cost Sharing: Schedule for Non-Represented Employees
9. Ordinance 1-2007 (Retiree Coverage)
10. Middle Managers Contract:
  - Section 16.3: "Change in Hospitalization, Medical and Dental Plan"
  - Section 16.4: "Retiree Health Insurance"



**This is only a summary.** If you want more detail about your coverage and costs, you can get the complete terms in the policy or plan document at [www.MyPOMCO.com](http://www.MyPOMCO.com) or by calling 1-800-632-9306. Contains amendments 2011-001 through -006.

Important Questions	Answers	Why this Matters:
What is the overall <b>deductible</b> ?	Out-of-network: <b>\$125</b> Individual/ <b>\$375</b> Family. Does not apply to services covered at 100% and prescription drugs paid through Express Scripts.	You must pay all the costs up to the <b>deductible</b> amount before this plan begins to pay for covered services you use. Check your plan document to see when the <b>deductible</b> starts over (usually, but not always, January 1 <sup>st</sup> ). See the chart starting on page 2 for how much you pay for covered services after you meet the <b>deductible</b> .
Are there other <b>deductibles</b> for specific services?	Yes. Out-of-network home health care deductible: <b>\$50</b> . There are no other specific deductibles.	You must pay all of the costs for these services up to the specific <b>deductible</b> amount before this plan begins to pay for these services.
Is there an <b>out-of-pocket limit</b> on my expenses?	Yes. Out-of-network: <b>\$400</b> /Individual, <b>\$1,000</b> /Family.	The out-of-pocket limit is the most you could pay during a coverage period (usually one year) for your share of the cost of covered services. This limit helps you plan for health care expenses.
What is not included in the <b>out-of-pocket limit</b> ?	Deductibles, copayments, penalties for failure to follow pre-authorization, premiums, balance-billed charges, and health care this plan does not cover.	Even though you pay these expenses, they do not count toward the <b>out-of-pocket limit</b> .
Is there an overall annual limit on what the plan pays?	No.	The chart starting on page 2 describes any limits on what the plan will pay for <i>specific</i> covered services, such as office visits.
Does this plan use a <b>network of providers</b> ?	Yes. For a list of in-network <b>providers</b> , see <a href="http://www.MyPOMCO.com">www.MyPOMCO.com</a> or call 1-800-632-9306.	If you use an in-network doctor or other health care <b>provider</b> , this plan will pay some or all of the costs of covered services. Be aware, your in-network doctor or hospital may use an out-of-network <b>provider</b> for some services. Plans use the term in-network, <b>preferred</b> , or participating for <b>providers</b> in their <b>network</b> . See the chart starting on page 2 for how this plan pays different kinds of <b>providers</b> .

**Questions:** Call 1-800-632-9306 or visit us at [www.MyPOMCO.com](http://www.MyPOMCO.com).

If you aren't clear about any of the bolded terms used in this form, see the Glossary. You can view the Glossary at [www.cciio.cms.gov](http://www.cciio.cms.gov) or call 1-800-632-9306 to request a copy.

Do I need a referral to see a <b>specialist</b> ?	No.	You can see the <b>specialist</b> you choose without permission from this plan.
Are there services this plan doesn't cover?	Yes.	Some of the services this plan does not cover are listed on page 5. See your plan document for additional information about <b>excluded services</b> .



- **Co-payments** are fixed dollar amounts (for example, \$15) you pay for covered health care, usually when you receive the service.
- **Co-insurance** is *your* share of the costs of a covered service, calculated as a percent of the **allowed amount** for the service. For example, if the plan's **allowed amount** for an overnight hospital stay is \$1,000, your **co-insurance** payment of 20% would be \$200. This may change if you haven't met your **deductible**.
- The amount the plan pays for covered services is based on the **allowed amount**. If an out-of-network **provider** charges more than the **allowed amount**, you may have to pay the difference. For example, if an out-of-network hospital charges \$1,500 for an overnight stay and the **allowed amount** is \$1,000, you may have to pay the \$500 difference. (This is called **balance billing**.)
- This plan may encourage you to use in-network **providers** by charging you lower **deductibles**, **co-payments** and **co-insurance** amounts.

Common Medical Event	Services You May Need	Your cost if you use an		Limitations & Exceptions
		In-network Provider	Out-of-network Provider	
If you visit a health care <b>provider's office or clinic</b>	Primary care visit to treat an injury or illness	\$25 copay/visit	20% coinsurance	-----none-----
	Specialist visit	\$25 copay/visit	20% coinsurance	-----none-----
	Other practitioner office visit	\$25 copay/visit	20% coinsurance	Acupuncture not covered.
	Preventive care/screening/immunization	No charge		Limitations & exceptions vary depending on type of service.
If you have a test	Diagnostic test (x-ray, blood work)	No charge		-----none-----
	Imaging (CT/PET scans, MRIs)	No charge		-----none-----

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Common Medical Event	Services You May Need	Your cost if you use an		Limitations & Exceptions
		In-network Provider	Out-of-network Provider	
<p><b>If you need drugs to treat your illness or condition</b></p> <p>More information about <b>prescription drug coverage</b> is available at <a href="http://www.Express-Scripts.com">www.Express-Scripts.com</a>.</p>	Generic drugs	Firefighters, Middle Managers, Deputy Fire Chiefs, Local 1773, Local 400, Top Executives, CSEA, Managerial/Confidential, and Bargaining Unit 10: <b>no charge</b> . School Crossing Guards: <b>\$5 copay/prescription</b> . Police Union 14 and all others: <b>\$10 copay/prescription</b> .	Not covered	Retail prescriptions limited to a 30 day supply. Mail order prescriptions limited to a 90 day supply.
	Preferred brand drugs	Firefighters, Middle Managers, Deputy Fire Chiefs, Local 1773, Local 400, Top Executives, CSEA, Managerial/Confidential, and Bargaining Unit 10: <b>\$25 copay/prescription</b> . School Crossing Guards, Police union 14, and all others: <b>\$20 copay/prescription</b> .	Not covered	
	Non-preferred brand drugs	See above copay limits		
	Specialty drugs	See above copay limits		
<b>If you have outpatient surgery</b>	Facility fee (e.g., ambulatory surgery center)	No charge		-----none-----
	Physician/surgeon fees	No charge		-----none-----
<b>If you need</b>	Emergency room services	\$35 copayment/visit		-----none-----

