

**Oneida County**  
**Other Postemployment Benefits**

**Actuarial Valuation as of January 1, 2011**

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# **Oneida County Other Postemployment Benefits Actuarial Valuation as of January 1, 2011**

## **Introduction**

This report has been prepared for Oneida County, the sponsor of the substantive plan providing postretirement medical benefits to the employees of Oneida County. The purpose of this report is to present the results of the actuarial valuation, completed as of January 1, 2011, of the liability for postretirement benefits other than pensions that are provided to retired employees of Oneida County. This report has been prepared in accordance with the requirements of Government Accounting Standards Board Statement No. 45, *“Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions”*.

Medical benefits are the only post employment benefit other than pensions provided to retired employees by Oneida County. Therefore, this valuation sets forth the liability for post employment medical benefits provided to retirees by the County. This valuation is a closed group valuation, i.e., it was performed to determine the liability for benefits to be paid to current active and retired employees. It does not include or anticipate the liability for any benefits that may be payable to employees that are hired after the valuation date.

The principal results of the valuation include:

- The actuarial accrued liability as of January 1, 2011 and
- The Annual Required Contribution (ARC) and the annual OPEB cost for the fiscal year ending December 31, 2011.

This report has been performed in accordance with generally accepted actuarial principals and practices, including the applicable Actuarial Standards of Practice issued by the Actuarial Standards Board. In addition, the valuation results are based on my understanding of the requirements of Statement No. 45 of the Government Accounting Standards Board *“Accounting and Financial Reporting by employers for Postemployment Benefits Other Than Pensions”*. Determinations for purposes other than those listed above may be significantly different from the results in this report. Thus the use of this report for other purposes may not be appropriate. The results as of other dates may also be significantly different, and the scope of this report does not include an analysis of the potential range of results as of other dates.

It is my belief that the assumptions and methods used for the valuation represent reasonable expectations of anticipated plan experience. However, there is a risk that the actual experience of the plan will vary from the assumptions.

Oneida County provides postretirement medical benefits for seven employee groups, including six separate unions, plus non-represented and elected employees. Except for some minor variations, the benefits provided to all of these groups are the same.

GASB Statement No. 45 takes the position that postretirement benefits are a form of deferred compensation earned while an employee. It therefore requires the recognition of the cost of these benefits over the period of the employee's service with their employer. Oneida County adopted the procedures set forth in the Statement for the 2007 fiscal year, changing from the pay-as-you-go, or cash basis accounting method that had been used previously, in which the cost of the retiree benefits is recognized when they are paid and are assumed to be equal to the employer contribution to premium cost for retirees that are currently receiving benefits.

A summary of the principal benefit provisions is set forth on Table 3 and the actuarial methods and assumptions are described on Table 4.

## Changes Since the Last Valuation

A valuation of the liability for postretirement medical benefits was last performed as of January 1, 2009. Since then, there have been a number of changes.

1. Several changes to the substantive plan were adopted since the last valuation was performed. These changes include:

- A. Employees hired after certain dates will not be eligible for postretirement medical benefits.

### Union Number

1	Sheriffs (protectives)	January 1, 2011
2	Courthouse	January 1, 2010
3	Highway	January 1, 2010
4	Public Health	January 1, 2011
5	Social Workers	January 1, 2010
6	Sheriffs Nn-protectives	January 1, 2010
98	Elected	January 1, 2010
99	Non-represented	January 1, 2010

- B. The County will contribute the following amounts to a Health Reimbursement Account (HRA) or VEBA for each employee, upon retirement, as follows:

### Sheriff Protective

\$12,000 upon retirement for employees retiring on or before December 31, 2013, or on December 31, 2013 for any employee eligible to retire on or before December 31, 2016 and has not retired by December 31, 2013.

### Courthouse Employees, Highway

\$2,000 for employees retiring in 2011  
\$4,000 for employees retiring in 2012  
\$6,000 for employees retiring in 2013  
\$8,000 for employees retiring in 2014  
\$10,000 for employees retiring in 2015  
\$12,000 for employees retiring in 2016

### Public Health

\$12,000 for employees retiring before December 31, 2013

### Social Workers

\$12,000 for employees retiring during the term of the agreement (before December 31, 2011)

Sheriff's Non Protective, Non-represented, and Elected  
\$6,000 for employees retiring in 2011  
\$9,000 for employees retiring in 2012  
\$12,000 for employees retiring in 2013

- C. Coverage will be provided from the date of retirement to the date the retired employee becomes eligible for Medicare, subject to the following maximum periods of coverage:

Sheriff's Protective, Public Health

For employees eligible to retire before December 31, 2011: up to 10 years

For employees eligible to retire before December 31, 2012: up to 9 years

For employees eligible to retire before December 31, 2013: up to 8 years

For employees eligible to retire on or after January 1, 2014: up to 7 years

In addition, retired Protective employees may continue their retiree coverage for up to an additional 36 months, (not exceeding ten total years of coverage and not beyond Medicare eligibility) provided they pay 50% of the monthly premium for any additional months

Courthouse, Highway, Social Workers, Sheriff's Non Protective, Non-represented, and Elected

For employees eligible to retire before December 31, 2010: up to 10 years

For employees eligible to retire before December 31, 2011: up to 9 years

For employees eligible to retire before December 31, 2012: up to 8 years

For employees eligible to retire on or after January 1, 2013: up to 7 years

- D. Only those eligible to retire as of the following dates:

December 31, 2008 for Protectives, Non-protectives, public health, and social workers

December 31, 2009 for Courthouse

December 31, 2010 for Highway

will be eligible to elect low deductible plan coverage upon retirement. Eligibility for retirement is defined as attainment of age 55 (age 53 for protectives) and the completion of 20 years of service. Alternatively, they may elect a higher deductible plan with an HRA account. All employees that are not eligible to retire as of December 31, 2010 must elect the higher deductible plan with an HRA account. In order to receive the cash contribution to the HRA account described above, they must elect the higher deductible plan with an HRA account.

2. The withdrawal or turnover assumption was changed to reflect the latest experience of the Wisconsin Retirement System. Previously, the withdrawal assumption was based on the experience set forth in the "*Wisconsin Retirement System Three-Year Experience Study*

January 1, 2003 – December 31, 2005”. The new withdrawal assumption is based on the experience set forth in the “*Wisconsin Retirement System Three-Year Experience Study January 1, 2006 – December 31, 2008*”.

3. The mortality assumption was changed to reflect the latest experience of the Wisconsin Retirement System. Previously, the mortality assumption was based on the experience of employees in WRS, set forth in the “*Wisconsin Retirement System Three-Year Experience Study January 1, 2003 – December 31, 2005*”. The new mortality assumption is based on the experience of employees in WRS, set forth in the “*Wisconsin Retirement System Three-Year Experience Study January 1, 2006 – December 31, 2008*”.
4. The retirement assumption was changed to reflect the latest experience of the Wisconsin Retirement System. Previously, the retirement assumption was based on the experience of employees in WRS, set forth in the “*Wisconsin Retirement System Three-Year Experience Study January 1, 2003 – December 31, 2005*”. The new retirement assumption is based on the experience of employees in WRS, set forth in the “*Wisconsin Retirement System Three-Year Experience Study January 1, 2006 – December 31, 2008*”.

The retirement assumption was further modified to reflect the changes to the substantive plan provisions, limiting coverage to 10, 9, 8, or 7 years, by assuming that employees would delay retirement until age 58 or seven years prior to eligibility for Medicare or age 65.

