Mailed: March 17, 2010
Distribution: All Retirees & Active Eligible Employees

County of Mendocino
Human Resources Department
Employee Benefits Division
579 Low Gap Road Ukiah, CA 95482
Phone: (707) 463-6553
Fax: (707) 468-3390

IMPORTANT NOTICE ABOUT RETIREE HEALTH BENEFITS

In an effort to inform retirees and active employees who currently qualify for retiree health benefits, the Executive Office, in conjunction with Human Resources, has prepared this notice about the status of retiree health plan funding.

Based on current projections, it is anticipated that the retiree health reserves will be exhausted by January 2011. The reserves, along with contributions from the retirees, are the sole source of funding for the Retirement Health Plan.

Due to the rapidly depleting reserves, the Board of Supervisors requested the Retiree Health Benefits Committee (RHBC), along with County staff, to evaluate ways to extend the life of the Retiree Health Plan with the existing dollars in the Retiree Health Plan reserves.

The RHBC and County Staff have met on three occasions to evaluate options for retiree health plan changes and/or contributions which will allow the County to continue providing access to health care for retirees.

MEDICARE ELIGIBILE RETIREES: The RHBC has reviewed options available for supplemental healthcare plans for Medicare-eligible retirees. It has been determined that the County can REDUCE Medicare supplemental costs by moving Medicare eligible retirees to a supplemental insured plan. It is anticipated that a recommendation to proceed with this transfer will be presented to the Board of Supervisors in April 2010.

NON-MEDICARE ELIGIBILE RETIREES: There are no group insured plan alternatives available to the non-Medicare eligible retirees. The RHBC is evaluating a number of plan design and contribution changes to allow the County to extend the life of the current plan. Recommendations for any plan changes would also be presented to the Board of Supervisors in April 2010. It is anticipated that a presentation of the RHBC's recommended proposals will be made to interested retirees and qualifying employees in late March or early April prior to submittal to the Board of Supervisors.

It is important that retirees understand that in lieu of the development of an alternative funding source for the retiree health plan, all plan costs will be required to be borne by the retirees in order to maintain the group health plan. This is estimated to occur January 2011 at the current County contribution and plan experience rate.