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Common Medical Event	Services You May Need	Your cost if you use an		Limitations & Exceptions
		In-network Provider	Out-of-network Provider	
<b>immediate medical attention</b>	Emergency medical transportation	No charge		-----none-----
	Urgent care	No charge	20% coinsurance	-----none-----
<b>If you have a hospital stay</b>	Facility fee (e.g., hospital room)	No charge		-----none-----
	Physician/surgeon fee	No charge		-----none-----
<b>If you have mental health, behavioral health, or substance abuse needs</b>	Mental/Behavioral health outpatient services	\$25 copay/visit	20% coinsurance	-----none-----
	Mental/Behavioral health inpatient services	No charge		-----none-----
	Substance use disorder outpatient services	\$25 copay/visit	20% coinsurance	-----none-----
	Substance use disorder inpatient services	No charge		-----none-----
<b>If you are pregnant</b>	Prenatal and postnatal care	No charge	20% coinsurance	-----none-----
	Delivery and all inpatient services	No charge		-----none-----
<b>If you need help recovering or have other special health needs</b>	Home health care	No charge	20% coinsurance	-----none-----
	Rehabilitation services	\$25 copay/visit	20% coinsurance	Inpatient physical therapy limited to 60 days/calendar year.
	Habilitation services			
	Skilled nursing care	No charge		Limited to 120 days/calendar year.
	Durable medical equipment	20% coinsurance		Limited to \$15,000/calendar year.
	Hospice service	No charge		Limited to 210 days.
<b>If your child needs dental or eye care</b>	Eye exam	Not covered		-----none-----
	Glasses	Not covered		-----none-----
	Dental check-up	Not covered		-----none-----

**Questions:** Call 1-800-632-9306 or visit us at [www.MyPOMCO.com](http://www.MyPOMCO.com).

If you aren't clear about any of the bolded terms used in this form, see the Glossary. You can view the Glossary at [www.cciio.cms.gov](http://www.cciio.cms.gov) or call 1-800-632-9306 to request a copy.

### Excluded Services & Other Covered Services:

#### Services Your Plan Does NOT Cover (This isn't a complete list. Check your policy or plan document for other **excluded services**.)

- Acupuncture (except in lieu of anesthesia)
- Hearing aids
- Routine foot care
- Cosmetic surgery
- Long-term care
- Routine eye care (adult & child)
- Dental care (adult & child)
- Private-duty nursing

#### Other Covered Services (This isn't a complete list. Check your policy or plan document for other covered services and your costs for these services.)

- Chiropractic care
- Infertility treatment
- Weight loss programs (morbid obesity only)
- Bariatric surgery (morbid obesity only)
- Non-emergency care when traveling outside the U.S. unless travel is for the sole purpose of obtaining medical services

### Your Rights to Continue Coverage:

If you lose coverage under the plan, then, depending upon the circumstances, Federal and State laws may provide protections that allow you to keep health coverage. Any such rights may be limited in duration and will require you to pay a **premium**, which may be significantly higher than the premium you pay while covered under the plan. Other limitations on your rights to continue coverage may also apply. For more information on your rights to continue coverage, contact the plan at 1-800-632-9306. You may also contact your state insurance department, the U.S. Department of Labor, Employee Benefits Security Administration at 1-866-444-3272 or [www.dol.gov/ebsa](http://www.dol.gov/ebsa), or the U.S. Department of Health and Human Services at 1-877-267-2323 x61565 or [www.cciio.cms.gov](http://www.cciio.cms.gov).

### Your Grievance and Appeals Rights:

If you have a complaint or are dissatisfied with a denial of coverage for claims under your plan, you may be able to **appeal** or file a **grievance**. For questions about your rights, this notice, or assistance, you can contact: POMCO, 2425 James St. Syracuse, NY 13206, Tel. 1-800-632-9306. You may also contact the Department of Labor's Employee Benefits Security Administration at 1-866-444-EBSA (3272) or [www.dol.gov/ebsa/healthreform](http://www.dol.gov/ebsa/healthreform).

—————*To see examples of how this plan might cover costs for a sample medical situation, see the next page.*—————

**Questions:** Call 1-800-632-9306 or visit us at [www.MyPOMCO.com](http://www.MyPOMCO.com).

If you aren't clear about any of the bolded terms used in this form, see the Glossary. You can view the Glossary at [www.cciio.cms.gov](http://www.cciio.cms.gov) or call 1-800-632-9306 to request a copy.

## About these Coverage Examples:

These examples show how this plan might cover medical care in given situations. Use these examples to see, in general, how much financial protection a sample patient might get if they are covered under different plans.



**This is not a cost estimator.**

Don't use these examples to estimate your actual costs under this plan. The actual care you receive will be different from these examples, and the cost of that care will also be different.

See the next page for important information about these examples.

### Having a baby (normal delivery)

- **Amount owed to providers: \$7,540**
- **Plan pays \$7,390 / \$7,380 / \$7,370**
- **Patient pays \$150 / \$160 / \$170**

#### Sample care costs:

Hospital charges (mother)	\$2,700
Routine obstetric care	\$2,100
Hospital charges (baby)	\$900
Anesthesia	\$900
Laboratory tests	\$500
Prescriptions	\$200
Radiology	\$200
Vaccines, other preventive	\$40
<b>Total</b>	<b>\$7,540</b>

#### Patient pays: Generic drug copay level

	<b>\$0</b>	<b>\$5</b>	<b>\$10</b>
Deductibles	\$0	\$0	\$0
Co-pays	\$0	\$10	\$20
Co-insurance	\$0	\$0	\$0
Limits or exclusions	\$150	\$150	\$150
<b>Total</b>	<b>\$150</b>	<b>\$160</b>	<b>\$170</b>

### Managing type 2 diabetes (routine maintenance of a well-controlled condition)

- **Amount owed to providers: \$5,400**
- **Plan pays \$4,820 / \$4,620 / \$4,420**
- **Patient pays \$580 / \$780 / \$980**

#### Sample care costs:

Prescriptions	\$2,900
Medical Equipment and Supplies	\$1,300
Office Visits and Procedures	\$700
Education	\$300
Laboratory tests	\$100
Vaccines, other preventive	\$100
<b>Total</b>	<b>\$5,400</b>

#### Patient pays: Generic drug copay level

	<b>\$0</b>	<b>\$5</b>	<b>\$10</b>
Deductibles	\$0	\$0	\$0
Co-pays	\$250	\$450	\$650
Co-insurance	\$250	\$250	\$250
Limits or exclusions	\$80	\$80	\$80
<b>Total</b>	<b>\$580</b>	<b>\$780</b>	<b>\$980</b>

**Questions:** Call 1-800-632-9306 or visit us at [www.MyPOMCO.com](http://www.MyPOMCO.com).

If you aren't clear about any of the bolded terms used in this form, see the Glossary. You can view the Glossary at [www.cciio.cms.gov](http://www.cciio.cms.gov) or call 1-800-632-9306 to request a copy.