5. To reflect changes in the expected rate of change in future medical costs, the medical trend assumption was revised. In the prior valuation, it was assumed that the increase in average per capita claims cost for 2011 would be 6%, decreasing by one percentage point per year until an ultimate rate of 5% per year is attained for 2012 and subsequent years. For this valuation, the assumption was revised to reflect an increase of 10.0% in 2011, decreasing in subsequent years, until an ultimate rate of 5.5% is reached for 2025 and subsequent years.
6. The discount assumption was reviewed with respect to the investment of assets of the County and it was decided that no change in the discount assumption is warranted at this time.
7. Since 2009, medical costs have increased. The increase was greater than expected. Based on the prior valuation, the expected premium level for 2011 for non-HRA coverage was \$725 per month, which is about 7% less than the actual premium level of \$772.

	Actual Premium	Actual Increase	Projected Premium	Projected Increase
2009	627.00			
2009 HRA	620.50			
2010	696.00	11.0%	677.16	8.0%
2010 HRA	681.50	9.8%	670.14	8.0%
2011	772.00	10.9%	724.56	7.0%
2011 HRA	749.50	10.0%	717.05	7.0%

## Effect of Changes on the Liability

Each of the changes that occurred in the last year had an impact on the liability and cost of the benefit program. The effect of each of these changes is outlined below.

	<u>Actuarial Accrued Liability</u>
Results of the July 1, 2009 valuation	\$5,493,432
Expected increase due to interest and the accrual of additional service by active employees	+\$510,474
Effect of increases in per capita claims costs that were greater than than assumed	+\$313,615
Effect of the change in the retirement assumption to Reflect 2006-2008 WRS experience study	\$(4,362)
Effect of the change in the mortality assumption to Reflect 2006-2008 WRS experience study	+\$8,702
Effect of the change in the withdrawal assumption to Reflect 2006-2008 WRS experience study	+\$5,882
Effect of the change in the medical trend assumption	+\$1,818,632
Effect of excluding new hires from eligibility for Retirement benefits	\$(5,315)
Effect of changing coverage to HRA plan for future retirees	\$(238,552)
Effect of limiting coverage to seven years for future retirees	\$(570,053)
Effect of providing an employer contribution to the HRA account for retiring employees	+\$176,665
All Other Causes – Fewer/more employees retiring than expected, employees dropping medical coverage, and less/more turnover than expected, etc.	<u>\$382,863</u>
Total Change Since January 1, 2009	+\$2,398,551
Results of January 1, 2011 valuation	\$7,891,983

As indicated above, there were actuarial losses during the last two years. The primary source of the losses was the retirement of more employees than expected, at ages younger than expected.

There were also losses, as outlined above, from the effects of increases in average premium cost that were greater than expected during the last two years. Premium costs for retirees increased by 23.1% or an average of 11% per year since January 1, 2009. This increase was greater than the 8% increase for 2009 and 7% increase for 2010, or 15.6% for the two year period, that had been assumed for premium costs.



## **GASB Statement No. 45**

The Government Accounting Standards Board's Statement No. 45, "*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*" was adopted by the County in 2007. An "Other Post Employment Benefit" or "OPEB" arises from an exchange of salaries and benefits for employee services, and it is part of the compensation that employers offer for services received. This Statement takes the position that post employment benefits are a form of deferred compensation earned by the employee while in active service and therefore require the recognition of the cost of these benefits over the period of the employee's service with their employer.

The effect of the Statement is to:

- Recognize the cost of benefits in periods when the related services are received by the employer
- Provide information about the actuarial accrued liabilities for promised benefits associated with past services and to what extent those benefits have been funded
- Provide information useful in assessing the effects on the employer's future cash flow.

The Statement seeks to improve the relevance and usefulness of financial reporting by requiring the measurement of the liability for these benefits on a systematic basis and the recognition of an expense, plus provide information about the liability and funding for these benefits.

The Statement requires an accrual basis of accounting rather than a pay-as-you-go accounting method. The Statement defines annual OPEB cost as an amount equal to the employer's annual required contribution (ARC), with certain adjustments. The ARC includes the normal cost for the year and a component for amortization of the total unfunded actuarial liability over a period not to exceed thirty years.

In accordance with the provisions of the Statement, an actuarial valuation is required at least biennially for employers with 200 or more employees and retirees who are eligible for or receiving benefits. The valuation is to reflect all of the benefits covered by the substantive plan.

## **Description of the Substantive Plan**

An objective of the accounting standard is to reflect the terms of the agreement or transaction that takes place between the employer and the employee involving the exchange of services for the promise of a deferred benefit. The substantive plan is the understanding between the employer and the employee resulting from past practice and written and oral communications. The description of the substantive plan used for the purpose of this valuation was based on the provisions of the bargaining agreements for each of the unions, the summary of benefits provided to non-represented employees, past practice, provisions of the Wisconsin Retirement System (WRS), and management's understanding of the benefit provisions.

Employees who retire from the County after attaining age 55 (age 50 or age 53 for protectives), and after completing twenty years of service and commence receipt of their pension from WRS upon retirement are eligible to receive continued medical coverage. The entire cost of coverage for the retired employee is paid by the County. Coverage is provided until the retired employee attains the minimum age for Medicare coverage, currently age 65.

Employees who retire from the County after attaining age 55 (age 50 or age 53 for protectives) and after completing less than twenty years of service and commence receipt of their pension from WRS upon retirement are eligible to receive continued medical coverage. To receive coverage, the retiree must contribute an amount equal to 100% of the premium cost for coverage. Coverage is provided until the retired employee attains age 65, the minimum age for Medicare coverage.

Coverage is also available for the spouses of retirees, if the employee retires after attaining age 55 (age 50 or age 53 for protectives), provided the retired employee agrees to pay 100% of the premium cost for the spousal coverage. If the employee retires after completing twenty-five years of service, the County will pay \$75 per month towards the cost of the spousal coverage.

Coverage is limited to those employees hired prior to January 1, 2010 or January 1, 2011, as outlined on Table 3. In addition, coverage is limited to ten, nine, eight, or seven years, based on date of retirement, as outlined on Table 3.

This valuation assumes that retirees will continue to be covered by the group insurance plan until they are eligible for Medicare, or if earlier, the completion of the maximum period of coverage. At that time, coverage ends.

Benefits are currently funded on a pay-as-you-go basis and no assets exist to prefund retiree benefits.

Benefits are described in further detail in Table 3.

## Implicit Rate Subsidy

Health care costs generally increase as an employee ages. On the other hand, group insurance premium rates reflect the average cost of those covered and do not usually vary by age. Since the actual expected cost for retirees is generally higher because the retirees are generally older than the average employee, the average premium or cost do not fully reflect the cost of coverage for retirees. Therefore the use of the average premium rate for retirees results in a rate subsidy from the employer. This rate subsidy is considered a benefit subject to valuation, according to the Statement. Therefore, unless the premium rate for retirees is set to fully reflect their actual expected health costs, the premium for retired employees is artificially understated. This understatement is called the implicit rate subsidy. The valuation of the OPEB liability is to reflect the value of the implicit rate subsidy.

As a result of this implicit rate subsidy, a liability is incurred for employees who retire with less than twenty years of service even though they pay the full premium cost. For these employees, this liability consists entirely of the rate subsidy. This implicit subsidy can be illustrated by comparing the actual premium for the entire group with the imputed cost based on age, as outlined below.

