



City/County Government Retiree Health Care Survey

This study, funded by the ICMA Retirement Corporation-supported **Center for State and Local Government Excellence** (<http://slge.org>), is part of an effort to understand how state and local governments design and implement their retiree health care benefits and the effects of the new GASB 45 standard and its financial reporting requirements. Results from this survey will be used to help public officials better understand issues facing government employers as they attempt to meet the health care needs of employees and retirees, while also meeting other important financial obligations. Individual local governments will not be identified in the reports on the survey results.

Our research efforts will result in a report for the Center for State and Local Government Excellence. As an expression of our appreciation, we will be making the report available to everyone participating in the survey.

If you have any questions or comments about this survey, please do not hesitate to contact us: Richard Kearney can be reached at kearney@chass.ncsu.edu or 919.515.5069; and Jerrell D. Cogburn at jcogburn@ncsu.edu or 919.515.1888.

Please contribute to this significant body of knowledge by completing the survey and returning it in the enclosed postage-paid envelope **by Friday January 18, 2008**. Thank you for your participation.

Part I: Current Structure of Retiree Health Care. *Please answer the following items related to your city/county's current retiree health care plan.*

1. Does your city/county offer retiree health care coverage to any employees? 1. Yes 2. No

A. If "yes," which of the employee groups below are eligible for retiree health care coverage under your current plan? (Check all applicable.)

- a. All full-time employees, including new hires
- b. All retirees
- c. Only retirees who worked full time
- d. Some part-time employees (Please describe: _____)
- e. Some part-time retirees (Please describe: _____)
- f. Only employees hired before a specific date (Please describe: _____)
- g. Other _____

2. If new hires are eligible for retiree health care benefits, how many years are required for vesting for **new hires**? _____ **Years**

a. If vesting for retiree health care coverage is **phased in**, what is the formula (e.g., 50% paid coverage after 5 years, 75% after 10 years, and 100% after 20 years)?

- 1. ___% coverage after ___ years
- 2. ___% coverage after ___ years
- 3. ___% coverage after ___ years

Other: If your city/county uses a formula other than % and year, please specify the formula here:

b. Has the vesting period for eligible employees receiving retiree health care been changed in the past five years? 1. Yes 2. No

1. If yes, what was the change?

- a. **increased** from ___ years to ___ years
- b. **decreased** from _____ years to _____ years

3. When retirees covered under your health care plan become eligible for Medicare, are they required to enroll in Medicare in order to continue receiving retiree health care benefits? 1. Yes 2. No

4. How does your city/county currently finance retiree health care? (*Select only one*)

- a. Pay as you go (all health care costs are paid out annually from the operating budget)
- b. Full funding (funds are set aside to prepay the full costs of retirees' future health care)
- c. Partial funding (funds are set aside to offset the costs of retirees' future health care)

5. Which of the following preventive medicine and wellness programs does the city/county currently provide *or* plan to provide **to retirees**? (*Check all applicable.*)

	Currently provide	Plan to provide
a. Preventive medicine/wellness newsletter or website	<input type="checkbox"/>	<input type="checkbox"/>
b. Full coverage of gym/spa membership	<input type="checkbox"/>	<input type="checkbox"/>
c. Subsidized/partial coverage of gym/spa membership	<input type="checkbox"/>	<input type="checkbox"/>
d. Full coverage of retirees' annual physical exam	<input type="checkbox"/>	<input type="checkbox"/>
e. Exempt annual physical exams from deductible charges	<input type="checkbox"/>	<input type="checkbox"/>
f. On-site (that is, in a city/county facility) medical clinic for city/county retirees	<input type="checkbox"/>	<input type="checkbox"/>
g. Weight management program	<input type="checkbox"/>	<input type="checkbox"/>
h. Smoking cessation program	<input type="checkbox"/>	<input type="checkbox"/>
i. Incentive programs for healthy living (e.g., monetary or other material incentives for participating in health/wellness programs)	<input type="checkbox"/>	<input type="checkbox"/>
j. Other (<i>Please describe.</i>)	<input type="checkbox"/>	<input type="checkbox"/>