## Questions and answers about the Coverage Examples:

### What are some of the assumptions behind the Coverage Examples?

- Costs don't include **premiums**.
- Sample care costs are based on national averages supplied by the U.S. Department of Health and Human Services, and aren't specific to a particular geographic area or health plan.
- The patient's condition was not an excluded or preexisting condition.
- All services and treatments started and ended in the same coverage period.
- There are no other medical expenses for any member covered under this plan.
- Out-of-pocket expenses are based only on treating the condition in the example.
- The patient received all care from in-network **providers**. If the patient had received care from out-of-network **providers**, costs would have been higher.

### What does a Coverage Example show?

For each treatment situation, the Coverage Example helps you see how **deductibles**, **co-payments**, and **co-insurance** can add up. It also helps you see what expenses might be left up to you to pay because the service or treatment isn't covered or payment is limited.

### Does the Coverage Example predict my own care needs?

✗ **No.** Treatments shown are just examples. The care you would receive for this condition could be different based on your doctor's advice, your age, how serious your condition is, and many other factors.

### Does the Coverage Example predict my future expenses?

✗ **No.** Coverage Examples are **not** cost estimators. You can't use the examples to estimate costs for an actual condition. They are for comparative purposes only. Your own costs will be different depending on the care you receive, the prices your **providers** charge, and the reimbursement your health plan allows.

### Can I use Coverage Examples to compare plans?

✓ **Yes.** When you look at the Summary of Benefits and Coverage for other plans, you'll find the same Coverage Examples. When you compare plans, check the "Patient Pays" box in each example. The smaller that number, the more coverage the plan provides.

### Are there other costs I should consider when comparing plans?

✓ **Yes.** An important cost is the **premium** you pay. Generally, the lower your **premium**, the more you'll pay in out-of-pocket costs, such as **co-payments**, **deductibles**, and **co-insurance**. You should also consider contributions to accounts such as health savings accounts (HSAs), flexible spending arrangements (FSAs) or health reimbursement accounts (HRAs) that help you pay out-of-pocket expenses.

**Questions:** Call 1-800-632-9306 or visit us at [www.MyPOMCO.com](http://www.MyPOMCO.com).

If you aren't clear about any of the bolded terms used in this form, see the Glossary. You can view the Glossary at [www.cciio.cms.gov](http://www.cciio.cms.gov) or call 1-800-632-9306 to request a copy.

Appendix 2:

**Breakdown of Enrollees by Active vs. Retiree Status  
Within Bargaining Units**

	<u>ACTIVE FAMILY</u>	<u>ACTIVE SINGLE</u>	<u>RETIRED FAMILY</u>	<u>RETIRED SINGLE</u>	<u>SURVIVORS</u>	<u>COBRA</u>	
EXECUTIVE	46	43	41	21	4		
CSEA	130	103	52	79	15		
LOCAL 400							
POMCO	193	78	146	71	46		
BC/BS	88	54					
CREWLEADERS	42	10	40	16	14		
POLICE	357	100	351	95	63	1	
FIRE	268	73	371	91	99	2	
MANAGEMENT CONFIDENTIAL	28	32	15	24	1		
SKILLED TRADES	31	11	14	6	5		
ELECTED OFFICIALS	5	7	2	3	0		
DEPUTY FIRE CHIEFS	2	1	4	1	0		
MIDDLE MANAGEMENT	30	9	17	7	2		
PUBLIC SAFETY OFFICIALS	7		17	7	0		
CROSSING GUARDS	3	1	4	11	1		
PART TIME/TEMPORARY			10	10	4		
NO UNION			4	8	3		
	<b>1230</b>	<b>522</b>	<b>1088</b>	<b>450</b>	<b>257</b>	<b>3</b>	<b><u>3550</u></b>

Appendix 3:

**Ten Year Cost History of City Health Care Expenditures: FY 2001-2011**

<b>City FY Ending 6/30</b>	<b>Health Care Expenditures*</b>	<b>Growth (\$)</b>	<b>Growth (%)</b>
2001	\$16,416,990	—	—
2002	\$17,883,194	\$1,466,204	8.9%
2003	\$20,692,510	\$2,809,316	15.7%
2004	\$23,839,856	\$3,147,346	15.2%
2005	\$25,850,249	\$2,010,393	8.4%
2006	\$30,075,752	\$4,225,503	16.3%
2007	\$29,574,900	-\$500,852	-1.7%
2008	\$32,072,904	\$2,498,004	8.4%
2009	\$35,770,855	\$3,697,951	11.5%
2010	\$39,224,285	\$3,453,430	9.7%
2011	\$40,423,854	\$1,199,569	3.1%
<b>Increase 2011 vs 2001</b>		<b>\$24,006,864</b>	<b>146.2%</b>

\* All "special objects" items, including health, pharmacy, dental and vision benefits, administrative costs, etc.