	Non	
	HRA Coverage	Actual
Age	Premium	Imputed Cost
55	\$9,264	\$10,567
60	\$9,264	\$12,250
64	\$9,264	\$13,787

Based on the assumptions outlined in this report, the implicit subsidy may account for as much as 40% of the total liability for retiree benefits. When the cost of this subsidy is recognized in the accounting for retiree costs, a corresponding adjustment should be made to the cost of active benefits, without which the cost for active employees would be overstated. While the expected premium cost of coverage for retirees in 2011 is expected to be \$334,659, the actual cost including the imputed subsidy is expected to be \$474,406.

## Valuation Process

To perform a valuation of other postemployment benefits, there are a number of steps.

**Collect Participant Data:** Collect a complete census of all active employees of the County and all retired employees of the County entitled to benefits.

**Benefit Provisions:** Determine the benefit provisions, including the conditions under which an employee may qualify for benefits, such as age and service requirements, and the duration of coverage after the employee retires.

**Cost of Coverage:** Determine the current cost of coverage, or the current premium charges for each participant and the amount of any contributions to be made by retirees.

**Assumptions Regarding Future Events:** To determine the liability for postretirement benefits, a number of assumptions regarding future events must be made. These assumptions should be appropriate for the current group of employees and retirees. These assumptions predict future employee turnover, retirement, participation, mortality or life expectancy, and the cost of medical benefits in future years.

**Model:** Using the benefit provisions and assumptions, a model is built which projects for each employee the dollar amount of benefits that will be paid in each future year and the probability of that employee satisfying the requirements for receipt of those benefits.

**Determine the Present Value of Future Benefits:** The present value of all future benefits expected to be paid to all current active and retired employees of the County is calculated using a discount assumption to discount the amount of projected future benefit payments back to the valuation date.

**Allocation of the Present Value of Future Benefits:** The present value of future benefits is then allocated between the value attributable to prior service, service in the current year, and future service. The portion of the present value of future benefits attributable to service in the current year is a component of the current year's net periodic cost. The portion attributable to prior service, to the extent that it has not been recognized in prior years, is amortized. The portion attributable to future service is recognized in future years.

## Choice of Assumptions

To select assumptions to be used in the valuation, a number of factors are considered. These factors include the requirements of the Statement, the level of benefits provided, the ages at which these benefits become available, recent experience of the group, the experience of participants of the Wisconsin Retirement System (WRS), the insights and observations of management, and the actuary's best estimate of the likelihood of certain events, given experience with other employers under similar circumstances.

Because of the relatively small size of the group, it was not possible to develop reasonable assumptions based solely on the County's experience. To obtain more reliable experience, other sources were used.

The most relevant and credible source of experience available is the Wisconsin Retirement System Three-Year Experience Study for the period January 1, 2006 through December 31, 2008. This experience study was used to determine the assumptions that are used to perform the actuarial valuation of the Wisconsin Retirement System. It was decided that the assumptions reflecting the experience of WRS for mortality, withdrawal or turnover, normal retirement and early retirement, with minor variations, should be used in the valuation of Oneida County's post employment benefits. There are several reasons why this source was considered to be a reliable indicator of the future experience for Oneida County.

1. An important factor in employees' decision regarding retirement is the level of benefits available to the employee from all sources. Because the WRS provides an important source of retirement income for the County's employees, the eligibility provisions and the benefit provisions of WRS will play a major role in the employees' decision making process regarding retirement. Therefore, if these assumptions are appropriate for determining the liability for purposes of the pension plan, then it is reasonable to conclude that they will be appropriate for the purposes of determining the liability for post employment benefits.
2. The experience study reflects the experience of all participants of WRS, including the participants in Oneida County. Therefore, to a certain extent, the study directly reflects the experience of the employees of Oneida County.
3. Because there is no reason to believe that Oneida County's experience will be substantially different than the collective experience of all the participants of WRS, it was determined that this experience study would provide a reliable indicator of the future experience of the employees of Oneida County's receiving postretirement medical benefits.

The retirement experience for employees of Oneida County was reviewed. Because of the relatively small number of employees and small number of terminations and retirements, a pattern was not discernable. However, the number of terminations and retirements and the ages at which employees retired was not inconsistent with the assumptions used for the valuation of the WRS plan.

**Retirement Assumption**

One of the most important assumptions for the valuation of Oneida County’s other post employment benefits is age at which employees are expected to retire, because it directly effects the cost of the benefits. The earlier an employee retires, the longer the employee will receive post employment benefits and the greater the value of the benefits will be. In addition, the earlier an employee retires, the shorter the period of active employment over which the cost of the benefit can be spread. Conversely, the later the employee retires, the smaller the benefit will be. If the employee retires after attainment of age 65, then the benefit becomes zero.

The assumed rates of retirement used in the valuation are shown below. Rates are defined as the percentage of active employees at that age that will retire. Normal Retirement is defined as retirement after attaining age 57 and completing thirty years of service. Early retirement is defined as retirement prior to attaining age 57 or prior to completing thirty years of service. No distinction was made between normal and early retirement for protectives.

Age	Protectives	Elected		A/O Male		A/O Female	
	Normal & Early Ret.	Normal Retirement	Early Retirement	Normal Retirement	Early Retirement	Normal Retirement	Early Retirement
50							
51							
52							
53							
54							
55							
56							
57							
58	75%	10%	20%	48%	23%	38%	22%
59	17%	5%	5%	24%	8%	19%	5%
60	17%	5%	5%	24%	8%	19%	8%
61	20%	5%	5%	20%	8%	19%	8%
62	20%	5%	5%	33%	17%	29%	16%
63	30%	5%	5%	33%	17%	29%	16%
64	18%	5%	5%	22%	17%	25%	16%
65	100%	100%	100%	100%	100%	100%	100%

The new retirement assumption is based on the experience of employees in WRS, set forth in the “Wisconsin Retirement System Three-Year Experience Study January 1, 2006 – December 31, 2008”. However, the retirement assumption was modified to reflect the changes to the substantive plan provisions, limiting coverage to 10, 9, 8, or 7 years, by assuming that employees would delay retirement until age 58 or seven years prior to age 65.

**Health Care Trend Assumption**

Medical costs have been increasing at a rate higher than general inflation for a long time. This valuation assumes that medical costs will continue to increase at a rate that is higher than the general inflation rate. The medical cost increase represents the combination of the inflation in the price of health care services, changes in utilization (other than age-related changes), technological advances in medical care, and changes in the health status of employees.

Increases in average premium cost for Oneida County for the last several years, are as follows:

1999	+18.0%
2000	+26.8%
2001	+37.0%
2002	+24.9%
2003	+29.8%
2004	+4.2%
2005	+0.0%
2006	+8.0%
2007	+11.5%
2008	+5.0%
2009	+1.9% to +3.0%
2010	+9.8% to +11.0%
2011	+10.0% to +10.9%

For purposes of this valuation, average claims costs for future years are assumed to increase at the rate set forth in the following schedule. This increase represents the combination of the inflation in health care costs, changes in utilization (other than age-related changes,) technological advances in medical care, and changes in the health status of employees.

The 2011 rate for this valuation is based on group health insurance expected rate increases for the area. The 2025 rates are based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services, as published in *National Health Expenditures Projections: 2009-2019*. Rates for 2012 through 2024 are scaled between the 2011 and year 2025 rates. For purposes of this valuation, average medical premium rates and claims costs for future years are assumed to increase at the rate set forth in the following schedule.

