

CASE STUDY

Calhoun County



Key Takeaways

- The County realized savings, while still being able to offer attractive health benefits that differentiate it from other employers. As a result, health care benefits remain a part of the County's recruitment and retention strategy.
- Calhoun County won over initially skeptical participants through robust education and outreach.



Municipality Profile

- Calhoun County is located in southern Michigan, midway between Detroit and Chicago.
- Approximately 700 full and parttime employees.
- 134,000 residents.

MERS Programs Used

- Health Care Savings Program
- Health Care Exchange



Situation

Calhoun County was looking for a way to reduce its costs and OPEB liabilities while continuing to offer quality and affordable insurance benefits to post-65 retirees who were eligible for Medicare.

Process

The County adopted the MERS Retiree Health Funding Vehicle to set aside and invest assets toward their OPEB liabilities in a dedicated trust. It then adopted the MERS Health Care Savings Program for retirees to set aside and invest a yearly stipend for health care costs. Post-65 retirees eligible for Medicare were removed from County sponsored health care plan and, instead, offered enrollment for medical, prescription drug, dental and vision coverage through the Exchange.

Strategy

While the transition was positive for both the County and participants, it was a hard change for many retirees who had been on the same traditional insurance plan for many, many years. In fact, the initial reaction from some was extremely negative.

To aid retirees, Calhoun County held retiree educational sessions and the HR Benefits Specialist worked with those expressing

concerns or needing additional assistance with the change. Ultimately, it was very well received by most retirees after a better understanding of how it works, the savings, choice of plans, assistance of benefit consultants, and the ability to keep excess funds.

Results

Calhoun County saved \$105,000 during the first year, post-transition. This will be an annual savings going forward and will also significantly reduce the county's overall OPEB liabilities for this population of retirees. Depending on the plan chosen by the retiree on the MERS Exchange, most retirees also had reduced costs. Retirees that chose plans that were less expensive than the provided stipend get to keep the extra funds to be used for other qualified medical expenses.

Importantly, once skeptical retirees now describe the benefits change as an improvement and view the transition very favorably.



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