Appendix 4:

**2013 Premium Equivalents**

	<u>Monthly</u>	<u>Annual</u>
<u>Active</u>		
Single	\$ 487	\$ 5,844
Family	\$1,317	\$15,804
<u>Retired</u>		
Single	\$ 576	\$ 6,912
Family	\$1,557	\$18,684
<u>Blended</u>		
Single	\$ 534	\$ 6,408
Family	\$1,437	\$17,244

Source: POMCO

## DRAFT

November 9, 2011

Mr. Robert Sprague  
Director of Management and Budget  
Division of Purchase  
Room 221 City Hall  
Syracuse, New York 13202

**Re: July 1, 2010 GASB 45 Valuation and Fiscal Year Ending June 30, 2011 Annual OPEB Cost**

Dear Mr. Sprague:

This letter presents Aon's July 1, 2010 GASB 45 valuation results for the postretirement health benefits provided by the city of Syracuse, New York ("the City"). The valuation is rolled forward on an actuarial basis from the July 1, 2009 valuation using census data as of July, 2009.

The Annual Required Contribution for the fiscal year ending June 30, 2011 is \$67,129,900. The Annual OPEB Cost for the same period is \$67,161,400.

The Net OPEB Obligation as on June 30, 2010 was provided by the City. The Net OPEB Obligation as of June 30, 2011 reflects expected benefit payments, participant contributions and Medicare Part D subsidy receipts based on actuarial assumptions. No advance funding is assumed and the amortization of the unfunded actuarial liability is based on a level percentage of payroll on an open basis (i.e. based on a 30-year amortization of the unfunded actuarial liability as an increasing 3.00% annual amortization).

Detailed results of the valuation are presented in the attached tables as follows:

Table 1: Principal Valuation Results as of July 1, 2010

Table 2: Annual Required Contribution (ARC) for FYE June 30, 2011

Table 3: Annual OPEB Cost (AOC) for FYE June 30, 2011  
Table 4: Net OPEB Obligation (NOO) for FYE June 30, 2011  
Table 5: Schedule of Funding Progress  
Table 6: 10-Year Payout Projection  
Table 7: Headcount Allocation of Results by Union  
Table 8: Headcount Allocation of Results by Fund

All actuarial and economic assumptions used for the roll-forward valuation are the same as disclosed in the July 1, 2009 GASB 45 report, including the discount rate of 4.00% that was selected by the City. The Actuarial Cost Method used in the July 1, 2009 valuation is the Projected Unit Credit Cost Method.

Plan provisions are the same as disclosed in the July 1, 2009 report.

Please call me at (732) 302.2637 if you have any questions.

Sincerely,

Paul L. Koch, FSA, MAAA, EA  
Vice President

cc: D. DeVecchio  
M. Morfe

**City of Syracuse**

**TABLE 1**

**Principal Valuation Results as of July 1, 2010**

	<b>July 1, 2010 (\$ thousands)</b>
<b>Present Value of Projected Benefits</b>	
Active	\$ 786,020.4
Retirees	\$ 452,226.0
----- Total	----- \$1,238,246.4
<b>Actuarial Accrued Liability</b>	
Active	\$ 458,561.3
Retirees	\$ 452,226.0
----- Total	----- \$ 910,787.3
<b>Assets</b>	\$ 0.0
<b>Unfunded Actuarial Accrued Liability</b>	\$ 910,787.3
<b>Normal Cost at valuation date</b>	\$ 29,744.6

**City of Syracuse**

**TABLE 2**

**Annual Required Contribution (ARC) for FYE June 30, 2011**

<b>Fiscal Year Ending June 30, 2011</b>	<b>Results (\$ thousands)</b>
Normal Cost (EOY)	\$30,934.4
Unfunded Actuarial Accrued Liability Amortization	\$36,195.5
Annual Required Contribution (ARC)	\$67,129.9

**City of Syracuse****TABLE 3****Annual OPEB Cost (AOC) for FYE June 30, 2011**

<b>Fiscal Year Ending June 30, 2011</b>	<b>(\$ thousands)</b>
Annual Required Contribution (ARC)	\$67,129.9
<i>PLUS:</i> Interest on NOO (BOY)	\$ 4,865.0
<i>LESS:</i> Amortization of NOO (BOY)	\$ 4,833.5
Total Annual OPEB Cost (AOC)	\$67,161.4

**City of Syracuse**

**TABLE 4**

**Net OPEB Obligation (NOO) for FYE June 30, 2011**

	Total (\$ thousands)
July 1, 2010 Net OPEB Obligation (NOO)*	\$121,624.9
<i>Plus:</i> Annual OPEB Cost (AOC)	\$ 67,161.4
<i>Less:</i> Schedule of contributions from the employer and other contributing entities	\$ 25,224.2
Equals: Expected June 30, 2011 Net OPEB Obligation (NOO)**	\$163,562.1
<p>* Beginning of year NOO as reported by the City</p> <p>** Based on expected benefit payments less participant contributions plus expected Retiree Drug Subsidy received for the fiscal year ending June 30, 2011.</p>	

Fiscal Year Ending	Annual OPEB Cost (\$ thousands)	Percentage of Annual OPEB Cost Contributed*	Net OPEB Obligation (\$ thousands)
6/30/2009*	\$62,570.1	36.1%	\$ 80,018.6
6/30/2010*	\$63,988.8	35.0%	\$121,624.9
6/30/2011**	\$67,161.4	37.6%	\$163,562.1
<p>* Based on amounts as provided by the City.</p> <p>** Based on expected benefit payments less participant contributions plus Retiree Drug Subsidy for the applicable fiscal year.</p>			

City of Syracuse

TABLE 5

Schedule of Funding Progress

Valuation Date	Actuarial Value of Assets (\$ thousands) (a)	Actuarial Accrued Liability – Projected Unit Credit (\$ thousands) (b)	Unfunded Actuarial Accrued Liability (\$ thousands) (b) – (a)	Funded Ratio (a) / (b)	Covered Payroll* (\$ thousands) (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll* (b) – (a) / (c)
7/1/2007	\$0	\$812,620.8	\$812,620.8	0%	\$ 91,000.0	893%
7/1/2008	\$0	\$853,765.8	\$853,765.8	0%	\$ 91,000.0	938%
7/1/2009	\$0	\$868,292.9	\$868,292.9	0%	\$101,000.0	860%
7/1/2010	\$0	\$910,787.3	\$910,787.3	0%	N/A	N/A

\*Covered payroll was not provided for 7/1/2010.