<u>Year</u>	<u>Trend Rate</u>	<u>Year</u>	<u>Trend Rate</u>
2011	10.0%	2016-2017	7.5%
2012	9.5%	2018-2019	7.0%
2013	9.0%	2020-2021	6.5%
2014	8.5%	2022-2023	6.0%
2015	8.0%	2024+	5.5%

**Discount Assumption**

The investment return assumption or the discount rate is to reflect the time value of money as of the measurement or valuation date. The Statement provides that the discount assumption is to be based on the estimated long-term investment yield on investments expected to be used to finance the payment of benefits, with consideration given to the nature and mix of current and expected investments. Because there are no plan assets, it is expected that the assets of the employer will be used to finance the payment of benefits.

Benefits are expected to be paid from the available cash and reserves held by the employer. The average rate of return on these assets is currently about 1.5%. It is felt that the current yield on money markets, certificates of deposit, and high quality bonds are depressed due to the current economic environment and are not indicative of the long term yields that can be expected from these types of investments. It is believed that expected long term investment yield on these types of investments is in the neighborhood of 5%. Therefore, a discount assumption of 5.0% was used for the valuation, which is unchanged from the last valuation.



## Valuation as of January 1, 2011

The results of the valuation as of January 1, 2011 are summarized below. The present value of projected benefits is the present value of all benefits expected to be paid to current retired employees and current active employees expected to retire in the future. This value reflects the assumption that 100% of eligible employees that currently have elected medical coverage that retire from the County with twenty years of service will elect to receive coverage when they retire.

### Actuarial Present Value of Projected Benefits

Active Employees	\$11,194,213
Retired Employees	<u>2,302,070</u>
Total	\$13,496,283

The actuarial accrued liability is defined as the portion of the present value of future benefits that is allocated to service prior to the valuation date. The projected unit credit cost method was used to allocate costs to various time periods.

### Actuarial Accrued Liability

Active Employees	\$5,589,913
Retired Employees	<u>2,302,070</u>
Total	\$7,891,983

## Annual Required Contribution For Fiscal Year Ending December 31, 2011

The Annual Required Contribution (ARC) is the portion of the present value of future benefits that is to be recognized in the current fiscal year. It is made up of several components:

- The normal cost, or the portion of the present value of future benefits attributable to service in the current year,
- The interest cost, or the expected increase in the value of the normal cost, and the amortization of the accrued liability, attributable to the passage of time during the year,
- Amortization of the present value of future benefits attributable to prior years, resulting from amendments, actuarial gains and losses, or the initial adoption of the substantive plan,

The Actuarial Accrued Liability is to be amortized over thirty or fewer years. The GASB Statement allows two different amortization methods. These two methods are the level dollar amount and the level percentage of payroll method. The ARC shown below was calculated using the level dollar amortization method, amortizing costs over 30 years.

The components of the ARC are listed below. These components are also set forth on Table 1, broken down by employee group.

Normal Cost	\$373,794
Interest Cost	43,137
Amortization of Accrued Liability	<u>488,938</u>
Total Annual OPEB Cost	\$905,869

In future years, there will be gains or losses on the accrued liability. Gains and losses are defined as the changes in the accrued liability that are less than, or greater than expected. These gains and losses result from experience which deviates from the assumptions. Examples may include increases in the cost of health care that are greater or less than assumed, employees retiring earlier or later than assumed, or changes in the assumptions. These gains or losses will also be amortized over a period of at least ten years.

The cost in future years will be dependent upon whether the liability is funded and an employer contribution is made, equal to the ARC. If the benefits are funded, the return on plan assets will offset a portion of the cost that would otherwise accrue. If the benefits are not funded, the costs will increase due to an increasing interest accrual on an increasing liability.

**Annual OPEB Cost  
For Fiscal Year Ending December 31, 2011**

The Annual OPEB Cost is the measure of the employer's cost for the fiscal year. It is made up of several components:

- The Annual Required Contribution
- Interest on the beginning balance of the net OPEB obligation
- An adjustment to the ARC for the amortization of past contribution deficiencies

Set forth below are the components of the Annual OPEB Cost for the fiscal year ending December 31, 2011:

ARC	\$905,869
Interest on Net OPEB Obligation	82,682
Adjustment to the ARC	<u>(107,572)</u>
Total	<b>\$880,979</b>

The net annual OPEB cost of \$880,979 compares to the net annual OPEB cost of \$629,331 set forth in the prior valuation for the 2009 fiscal year.

**Net OPEB Obligation**

The basis for Statement No. 45 is the accrual of a cost or liability for other post employment benefits prior to the period in which they are paid. Under the provisions of the Statement No. 45, the employer should set the net OPEB obligation equal to zero when first implementing the Statement. The net OPEB obligation is then equal to the cumulative difference between the annual OPEB cost and the employer's contributions to the cost of coverage.

Net OPEB Obligation as of December 31, 2010	\$1,653,649
Annual OPEB Cost for FYE December 31, 2011	880,682
Benefits paid by the Employer for OPEB's During FYE December 31, 2011	<u>(474,406)</u> (projected)
Estimated Net OPEB Obligation as of December 31, 2011	<b>\$2,059,925</b>

## Cash Flow Projection

The liability set forth above will be satisfied through the payment of benefits for current and future retirees. Using the same assumptions for retirement, mortality, and increases in medical costs that were used to perform the valuation, the cash requirements were projected for each of the next twenty years. These cash requirements are projected claims costs, less retiree contributions, for both current and future retirees.

Set forth below is the projected employer provided cost of benefits expected to be paid over the next twenty years. As explained earlier in the report, the actual cost of benefits for older employees and retirees is greater than the cost of benefits for younger employees, even though the premium is the same for all employees. In the first column, below, I have shown the projected cost of benefits reflecting the implied cost for older employees. In the second column, I have shown the projected cash requirements reflecting only the payment of the actual premium cost for retired employees. The difference is the effect of the implied subsidy for retired employees.

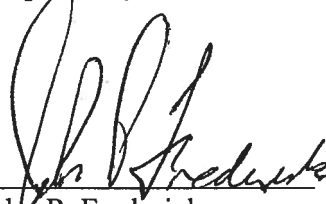
<u>Year</u>	Reflecting Effect of <u>Implied Subsidy</u>	Reflecting <u>Premium Cost</u>
2011	474,406	334,659
2012	500,163	337,048
2013	633,564	441,055
2014	468,408	300,188
2015	550,433	359,042
2016	568,919	363,981
2017	468,723	297,972
2018	460,336	289,347
2019	570,846	364,967
2020	649,751	412,854
2021	670,759	439,076
2022	713,298	470,319
2023	888,611	575,271
2024	991,840	648,288
2025	962,104	617,801
2026	842,320	536,499
2027	875,126	551,312
2028	860,026	552,581
2029	940,310	624,300
2030	1,106,602	736,709

## Financial Disclosure Information

Statement No. 45 requires the disclosure of various information relating to the other post employment benefits in the notes to their financial statements. This information includes a description of the substantive plan provisions, funding policy, the annual OPEB cost, the amount of the employer contribution, and the net obligation. Also required is various information from the latest valuation report relating to the methods and assumptions used in the valuation as well as the results of the valuation, including funding progress and factors affecting liabilities or changes in liabilities.

I, John P. Frederick, Actuary & Consultant, am a member of the American Academy of Actuaries and the Society of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "John P. Frederick", written over a horizontal line.