6. Does your city/county offer: (*Check all applicable.*)

- a. **Employer-funded savings accounts** (such as Retiree Medical Account [RMA], Health Reimbursement Account [HRA], Health Savings Account [HAS], *or* Medical Savings Account [MSA])
- b. **Employee/retiree-funded savings accounts** (such as Health Savings Account [HAS] *or* Medical Savings Account [MSA])

7. When it comes to retiree health care, are city/county governments (*excluding schools*) in your state: (*Select only one.*)

- a. **Required** to participate in the state government's retiree health care plan
If "yes," does your city/county share in the total financial liability? 1. Yes 2. No
- b. **Allowed** to voluntarily participate in the state government's retiree health care plan
If "yes," does your city/county share in the total financial liability? 1. Yes 2. No
- c. **Required** to participate in a single statewide retiree health plan *for local governments only* (a plan covering all local governments, separate from the plan covering state employees)
- d. **Allowed** to participate in a single statewide retiree health plan *for local governments only* (a plan covering all local governments, separate from the plan covering state employees)
- e. **Required** to provide retiree health care benefits (you provide a separate plan)

8. Which of the following health care practices does your city/county have? (*Check all applicable.*)

- a. Hospital inpatient precertification
- b. Outpatient precertification
- c. Prescription drug prior authorization
- d. Prescription drug clinical intervention
- e. Utilization of health care and hospital centers of excellence
- f. Disease Management Program
- g. Other (*Please describe*) _____

9. Which of the following cost-saving practices does the city/county engage in: (*Check all applicable.*)

- a. Claims payer audits
- b. Hospital bill audits
- c. Utilization review vendor audit
- d. Employee self audits of medical billing
- e. Other cost-saving practices (*Please describe*) _____

10. In your opinion, how helpful is the availability of retiree health care with respect to the city/county's ability to:

	Very helpful	Helpful	Somewhat helpful	Not helpful
a. Recruit new employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Retain current employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Influence the timing of retirement (i.e., early retirement) and help the city/county's workforce planning	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Part II: Recent Changes to Retiree Health Care. *This section is related to changes to your city/county's retiree health care benefits that have occurred in the last five years.*

11. In the past five years, has your city/county **increased**: (*Please check all applicable.*)

- a. Retirees' contribution premiums
- b. Retirees' dependent contribution premiums
- c. Retirees' deductible amounts
- d. Retirees' dependent deductible amounts
- e. Retirees' coinsurance rates
- f. Retirees' co-payment amounts for medical services/treatment
- g. Retirees' co-payments for prescription drugs
- h. Years of service required for vesting in retiree health care
- i. Age at which retiree health care is available
- j. Cap on retirees' out-of-pocket expenses for health care
- k. Other (*Please describe*) _____

12. In the past five years, has your city/county **introduced** any of the following? (*Check all applicable.*)
- a. Catastrophic health plan plus a retiree medical savings account
 - b. Plan that limits the city/county subsidy for future retirees
 - c. Plan that terminates health care for future retirees
 - d. Plan that eliminates prescription drug coverage
 - e. Plan that terminates all city/county subsidies for current retirees
 - f. Other (*Please describe*) _____

Part III: Future Directions in Retiree Health Care. *The following items seek your opinions about possible changes to your city/county's retiree health care benefits **within the next five years.***

13. In your opinion, what effect will publicly reporting your city/county's unfunded liability for retiree health care, as GASB 45 requires, have on your city/county's bond ratings in the **next five years?**