**City of Syracuse**

**TABLE 6**

**10 Year Payout Projection**

**Medical Claims and Expenses less  
 Retiree Contributions**

<b>Year Ending</b>	<b>Total (\$ thousands)</b>
6/30/2011	\$ 24,008.7
6/30/2012	\$ 26,687.8
6/30/2013	\$ 29,342.1
6/30/2014	\$ 31,844.3
6/30/2015	\$ 34,597.3
6/30/2016	\$ 36,815.2
6/30/2017	\$ 39,407.7
6/30/2018	\$ 42,400.1
6/30/2019	\$ 44,715.9
6/30/2020	\$ 47,270.2

**Medicare Part D Retiree  
 Drug Subsidy**

<b>Year Ending</b>	<b>Total (\$ thousands)</b>
6/30/2011	\$ 1,215.5
6/30/2012	\$ 1,349.0
6/30/2013	\$ 1,508.3
6/30/2014	\$ 1,687.6
6/30/2015	\$ 1,879.1
6/30/2016	\$ 2,117.7
6/30/2017	\$ 2,352.3
6/30/2018	\$ 2,570.4
6/30/2019	\$ 2,831.4
6/30/2020	\$ 3,073.8

City of Syracuse

TABLE 7

Headcount Allocation of Results by Union

Union	Headcounts		Fiscal Year Ending June 30, 2011 (\$ thousands)		Net OPEB Obligation (NOO) (\$ thousands)			
	Actives	Retirees	Annual Required Contribution (ARC)	Annual OPEB Cost (AOC)	7/1/2010 NOO	AOC	Contribution (Estimated)	6/30/2011 NOO
00 EXECUTIVE	86	36	\$ 2,270	\$ 2,271	\$ 5,752	\$ 2,271	\$ 599	\$ 7,424
01 C S E A	273	56	\$ 6,586	\$ 6,590	\$ 15,995	\$ 6,590	\$ 1,107	\$ 21,478
02 LOCAL 400	493	132	\$ 12,225	\$ 12,232	\$ 26,777	\$ 12,232	\$ 2,420	\$ 36,589
03 FOREMAN'S LOCAL 1773	38	34	\$ 1,197	\$ 1,198	\$ 3,024	\$ 1,198	\$ 512	\$ 3,710
04 POLICE	486	217	\$ 17,222	\$ 17,230	\$ 37,810	\$ 17,230	\$ 3,493	\$ 51,547
06 WHITE COLLAR	64	14	\$ 1,553	\$ 1,554	\$ 4,127	\$ 1,554	\$ 271	\$ 5,410
07 FIREFIGHTERS	362	287	\$ 14,167	\$ 14,174	\$ 27,190	\$ 14,174	\$ 4,313	\$ 37,051
08 CRAFTS	39	16	\$ 1,027	\$ 1,028	\$ 2,239	\$ 1,028	\$ 267	\$ 3,000
09 UNREPRESENTED	13	25	\$ 552	\$ 553	\$ 540	\$ 553	\$ 358	\$ 735
10 UNREPRESENTED	27	2	\$ 613	\$ 613	\$ 1,177	\$ 613	\$ 61	\$ 1,729
11 DEPUTY FIRE CHIEFS	1	2	\$ 52	\$ 52	\$ 307	\$ 52	\$ 28	\$ 331
12 MIDDLE MANAGEMENT	21	10	\$ 568	\$ 569	\$ 1,813	\$ 569	\$ 163	\$ 2,219
13 SCH. CROSSING GUARDS	0	0	\$ 0	\$ 0	\$ (29)	\$ 0	\$ 0	\$ (29)
14 PUBLIC SAFETY EXEC.	0	0	\$ 0	\$ 0	\$ 340	\$ 0	\$ 0	\$ 340
15 PT PAID PURSUANT BU 0 OR 1	0	0	\$ 0	\$ 0	\$ 149	\$ 0	\$ 0	\$ 149
No Union ID	0	852	\$ 9,098	\$ 9,097	\$ (5,586)	\$ 9,097	\$ 11,632	\$ (8,121)
<b>Total</b>	<b>1,903</b>	<b>1,683</b>	<b>\$ 67,130</b>	<b>\$ 67,161</b>	<b>\$ 121,625</b>	<b>\$ 67,161</b>	<b>\$ 25,224</b>	<b>\$ 163,562</b>

Notes:

1. Headcounts based on July 2009 census data.
2. Results are allocated separately for actives in PFRS and ERS since plan design is different. PFRS/ERS split of retiree data is not available.
3. 852 records without union identifier are shown separately.
4. Contributions shown are estimated benefit payments net of retiree contributions, plus estimated retiree drug subsidy for 7/1/10 through 6/30/11. Estimates based on valuation assumptions.

City of Syracuse

TABLE 8

Headcount Allocation of Results by Fund

Fund	Headcounts		Fiscal Year Ending June 30, 2011 (\$ thousands)		Net OPEB Obligation (NOO) (\$ thousands)			
	Actives	Retirees	Annual Required Contribution (ARC)	Annual OPEB Cost (AOC)	7/1/2010 NOO	AOC	Contribution (Estimated)	6/30/2011 NOO
A, C, O General	1,410	759	\$ 45,833	\$ 45,861	\$105,954	\$ 45,861	\$ 12,001	\$139,815
No Fund ID	175	790	\$ 12,860	\$ 12,858	(\$ 4,669)	\$ 12,858	\$ 10,994	(\$ 2,805)
General Fund Subtotal	1,585	1,549	\$ 58,693	\$ 58,719	\$101,285	\$ 58,719	\$ 22,995	\$137,010
E Aviation	89	27	\$ 2,241	\$ 2,242	\$ 5,261	\$ 2,242	\$ 480	\$ 7,023
F Water	94	65	\$ 2,756	\$ 2,757	\$ 5,859	\$ 2,757	\$ 1,005	\$ 7,611
G Sewer	43	11	\$ 1,060	\$ 1,061	\$ 2,671	\$ 1,061	\$ 204	\$ 3,528
U SURA	92	31	\$ 2,380	\$ 2,382	\$ 6,548	\$ 2,382	\$ 540	\$ 8,390
<b>Total</b>	<b>1,903</b>	<b>1,683</b>	<b>\$ 67,130</b>	<b>\$ 67,161</b>	<b>\$121,625</b>	<b>\$ 67,161</b>	<b>\$ 25,224</b>	<b>\$163,562</b>

Notes:

1. Headcounts based on July 2009 census data.
2. General fund includes 782 PFRS and 628 ERS actives. Results are allocated separately for these groups since plan design is different. PFRS/ERS split of retiree data is not available.
3. 965 records without a fund identifier are included in the General Fund.
4. Contributions shown are estimated benefit payments net of retiree contributions, plus estimated retiree drug subsidy for 7/1/10 through 6/30/11. Estimates based on valuation assumptions.