John P. Frederick,  
Associate of the Society of Actuaries  
Member of the American Academy of Actuaries

TABLE 1

**ONEIDA COUNTY  
OTHER POSTEMPLOYMENT BENEFITS**

**SUMMARY OF THE RESULTS OF THE VALUATION AS OF JANUARY 1, 2011**

1.	Number of Participants	
	(a) Active Employees included in the valuation	253
	(b) Retired Employees and Surviving Spouses	<u>29</u>
	(c) Total	282
	Active Employees that are Ineligible due to Date of Hire	14
	Active Employees with No Medical Coverage Excluded from the Valuation	18
2.	Actuarial Present Value of Projected Benefits	
	(a) Active Employees	\$11,194,213
	(b) Retired Employees	<u>2,302,070</u>
	(c) Total	\$13,496,283
3.	Actuarial Accrued Liability	
	(a) Active Employees	\$5,589,913
	(b) Retired Employees	<u>2,302,070</u>
	(c) Total	\$7,891,983
4.	Actuarial Value of Assets	\$0
5.	Unfunded Actuarial Accrued Liability	\$7,891,983
6.	Net OPEB Obligation	\$1,653,649
7.	Annual Required Contribution (ARC)	
	(a) Normal Cost	\$373,794
	(b) Interest Cost	43,137
	(c) Amortization of Accrued Liability	<u>488,938</u>
	(d) Total Annual Required Contribution	\$905,869
8.	Annual OPEB Cost for the FYE December 31, 2011	
	(a) Annual Required Contribution	\$905,869
	(b) Interest on Net OPEB Obligation	82,682
	(c) Adjustment to the ARC	<u>(107,572)</u>
	(d) Total Annual OPEB Cost	\$880,979

TABLE 2

ONEIDA COUNTY  
OTHER POST EMPLOYMENT BENEFITS

SUMMARY OF THE RESULTS OF THE VALUATION AS OF JANUARY 1, 2011  
ALLOCATION BY EMPLOYEE GROUP

Union Number	1	2	3	4	5	6	98	99	TOTAL
<b>Number of Participants</b>									
Active	30	90	19	9	12	42	4	47	253
Retired	<u>5</u>	<u>3</u>	<u>7</u>	<u>1</u>	<u>1</u>	<u>2</u>	<u>0</u>	<u>10</u>	<u>29</u>
Total	35	93	26	10	13	44	4	57	282
<b>Present Value of Projected Benefits</b>									
Active	\$2,815,863	\$2,841,392	\$850,097	\$215,629	\$450,050	\$1,479,982	\$173,602	\$2,367,598	\$11,194,213
Retired	<u>\$476,441</u>	<u>\$213,253</u>	<u>\$786,336</u>	<u>\$144,537</u>	<u>\$71,028</u>	<u>\$115,549</u>	<u>\$0</u>	<u>\$494,926</u>	<u>\$2,302,070</u>
Total	\$3,292,304	\$3,054,645	\$1,636,433	\$360,166	\$521,078	\$1,595,531	\$173,602	\$2,862,524	\$13,496,283
<b>Actuarial Accrued Liability</b>									
Active	\$1,138,693	\$1,525,446	\$533,108	\$86,537	\$128,395	\$651,270	\$165,688	\$1,360,776	\$5,589,913
Retired	<u>\$476,441</u>	<u>\$213,253</u>	<u>\$786,336</u>	<u>\$144,537</u>	<u>\$71,028</u>	<u>\$115,549</u>	<u>\$0</u>	<u>\$494,926</u>	<u>\$2,302,070</u>
Total	\$1,615,134	\$1,738,699	\$1,319,444	\$231,074	\$199,423	\$766,819	\$165,688	\$1,855,702	\$7,891,983
<b>Assets</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unfunded Accd Liab	\$1,615,134	\$1,738,699	\$1,319,444	\$231,074	\$199,423	\$766,819	\$165,688	\$1,855,702	\$7,891,983
Net OPEB Obligation	\$338,428	\$364,319	\$276,470	\$48,418	\$41,786	\$160,676	\$34,717	\$388,835	\$1,653,649
<b>Annual Required Contribution</b>									
Normal Cost	\$92,987	\$96,188	\$28,704	\$7,822	\$13,815	\$53,761	\$4,915	\$75,602	\$373,794
Interest Cost	\$9,653	\$10,195	\$5,522	\$1,107	\$1,309	\$5,063	\$759	\$9,528	\$43,137
Amortization	<u>\$100,064</u>	<u>\$107,719</u>	<u>\$81,745</u>	<u>\$14,316</u>	<u>\$12,355</u>	<u>\$47,507</u>	<u>\$10,265</u>	<u>\$114,968</u>	<u>\$488,938</u>
Total	\$202,703	\$214,102	\$115,971	\$23,245	\$27,479	\$106,332	\$15,939	\$200,098	\$905,869
<b>Annual OPEB Cost for FYE 12/31/2011</b>									
ARC	\$202,703	\$214,102	\$115,971	\$23,245	\$27,479	\$106,332	\$15,939	\$200,098	\$905,869
Interest on OPEB Oblig.	\$16,921	\$18,216	\$13,824	\$2,421	\$2,089	\$8,034	\$1,736	\$19,442	\$82,682
Adjustment to ARC	<u>(22,015)</u>	<u>(23,699)</u>	<u>(17,985)</u>	<u>(3,150)</u>	<u>(2,718)</u>	<u>(10,452)</u>	<u>(2,258)</u>	<u>(25,294)</u>	<u>(107,572)</u>
Total	\$197,609	\$208,619	\$111,810	\$22,516	\$26,850	\$103,913	\$15,416	\$194,246	\$880,979

**ONEIDA COUNTY  
OTHER POST EMPLOYMENT BENEFITS**

**SUMMARY OF BENEFIT PROVISIONS**

**Insurance Coverage**

Health insurance is provided for active and certain retired employees of Oneida County by the Wisconsin Counties Association Group Health Trust. Coverage is experience rated. To receive coverage, active employees are required to contribute 5% of the premium cost, while the employer contributes 95% of the premium cost.

The conditions and terms under which health insurance is provided for retired employees are outlined in the bargaining agreements for the six separate unions and in a summary plan description for non-represented employees. The six bargaining agreements and two non-represented groups include the following.

<u>Union Number</u>	<u>Agreement or Employee Group</u>
1	Agreement Between the County of Oneida and the Oneida County Deputy Sheriff's Association (Protectives)
2	Agreement Between the County of Oneida and the Oneida County Courthouse Employees Local Association Number 158
3	Working Agreement Between Oneida County Board of Supervisors and the Oneida County Highway Employees Local Union #79, AFSCME, AFL-CIO Tentative Agreement for Contract Years
4	County of Oneida Contract Proposal Presented to the Oneida County Public Health Department Employees Association for Contract Years
5	Working Agreement Between Oneida County Board of Supervisors and Oneida County Social Workers Local Association #358
6	Agreement Between the County of Oneida and the Oneida County Deputy Sheriff's Association (Non Protectives)
98	Oneida County Elected Employees
99	Oneida County Non-Represented Employees



**ONEIDA COUNTY  
OTHER POST EMPLOYMENT BENEFITS**

**SUMMARY OF BENEFIT PROVISIONS**

**Eligibility**

Employees who retire with a minimum of twenty years of continuous service with Oneida County, at age 55 or older, (53 for non-represented protectives and Sheriff's Department protectives\*), and who begin receiving an immediate annuity under the Wisconsin Retirement System (WRS) shall be allowed to continue under the group hospital and surgical insurance plan up to the minimum age at which Medicare begins.