Significantly improve ratings <input type="checkbox"/>	Slightly improve ratings <input type="checkbox"/>	No effect on ratings <input type="checkbox"/>	Slightly decrease ratings <input type="checkbox"/>	Significantly decrease ratings <input type="checkbox"/>
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14. Cities/counties have several options for funding retiree health care obligations. Please indicate whether your local government has already adopted any of these options or how likely you think it is that your city/county will adopt the following options in the **next five years.**

	Already adopted	Very likely to adopt	Likely to adopt	Unlikely to adopt	Very unlikely to adopt
a. A medical subaccount from a qualified pension plan (Section 401(h) account)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. A governmental (i.e., "grantor") trust (Section 115 Plan)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Voluntary Employee Benefit Association (VEBA)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Other (<i>please specify</i>)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

15. Cities/counties have several strategies to finance their unfunded liabilities for non-pension/ other post employment benefits (OPEB) like retiree health care. Please indicate whether your local government has already adopted any of these strategies or how likely you think it is that your city/county will adopt the following strategies in the **next five years.**

	Already adopted	Very likely to adopt	Likely to adopt	Unlikely to adopt	Very unlikely to adopt
a. Issuing OPEB bonds (similar to pension obligation bonds)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Issuing general obligation bonds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Cutting other city/county programs and using the savings to pay for the unfunded liability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Borrowing funds from the city/county's pension fund	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Raising revenue through higher taxes and fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Other (<i>Please describe</i>)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

16. In the next five years, how likely do you think your city/county is to **increase the following?**

	Very likely	Somewhat likely	Somewhat unlikely	Very unlikely
a. Retirees' contribution premiums	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Retirees' dependent contribution premiums	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Retirees' deductible amounts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Retirees' dependent deductible amounts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Retirees' coinsurance rates	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Retirees' co-payment amounts for medical services/treatment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Retirees' co-payments for prescription drugs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Years of service required for vesting in retiree health care	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. Age at which retiree health care is available	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j. Cap on retirees' out-of-pocket expenses for health care	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k. Other (<i>Please describe</i>)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

17. Cities/counties have several strategies to reduce the cost of retiree health care. Please indicate whether your local government has already adopted any of these strategies or how likely you think it is that your city/county will adopt the following strategies in the **next five years**.

	Already adopted	Very likely to adopt	Somewhat likely to adopt	Somewhat unlikely to adopt	Very unlikely to adopt
a. Offer catastrophic plan plus a retiree medical savings account	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Introduce a plan that will limit subsidies for future retirees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Terminate health care for future retirees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Eliminate prescription drug coverage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Terminate all subsidies for current retirees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Decrease the total benefit cap amount that the city/county will pay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

18. What other options is your city/county considering in order to meet the expenses of future retiree health care? (*Please describe.*)

19. Does your city/county allow for collective bargaining over retiree health care benefits?

1. Yes 2. No

a. If you answered "yes," how much influence do city/county employee unions have over present and future city/county retiree health care benefits?

Significant influence	Some influence	Little influence	No influence
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

20. In response to GASB 45, has your city/county completed an actuarial valuation to determine the size of its liabilities for other post-employment benefits (OPEB) like retiree health care?

1. Yes 2. No

If yes:

a. What is the amount of unfunded liability for retiree health care? \$ _____

b. Is the report available on the web? (*please indicate web address*)

http://: _____

21. In the space below, please indicate which cities, counties, or other organizations your city/county looks to as innovators or sources of best practices in retiree health care issues.

22. What local government services or initiatives may be precluded or postponed due to the need to meet your municipality or county retiree health care obligations?

23. Please provide any other comments related to retiree health care you wish to make in the space below.

Please provide the following contact information so that we may follow up if we have questions or would like additional information:

First name _____ Last name _____

Title _____

Phone number (_____) _____
Area code

Email _____

Thank you for taking the time to complete this survey. Aggregate results will be sent to respondents.

Please return your completed survey to:
 Evelina Moulder,
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 777 North Capitol Street, NE, Suite 500, Washington, DC, 20002-4201
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