Appendix 6:

### Health Insurance Contributions By Bargaining Unit

Unit	Bargaining Unit	SYRACUSE	SYRACUSE	YONKERS	ROCHESTER**	NYS***
		Waiting Period for Health Insurance	Employee Contribution Self-Insured Plan	State Empire Plan – Insured Plan	MVP Insured Plan	Employees Empire Plan
Premium or Premium Equivalent			Single \$6,310 Family \$16,675	Single \$8,553 Family \$18,754	Single \$6,956 Family \$18,935	Single \$7,260 Family \$12,664
Executive	0	None (1 <sup>st</sup> of mo. following DOH)	Based on sliding scale	Single \$1,710 Family \$1,875	Single \$695 Family \$1,894	
CSEA	1	90 Days (1 <sup>st</sup> of mo. following 90 days of employment)	Single \$180 Family \$360	Single \$1,710 Family \$1,875	Single \$515 Family \$1,403	Single \$856 Family \$3,444
Local 400 (Blue Collar Workers)	2	90 Days (see Exec)	Single \$180 Family \$360	Single \$1,710 Family \$1,875	Single \$515 Family \$1,403	
Local 1773 (Crew Leaders)	3	90 Days (see CSEA)	Single \$180 Family \$360	Single \$1,710 Family \$1,875	Single \$515 Family \$1,403	
Police	4	None (see Exec)	Single \$360 Family \$720	Single \$2,995 Family \$4,688	Single \$515 Family \$1,403	NYS Troopers Single \$726 Family \$3,166
(Managerial/ Confidential)	6	None (see Exec)	Based on sliding scale	Single \$1,710 Family \$1,875	Single \$695 Family \$1,894	Single \$856 Family \$3,444
Fire	7	None (see Exec)	Single \$540 Family \$900	Single \$2,995 Family \$4,688	Single \$515 Family \$1,403	
Building Trades	8	90 Days (see CSEA)	Single \$180 Family \$360	Single \$1,710 Family \$1,875	Single \$515 Family \$1,403	
Unrepresented (P.T. and Temp)	9	N/A	N/A	Single \$4,275 Family \$9,376	Single \$3,826 Family \$10,414	
Bargaining Unit 10	10	90 Days (see CSEA)	Based on sliding scale	Single \$1,710 Family \$1,875	Single \$695 Family \$1,894	
Local 280 (Deputy Fire Chiefs)	11	None (see Exec)	Single \$540 Family \$900	Single \$2,995 Family \$4,688	Single \$515 Family \$1,403	
Local 3952 (Middle Managers)	12	90 Days (see CSEA)	Single \$180 Family \$360	Single \$1,710 Family \$1,875	Single \$695 Family \$1,894	
School Crossing Guards	13	90 Days (see CSEA)	Single \$336 Family \$1,200	N/A	N/A	
Public Safety Executives Police	14	None (see Exec)	Single \$360 Family \$720	Single \$2,995 Family \$4,688	Single \$515 Family \$1,403	
Public Safety Executives Fire	15	None (see Exec)	Single \$540 Family \$900	Single \$2,995 Family \$4,688	Single \$515 Family \$1,403	

\*\*Employees now share 50/50 in all premium increases.

\*\*\*NYS – 10% Single Policy, 25% Family: contributions vary by unit.

Source: City of Syracuse Budget Office

Appendix 7:

**Represented Employees: Cost Sharing Ranges**

	<u>Premium Equivalent</u>	<u>Annual Employee Contribution (\$)</u>	<u>Employee Contribution (%)</u>
<u>Single Plan</u>	\$6,408		
Active Minimum		\$ 180	2.8%
Active Maximum		\$ 540	8.4%
Retiree Under 65		\$ 180	2.8%
Retiree 65+		\$1,199	18.7%
<u>Family Plan</u>	\$17,244		
Active Minimum		\$ 360	2.1%
Active Maximum		\$ 900	5.2%
Retiree Under 65		\$ 360	2.1%
Retiree 65+		\$1,199	7.0%

**Appendix 8:**

**City of Syracuse  
Non-Represented Employee Health Insurance Contributions  
Proposed Budget 2012-2013**

Premium contributions will be phased in over two years:  
50% in 2012/13 – 100% in 2013/14

Salary	Sliding Scale Premium Contribution	SINGLE COVERAGE Full Annual Premium - \$5,776			FAMILY COVERAGE Full Annual Premium - \$15,426		
		2011/12	2012/13	2013/14	2011/12	2012/13	2013/14
Up to \$42,000	10%	\$180	\$289	\$578	\$360	\$771	\$1,543
\$42,000-\$59,999	15%	\$180	\$433	\$866	\$360	\$1,157	\$2,314
\$60,000-\$79,999	18%	\$180	\$520	\$1,040	\$360	\$1,388	\$2,777
\$80,000-\$99,999	20%	\$180	\$578	\$1,155	\$360	\$1,543	\$3,085
\$100,000 and up	25%	\$180	\$722	\$1,444	\$360	\$1,928	\$3,857

City of Syracuse

CITY CLERK'S OFFICE

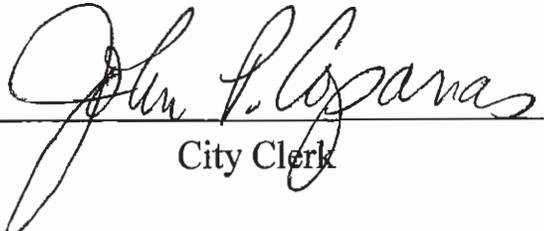
I, JOHN P. COPANAS, City Clerk of the City of Syracuse, New York do hereby certify that the attached is a true copy of an ORDINANCE:

Adopted by the Common Council on

January 8, 2007

Approved by the Mayor on

January 10, 2007

  
City Clerk

TO:

- Mayor
- Assessment Commissioner
- Aviation Commissioner
- Board of Elections
- Bureau of Accounts
- Citizen Review Board
- City Auditor
- City School District
- Code Enforcement
- Community Development Comm.
- Community Services
- Corporation Counsel
- Development Director
- Department of Engineering
- Governor of New York State
- New York State Senate
- New York State Assembly
- New York State Senator
- New York State Assembly person

- Management & Budget Director
- Parks & Recreation Commissioner
- Personnel & Labor Relations Dir.
- Police Chief
- Public Works Commissioner
- Public Works/Bookkeeper
- Purchase Department
- Real Estate Division
- Research Director
- Water Department
- Zoning Administration
- United States Senator
- United States Congressperson
- Finance Commissioner
- Finance/Treasury
- Finance (Water Bureau)
- Fire Chief
- Grants Management Director
- Onondaga County Legislature

**ORDINANCE AMENDING CHAPTER 11 OF THE REVISED GENERAL ORDINANCES OF THE CITY OF SYRACUSE, AS AMENDED TO ADD A NEW ARTICLE 13 ENTITLED RETIREE HEALTH INSURANCE BENEFITS**

BE IT ORDAINED, that Chapter 11 of the Revised General Ordinances of the City of Syracuse, as amended, is amended to add a new Article 13 entitled "Retiree Health Insurance Benefits" to read as follows:

**Section 11-41 Retiree Health Insurance Benefits**

This article shall establish for the City of Syracuse ("the City") the City of Syracuse Retiree Health Insurance Benefits relative to the specific items set forth herein and shall be applicable to all City of Syracuse retirees from any City departments, bureaus, and agencies including the Syracuse Urban Renewal Agency retirees who are eligible for health insurance under applicable City of Syracuse rules and regulations, City Health Insurance Plans, and this Ordinance.

**Section 11-42 Definitions**

City Employee: For purposes of this Ordinance, City Employee shall include officers and employees of the City of Syracuse and the Syracuse Urban Renewal Agency and all years of active service as an officer or employee of the City of Syracuse and as an officer or employee of the Syracuse Urban Renewal Agency shall be eligible to meet the ten-year requirement of active service in the employment of the City of Syracuse under this Ordinance for purposes of retiree health insurance coverage.

Covered Retiree: For purposes of this Article, a Covered Retiree shall be: 1) a former City officer or City employee who: a) is currently retired with a pension under the applicable provisions of the New York State Retirement and Social Security Law, and b) retired directly from active City service with ten years of active service, and c) is eligible to receive health insurance coverage as a retiree from the City, and d) is currently receiving health insurance coverage as a retiree, and 2) a City officer or employee who: a) meets the ten years of active service with the City eligibility requirement, and b) who is

eligible to retire with a pension under the applicable provisions of the New York State Retirement and Social Security Law, and c) who does retire with such pension directly from active City service and who is enrolled in the City Health Insurance Plan at the time of such retirement.

Covered Retiree Spouse: For purposes of this Article shall be the spouse of a covered retiree including the spouse of deceased covered retiree where applicable who is eligible for coverage under the applicable provisions of the City's Health Insurance Plan.

Covered Retiree Dependent: For purposes of this Article shall be the dependent of a covered retiree including the dependent of a deceased covered retiree who is eligible for health insurance coverage under the applicable provisions of the City's Health Insurance Plan.

Survivor: For purposes of this Ordinance is the surviving spouse of either an active City employee or a covered retiree or surviving covered dependent of such active employee or covered retiree who is eligible for coverage under the applicable provisions of the City's Health Insurance Plan.

#### **Section 11-43 Retiree Eligibility**

A City Employee shall be eligible for retiree health insurance coverage if: 1) such City Employee has completed a minimum of ten (10) years of active service with the City of Syracuse, and 2) such City Employee is eligible for retirement under the applicable provisions of the New York State Retirement and Social Security Law, and 3) does retire from active service as a City Employee with such pension, and 4) was enrolled in the City's Health Insurance Plan at the time of such retirement.

#### **Section 11-44 Major Medical In-Network Co-Payment**

The Major Medical In-Network Co-Payment shall be \$15 for all covered retirees, retiree spouses and covered eligible retiree dependents under the applicable City Health Insurance Plan provided by the City of Syracuse for retirees.

#### **Section 11-45 Prescription Coverage**

##### 11-45A Co-Payments

The co-payments for prescriptions for all covered retirees, covered retiree spouses and covered eligible retiree

dependents shall be \$5.00 for generic prescription drugs and \$15.00 for brand-name prescription drugs.

11-45B      Maintenance Drugs

There shall be mandatory use of mail order program for a three-month supply of prescription drugs covered by the City's health insurance plan which qualify as maintenance drugs under such plan. A covered retiree, covered retiree spouse and covered eligible retiree dependent shall pay the equivalent of two co-payments for such three-month supply or \$10.00 for covered generic prescription drugs and \$30.00 for covered brand-name drugs.

11-45C      Maximum Out-Of-Pocket Prescription Expense Cap

The maximum out-of-pocket expense for each covered retiree, covered retiree spouse and covered eligible retiree dependent shall be \$400.00 per calendar year.

**Section 11-46 Monthly Contributions**

11-46A Retirees And Spouses Who Are Not Medicare Eligible

A covered retiree and covered retiree spouse who are not Medicare eligible shall pay the City the following monthly fees to be eligible for the retiree health insurance benefits provided by the City of Syracuse:

- |    |                    |   |
|----|--------------------|---|
| 1) | Retiree Only       | \$15.00 per month   |
| 2) | Spouse             | \$15.00 per month   |
| 3) | Retiree and Spouse | \$30.00 per month<br>(including coverage for covered<br>eligible dependents, where<br>applicable) |

11-46B      Retirees And Spouses Who Are Medicare Eligible

1. A covered retiree and/or covered retiree spouse who are Medicare eligible shall not be required to pay any monthly charge.
2. The City's health insurance coverage for Medicare eligible retirees and Medicare eligible spouses shall be secondary to Medicare coverage.