\* Grandfather clause: The retirement age of 53 shall be reduced to age 50 for the select group of Sheriff's Department employees actively employed on January 1, 2002, provided they qualify for and take early retirement under the WRS rules and have a total of 80 for the sum of their age, with a minimum of age 50, plus continuous years of service with Oneida County, and who meet all the other requirements as described in this section.

Employees hired after certain dates will not be eligible for postretirement medical benefits.

**Union Number**

1	Sheriffs (protectives)	January 1, 2011
2	Courthouse	January 1, 2010
3	Highway	January 1, 2010
4	Public Health	January 1, 2011
5	Social Workers	January 1, 2010
6	Sheriffs Non-protectives	January 1, 2010
98	Elected	January 1, 2010
99	Non-represented	January 1, 2010

**Benefits**

The County pays the single plan rate for employees with at least twenty years of continuous service and the single plan rate, plus \$75 to be applied to the health plan premium cost of a single plus one or family plan, for employees with at least 25 years of continuous service. The employee has the option of carrying any plan coverage beyond the single plan, provided the employee pays the difference between the County's contribution and the premium cost of the selected plan coverage.

An employee who retires from Oneida County between the age of 55 and the date they are eligible to participate in the Federal Medicare program, and with less than 20 years of continuous service for Oneida County, and is receiving an annuity from the Wisconsin Retirement System, shall be allowed to continue under Oneida County's group hospital and surgical insurance plan up to the date that they are first eligible to participate in the Federal Medicare program, provided he/she pays the entire premium cost for such plan to the County each month.

**ONEIDA COUNTY  
OTHER POST EMPLOYMENT BENEFITS**

**SUMMARY OF BENEFIT PROVISIONS**

Retirees who continue under the group Health Plan, at the time of retirement, shall be allowed to continue under the Prescription Drug Plan, until they become eligible for Medicare or Medicaid.

Coverage will be provided from the date of retirement to the date the retired employee becomes eligible for Medicare, subject to the following maximum periods of coverage:

**Sheriff's Protective, Public Health**

For employees eligible to retire before December 31, 2011: up to 10 years

For employees eligible to retire before December 31, 2012: up to 9 years

For employees eligible to retire before December 31, 2013: up to 8 years

For employees eligible to retire on or after January 1, 2014: up to 7 years

In addition, retired Protective employees may continue their retiree coverage for up to an additional 36 months, (not exceeding ten total years of coverage and not beyond Medicare eligibility) provided they pay 50% of the monthly premium for any additional months

**Courthouse, Highway, Social Workers, Sheriff's Non Protective, Non-represented, and Elected**

For employees eligible to retire before December 31, 2010: up to 10 years

For employees eligible to retire before December 31, 2011: up to 9 years

For employees eligible to retire before December 31, 2012: up to 8 years

For employees eligible to retire on or after January 1, 2013: up to 7 years

**Spouse Benefits Provided**

As indicated above, a retiree may elect any plan coverage beyond the single plan, provided the employee pays the difference between the County's contribution and the cost of the selected plan coverage. After coverage ceases for the retired employee, either because the retired employee attained age 65 or died prior to age 65, the spouse may continue to be covered for 36 months, or if earlier, the attainment of age 65, provided the spouse pays 100% of the premium.

**High Deductible Coverage with Health Reimbursement Account (HRA)**

Only those eligible to retire as of the following dates:

December 31, 2008 for Protectives, Non-protectives, public health, and social workers

December 31, 2009 for Courthouse

December 31, 2010 for Highway

will be eligible to elect low deductible plan coverage upon retirement. Eligibility for retirement is defined as attainment of age 55 (age 53 for protectives) and the completion of 20 years of service.

**ONEIDA COUNTY  
OTHER POST EMPLOYMENT BENEFITS**

**SUMMARY OF BENEFIT PROVISIONS**

Alternatively, they may elect a higher deductible plan with an HRA account. All employees that are not eligible to retire as of December 31, 2010 must elect the higher deductible plan with an HRA account. In order to receive the cash contribution to the HRA account described above, they must elect the higher deductible plan with an HRA account.

**Employer Contribution to Health Reimbursement Account**

The County will contribute the following amounts to a Health Reimbursement Account (HRA) or VEBA for each employee, upon retirement, as follows:

**Sheriff Protective**

\$12,000 upon retirement for employees retiring on or before December 31, 2013, or on December 31, 2013 for any employee eligible to retire on or before December 31, 2016 and has not retired by December 31, 2013.

**Courthouse Employees, Highway**

\$2,000 for employees retiring in 2011  
 \$4,000 for employees retiring in 2012  
 \$6,000 for employees retiring in 2013  
 \$8,000 for employees retiring in 2014  
 \$10,000 for employees retiring in 2015  
 \$12,000 for employees retiring in 2016

**Public Health**

\$12,000 for employees retiring before December 31, 2013

**Social Workers**

\$12,000 for employees retiring during the term of the agreement (before December 31, 2011)

**Sheriff's Non Protective, Non-represented, and Elected**

\$6,000 for employees retiring in 2011  
 \$9,000 for employees retiring in 2012  
 \$12,000 for employees retiring in 2013

**ONEIDA COUNTY  
OTHER POST EMPLOYMENT BENEFITS**

**SUMMARY OF BENEFIT PROVISIONS – Non HRA Coverage**

<b>Providers</b>	<b>In-Network Benefits</b>	<b>Out-of-Network Benefits</b>
Calendar Year Deductible	\$250/\$500	\$250/\$500
Co-Insurance	90/10 to \$2,000	80/20 to \$2,000
Annual Out-of-Pocket Maximum	\$450/\$900	\$650/\$1300
UC & R	None	Yes
Lifetime Maximum	2 million	2 million
<b>Physician Services</b>		
Office Visits and Procedures	Deductible; then 90/10%	Deductible; then 80/20%
Surgery/Anesthesiology	Deductible; then 90/10%	Deductible; then 80/20%
Routine Eye Exams	Deductible; then 90/10%	Deductible; then 80/20%
Hearing Acuity Testing	Not Covered	Not Covered
Routine Mammogram	Deductible Waived; Payable at 100%; No age limitations	
Annual Physical Exam	Payable at 100%-First \$250; then ded. and coinsurance	
Well Child Exams	Deductible Waived: Payable at 100% until age 2	
Immunizations	Deductible Waived: Payable at 100% until age 6	
Edoscopic Surgery (Colonoscopies)	Deductible; then 90/10%	Deductible; then 80/20%
Physical, Speech & Occup. Therapy	Deductible; then 90/10%	Deductible; then 80/20%
Lab, Xray & Radioscope Diagnostic	Deductible; then 90/10%	Deductible; then 80/20%
Chiropractic Visits/Manipulations	Deductible; then 90/10%	Deductible; then 80/20%
Orthoptic (eye training exercises)	Deductible; then 90/10%	Deductible; then 80/20%
Cochlear Implants	Deductible; then 90/10%	Deductible; then 80/20%
<b>Hospital Services</b>		
Inpatient Hospitals	Deductible; then 90/10%	Deductible; then 80/20%
Skilled Nursing Facility	Deductible; then 90/10%	Deductible; then 80/20%
Outpatient Hospital Services	Payable at 100%	No deductible/no copay
Emergency Room	\$50 Copay, then 100%- Waived if Admitted	\$50 Copay, then 100%- Waived if Admitted
Hospice Care	Deductible; then 90/10%	Deductible; then 80/20%
Ambulance	Deductible; then 90/10%	Deductible; then 80/20%
Home Health Care	40 visits per year per person	40 visits per year per person
<b>Prescription Drugs</b>		
Rx dispensed	\$11.73/\$17.60/\$35.19	\$11.73/\$17.60/\$35.19
Diabetic Equipment & Supplies	Deductible; then 90/10%	Deductible; then 80/20%

**ONEIDA COUNTY  
OTHER POST EMPLOYMENT BENEFITS**

**SUMMARY OF BENEFIT PROVISIONS – Non HRA Coverage**

Hearing Aid	Not Covered	Not Covered
DME/Prothetics/Ortho Supplies	Deductible; then 90/10%	Deductible; then 80/20%
Mental Health & Chem Dependency	Plan Maximum	
Inpatient	30 days or \$6300 whichever is less	
Outpatient & Transitional	\$1800 max per person per year	
Transitional	\$2700 max per person per year	
<b>Transplants</b>		
Bone Marrow	Deductible; then 90/10%	Deductible; then 80/20%
Cornea	Deductible; then 90/10%	Deductible; then 80/20%
Heart	Deductible; then 90/10%	Deductible; then 80/20%
Heart/Lung	Deductible; then 90/10%	Deductible; then 80/20%
Kidney Disease	Deductible; then 90/10%	Deductible; then 80/20%
Liver	Deductible; then 90/10%	Deductible; then 80/20%
Lung	Deductible; then 90/10%	Deductible; then 80/20%
Pancreas	Deductible; then 90/10%	Deductible; then 80/20%
<b>Oral Surgery</b>		
Excision of impacted teeth	Outpatient: 100%	Outpatient: Deductible; 80/20%
	Inpatient: Deduct.; 90/10%	Inpatient: Deductible 80/20%
Excision of tumors & cysts of jaw	Same	Same
Surgical to correct due to accident	Same	Same
Apicoectomy	Same	Same
Root canal therapy	Same	Same
Excision of exostoses	Same	Same
Frenectomy	Same	Same
Drainage of cellulitis	Same	Same
Incision of access sinuses	Same	Same
Excision of tmj	Same	Same
Gingivectomy	Same	Same
Alveolectomy	Same	Same
Temporomandibular Disorders	State Mandate	State Mandate

**Insurance Premiums**

The monthly premiums for the above coverages, which are applicable for all active and retired employees, effective for the 2011 calendar year, are as follows.

Single Coverage	\$772.00
Employee Plus One Coverage	\$1,420.00
Family Coverage	\$2,060.00

**ONEIDA COUNTY  
OTHER POST EMPLOYMENT BENEFITS**

**SUMMARY OF BENEFIT PROVISIONS – HRA Coverage**

<b>Providers</b>	<b>In-Network Benefits</b>	<b>Out-of-Network Benefits</b>
Calendar Year Deductible	\$1000/\$1500/\$2000	\$1000/\$1500/\$2000
Co-Insurance	90/10 to \$2,000	80/20 to \$2,000
Annual Out-of-Pocket Maximum	\$950/\$1700/\$2200	\$1400/\$1900/\$2400
UC & R	None	Yes
Lifetime Maximum	2 million	2 million
<b>Physician Services</b>		
Office Visits and Procedures	Deductible; then 90/10%	Deductible; then 80/20%
Surgery/Anesthesiology	Deductible; then 90/10%	Deductible; then 80/20%
Routine Eye Exams	Deductible; then 90/10%	Deductible; then 80/20%
Hearing Acuity Testing	Not Covered	Not Covered
Routine Mammogram	Deductible Waived; Payable at 100%; No age limitations	
Annual Physical Exam	Payable at 100%-First \$250; then ded. and coinsurance	
Well Child Exams	Deductible Waived: Payable at 100% until age 2	
Immunizations	Deductible Waived: Payable at 100% until age 6	
Endoscopic Surgery (Colonoscopies)	Deductible; then 90/10%	Deductible; then 80/20%
Physical, Speech & Occup. Therapy	Deductible; then 90/10%	Deductible; then 80/20%
Lab, Xray & Radioscope Diagnostic	Deductible; then 90/10%	Deductible; then 80/20%
Chiropractic Visits/Manipulations	Deductible; then 90/10%	Deductible; then 80/20%
Orthoptic (eye training exercises)	Deductible; then 90/10%	Deductible; then 80/20%
Cochlear Implants	Deductible; then 90/10%	Deductible; then 80/20%
<b>Hospital Services</b>		
Inpatient Hospitals	Deductible; then 90/10%	Deductible; then 80/20%
Skilled Nursing Facility	Deductible; then 90/10%	Deductible; then 80/20%
Outpatient Hospital Services	Payable at 100%	No deductible/no copay
Emergency Room	\$50 Copay, then 100%- Waived if Admitted	\$50 Copay, then 100%- Waived if Admitted
Hospice Care	Deductible; then 90/10%	Deductible; then 80/20%
Ambulance	Deductible; then 90/10%	Deductible; then 80/20%
Home Health Care	40 visits per year per person	40 visits per year per person
<b>Prescription Drugs</b>		
Rx dispensed	\$11.73/\$17.60/\$35.19	\$11.73/\$17.60/\$35.19
Diabetic Equipment & Supplies	Deductible; then 90/10%	Deductible; then 80/20%

**ONEIDA COUNTY  
OTHER POST EMPLOYMENT BENEFITS**

**SUMMARY OF BENEFIT PROVISIONS-- HRA Coverage**

Hearing Aid	Not Covered	Not Covered
DME/Prothetics/Ortho Supplies	Deductible; then 90/10%	Deductible; then 80/20%
Mental Health & Chem Dependency	Plan Maximum	
Inpatient	30 days or \$6300 whichever is less	
Outpatient & Transitional	\$1800 max per person per year	
Transitional	\$2700 max per person per year	
<b>Transplants</b>		
Bone Marrow	Deductible; then 90/10%	Deductible; then 80/20%
Cornea	Deductible; then 90/10%	Deductible; then 80/20%
Heart	Deductible; then 90/10%	Deductible; then 80/20%
Heart/Lung	Deductible; then 90/10%	Deductible; then 80/20%
Kidney Disease	Deductible; then 90/10%	Deductible; then 80/20%
Liver	Deductible; then 90/10%	Deductible; then 80/20%
Lung	Deductible; then 90/10%	Deductible; then 80/20%
Pancreas	Deductible; then 90/10%	Deductible; then 80/20%
<b>Oral Surgery</b>		
Excision of impacted teeth	Outpatient: 100% Inpatient: Deduct.; 90/10%	Outpatient: Deductible; 80/20% Inpatient: Deductible 80/20%
Excision of tumors & cysts of jaw	Same	Same
Surgical to correct due to accident	Same	Same
Apicoectomy	Same	Same
Root canal therapy	Same	Same
Excision of exostoses	Same	Same
Frenectomy	Same	Same
Drainage of cellulitis	Same	Same
Incision of access sinuses	Same	Same
Excision of tmj	Same	Same
Gingivectomy	Same	Same
Alveolectomy	Same	Same
Temporomandibular Disorders	State Mandate	State Mandate

**Insurance Premiums**

The monthly premiums for the above coverages, which are applicable for all active and retired employees, effective for the 2011 calendar year, are as follows.

Single Coverage	\$749.50
Employee Plus One Coverage	\$1,347.33
Family Coverage	\$1,959.00

**ONEIDA COUNTY  
OTHER POST EMPLOYMENT BENEFITS**

**SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS**

The assumptions used in this valuation are as follows:

**Valuation Date**

The valuation date is January 1, 2011.