3. The City will in no event be responsible for any payments toward or the reimbursement of any portion of health care costs which would have been covered by Medicare where such covered retiree and/or covered retiree spouse fails to activate their Medicare coverage at the applicable age or keep such Medicare coverage in effect.

#### **Section 11-47 Survivors' Monthly Health Insurance Charges**

A qualified survivor shall be required to pay \$88.00 per month for individual health insurance coverage and \$248.00 for coverage of such survivor and covered dependents who are eligible for coverage under the City's Health Insurance Plan, provided that qualified survivors who became eligible for health insurance coverage prior to January 1, 1998 shall be required to pay \$62.00 per month for individual health insurance coverage and \$248.00 for coverage of such survivor and covered dependents who are eligible for coverage under the City's Health Insurance Plan.

#### **Section 11-48 Other Provisions of City Health Insurance Plan**

The provisions of this Ordinance are applicable to the covered retirees, covered retiree spouses and covered eligible retiree dependents and survivors as set forth herein. The provisions of the City's Health Insurance Plan applicable to retirees which are not expressly addressed by this Article shall remain in effect and specific health care coverage issues shall be governed by the terms of such applicable City Health Insurance Plan.

#### **Section 11-49 Amendments**

The specific provisions of this Ordinance shall remain in effect until otherwise amended by Ordinance adopted in the manner provided by law and the Charter of the City of Syracuse.

and

BE IT FURTHER ORDAINED, that this Ordinance shall take effect March 1, 2007 provided that the applicable City departments shall be authorized to take any necessary action to effectuate the implementation of the provisions of this Ordinance including notification of covered retirees, covered retiree spouses, covered retiree dependents, and survivors of the terms and effective date of this Ordinance.

- (1) Quit, termination or discharge;
- (2) Absence of the employee from the active payroll for thirty (30) consecutive days or more for any reason other than absence because of sickness or disability, coverage will be continued for up to a maximum of two (2) years, except for dental coverage which terminates at the end of said month;
- (3) In the case of a disability incurred during course of employment coverage will be continued for up to a maximum of twelve (12) months. During an absence due to a disability incurred during the course of employment the employee shall pay the employee contribution rate as per this Article, for health insurance coverage or the employee contribution rate for whatever plan such employee is currently enrolled in. The employee may elect to retain the dental coverage per this Article; however, the employee must pay the entire cost of such coverage.

16.2.2 Any employee laid-off shall be provided an additional thirty (30) days of coverage under the Plan beyond the month in which the employee was laid off at no cost to the employee.

### **16.3 CHANGE OF CARRIER AND/OR HOSPITALIZATION, MEDICAL AND DENTAL PLAN**

16.3.1 The City retains the right to change the carrier and/or the Hospitalization and Medical Plan and/or Dental Plan during this contract term provided that:

- (1) the union is first consulted, and;
- (2) the replacement Hospitalization and Medical Plan and/or Dental Plan offers benefits which are, on an overall basis equal or superior to those of the present plan.

16.3.2 In the event of disagreement between the City and the Union, the matter will go directly to Step 3 of the grievance and arbitration procedure and no change in carrier or plan shall be made until the arbitration award.

16.3.3 This section shall not apply to changes of carrier and/or plan benefits which are outside the control of the City.

16.3.4 The Union hereby agrees to meet with Management and other representatives to discuss insurance programs, i.e.: Prescription Card Plan and a Managed Care Benefit.

### **16.4 RETIREE HEALTH INSURANCE**

16.4.1 Bargaining unit members who retire from employment with the City during the term of this collective bargaining agreement and who satisfy the eligibility criteria contained in Section 16.4.2 shall be eligible to participate in the City's health insurance plan for retirees.

16.4.2 Eligibility Criteria: The following are the eligibility criteria for participation in the City's health insurance plan for retirees:

1. he/she must have ten (10) years of employment (full or part-time) with the City of Syracuse;
2. he/she must be eligible to retire with a pension from the NYS Employees Retirement System;
3. he/she must immediately apply for and thereafter collect the pension upon leaving City payroll; and
4. he/she must be currently enrolled in the City's health plan.

16.4.3 Retiree Contributions: A retiree shall contribute to the cost of health insurance coverage in an amount equal to that paid by an active employee of the bargaining unit. The parties recognize that a retiree's contribution toward the cost of health insurance may change and is not fixed. Whenever an active employee's contribution toward the cost of health insurance changes (provided such changes are negotiated, effected in accordance with the collective bargaining agreement then in effect, or mandated by state or federal law), including any such changes in future years beyond the expiration of this collective bargaining agreement, the retiree's contribution shall also change to an equivalent amount.

16.4.4 Plan Design Changes/Adjustments in Co-Payments, Deductibles and Out-of-Pocket Costs: The City retains the right to implement retiree health insurance plan design changes and to adjust co-payments and deductibles and out-of-pocket costs on terms that are commensurate with plan design changes and co-payments, deductibles, and out-of-pocket costs for active employees (provided that such changes are effected in accordance with the collective bargaining agreement, negotiations, or mandated by state or federal law). The Union acknowledges that actives and retirees have different plans and, therefore, these provisions shall be broadly construed to give the City the right to make changes that are similar to those made for active under the active health insurance plan in effect for active employees; such changes do not have to mirror the active plan or plans in areas where the plans differ as long as the plan design changes for both actives and retirees are commensurate on the whole. Retiree health benefits under this provision will also be coordinated with Medicare eligibility and any other governmental health insurance program that may subsequently replace, supplement, or coordinate with Medicare, with Medicare and any other such health insurance being primary at all times. Upon becoming Medicare eligible, retirees must elect and obtain Medicare and any other governmental health insurance program that may subsequently replace, supplement, or coordinate with Medicare to continue participation in the City's health insurance plan. Provided Medicare eligible retirees elect and obtain Medicare and any other governmental health insurance program that may subsequently replace, supplement, or coordinate with Medicare, the contributions referred to in Section 16.4.3 shall cease when the retiree becomes Medicare eligible.

## ARTICLE 17 RETIREMENT PLAN

### 17.1 CITY OBLIGATION

The City agrees that it will continue to pay the full cost of coverage under New York State Employees Retirement System (Section 75-i) for those employees who have six (6) months or more of continuous service and who have enrolled in and become members of the plan. The City also agrees