**Discount Rate**

A discount rate of 5.0% was used to discount expected liabilities to the measurement date.

**Mortality**

A mortality table based on the results of the Wisconsin Retirement System 2006-2008 Experience Study was used. Mortality rates for employees under the age of 56 are from the Death-In-Service mortality rates. For ages 56 through 65, a weighted average of the mortality rates from the Death-In-Service table and the Healthy Lives (retired) table were used.

**Health Care Trend Rate**

Average claims costs for future years are assumed to increase at the rate set forth in the following schedule. This increase represents the combination of the inflation in health care costs, changes in utilization (other than age-related changes,) technological advances in medical care, and changes in the health status of plan participants.

<u>Year</u>	<u>Trend Rate</u>	<u>Year</u>	<u>Trend Rate</u>
2011	10.0%	2016-2017	7.5%
2012	9.5%	2018-2019	7.0%
2013	9.0%	2020-2021	6.5%
2014	8.5%	2022-2023	6.0%
2015	8.0%	2024+	5.5%

**Retiree Contributions**

Retiree contributions to the cost of coverage were determined as a percentage of projected premiums, less the fixed dollar subsidy to the cost of spouse coverage paid by the County. It is assumed that retiree contributions related to premiums will increase in future years at the same rate as the per capita claims cost.



TABLE 4

**ONEIDA COUNTY  
OTHER POST EMPLOYMENT BENEFITS**

**SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS**

**Retirement Age**

Assumed rates of retirement rate are as follows:

Age	Protectives	Elected		A/O Male		A/O Female	
	Normal & Early Ret.	Normal Retirement	Early Retirement	Normal Retirement	Early Retirement	Normal Retirement	Early Retirement
50							
51							
52							
53							
54							
55							
56							
57							
58	75%	10%	20%	48%	23%	38%	22%
59	17%	5%	5%	24%	8%	19%	5%
60	17%	5%	5%	24%	8%	19%	8%
61	20%	5%	5%	20%	8%	19%	8%
62	20%	5%	5%	33%	17%	29%	16%
63	30%	5%	5%	33%	17%	29%	16%
64	18%	5%	5%	22%	17%	25%	16%
65	100%	100%	100%	100%	100%	100%	100%

**Per Capita Claims Costs**

Claims costs for the fiscal year beginning on the valuation date were based on the insurance premiums in effect during the fiscal year. These premiums were converted to age specific costs. Illustrative costs are as follows:

Non HRA Coverage

	<u>Retiree</u>		<u>Spouse</u>	
	<u>Annual</u>	<u>Monthly</u>	<u>Annual</u>	<u>Monthly</u>
Age 50	\$9,115	\$760	\$7,270	\$606
Age 55	\$10,567	\$881	\$8,429	\$702
Age 60	\$12,250	\$1,021	\$9,771	\$814
Age 64	\$13,787	\$1,149	\$10,997	\$916

**ONEIDA COUNTY  
OTHER POST EMPLOYMENT BENEFITS**

**SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS**

<u>HRA</u> <u>Coverage</u>	<u>Retiree</u>		<u>Spouse</u>	
	<u>Annual</u>	<u>Monthly</u>	<u>Annual</u>	<u>Monthly</u>
Age 50	\$9,388	\$782	\$7,880	\$657
Age 55	\$10,884	\$907	\$9,136	\$761
Age 60	\$12,617	\$1,051	\$10,590	\$883
Age 64	\$14,201	\$1,183	\$11,920	\$993

Average per capita claims costs were developed from the monthly premium rates set for coverage for active and retired employees under age 65. These premiums were converted into age-specific rates, assuming increases in claims costs of 3% per year prior to age 65.

**Aging**

Utilization is assumed to vary by age, increasing at the rate of 3% per year prior to age 65.

**Withdrawal**

Rates of termination of employment for reasons other than retirement and death were taken from the Select and Ultimate Withdrawal Table based on the Wisconsin Retirement System 2006 - 2008 Experience Study. Illustrative annual rates of withdrawal from employment are as follows:

<u>Age</u>	<u>Service</u>	<u>Protective</u>	<u>All Other Males</u>	<u>All Other Females</u>
	0-1	.1300	.2100	.2000
	1-2	.0700	.1300	.1400
	2-3	.0460	.0900	.1000
	3-4	.0410	.0700	.0820
	4-5	.0320	.0580	.0720
	5-6	.0300	.0470	.0620
	6-7	.0270	.0430	.0530
	7-8	.0250	.0400	.0470
	8-9	.0230	.0350	.0440
	9-10	.0190	.0300	.0400
Under 30	10 & Up	.0190	.0300	.0370
35		.0170	.0250	.0320
40		.0130	.0190	.0260
45		.0110	.0150	.0210
50		.0100	.0130	.0180
55		.0000	.0000	.0000

**ONEIDA COUNTY  
OTHER POST EMPLOYMENT BENEFITS**

**SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS**

**Administrative Expenses**

None specifically assumed. Expense provisions are included in the claims cost.

**Disability**

None

**Age of Spouse**

For current retirees, actual spousal information was used. For current active employees, the age of the male spouse was assumed to be three years older than that of the female.

**Participation**

100% of eligible employees who elect coverage while actively employed and retire with twenty or more years of service are assumed to elect to participate in the retiree medical plan.

5% of eligible employees who elect coverage while actively employed and retire with less than twenty years of service are assumed to elect to participate in the retiree medical plan.

Employees that decline coverage while actively employed are assumed to decline coverage when retired.

**Percentage Married**

80% of employees are assumed to be married upon retirement.

**Coverage of Spouse**

40% of eligible spouses of retirees that elect to participate, are assumed to be covered upon retirement of the eligible employee.

**METHODOLOGY**

Per capita claims costs were developed using the monthly premium costs for active and retired employees, developed for the purpose of determining the employer and employee contributions to the cost of coverage. These premiums were converted into age-specific rates, assuming increases in claims costs of 3% per year prior to age 65.

A projection of the population to retirement was made. For those retirees eligible for coverage, a projection of claims was made for each year of retirement using mortality and trend assumptions. The resulting cash flows were discounted to the valuation date.

**Cost Method**

The projected unit credit cost method was used. This method is one of the methods allowed by the Statement No. 45.

**ONEIDA COUNTY  
OTHER POST EMPLOYMENT BENEFITS**

**SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS**

**EMPLOYEE CENSUS**

Participant data which served as the basis for this valuation was provided by Oneida County for each employee covered by the Plan. Reliance was placed on this information. Data was reviewed for reasonableness and consistency, but no audit was performed. The distribution of active employees by age and service, as of the valuation date is set forth on the attached exhibit.

Asset information was provided by the employer. Reliance was placed on this information.

TABLE 5

**ONEIDA COUNTY  
OTHER POST EMPLOYMENT BENEFITS  
AGE AND SERVICE DISTRIBUTION AT JANUARY 1, 2011**

**Years of Service at January 1, 2011**

Age	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Up	Total
Under 25	2	1									3
25-29	6	9	1								16
30-34	1	5	6	3							15
35-39	2	10	13	10							35
40-44	1	4	8	12	10	3					38
45-49	1	14	5	18	11	2	1				52
50-54	3	10	10	13	5	7	7	3			58
55-59	1	5	7	8	8	6	6	1	3		45
60-64		2	3	7	1	2			2		17
65-69				3					1	1	5
70 & Up			1								1
Total	17	60	54	74	35	20	14	4	6	1	285
Average Age		46.6	Number of Males		117						
Average Service		11.8	Number of Females		168						