



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

June 11, 2019

Notice of Approval

Fiscal Year: 2017

Municipality Code: 631030

Sent Via Email

Bloomfield Charter Township
lsavoie@bloomfieldtp.org

Re: Corrective Action Plan(s)

Dear Administrative Officer or Designee:

Thank you for submitting your retirement corrective action plan(s) pursuant to Public Act 202 of 2017 (the Act). **Based upon review, your corrective action plan for Bloomfield Township Retired Employees' Health Care Benefit Trust has been approved by the Municipal Stability Board (the Board).**

Next Steps (Pursuant to the Act):

- You must begin to implement your corrective action plan(s) within 180 days of the date of this letter.
- Your approved corrective action plan(s) must be posted publicly on your website or in a public place. While this approved corrective action plan(s) is in effect for your local unit, you are not required to submit an additional corrective action plan for this system.
- You are required to continue to file the Form 5572 Retirement System Annual Report annually, which is due six months after the end of your fiscal year.
- The Board shall monitor your compliance with the Act and your corrective action plan. The Board shall detail any reasons for a determination of noncompliance. Additional guidance will be forthcoming regarding the monitoring process.

Thank you for your commitment to fiscal stability and continued compliance with the Act.

If you have any questions, please email our office at LocalRetirementReporting@michigan.gov or visit Michigan.gov/LocalRetirementReporting.

Sincerely,

Michigan Department of Treasury
Local Retirement Reporting Team

Protecting Local Government Retirement and Benefits Act

Corrective Action Plan:

Retirement Health Benefit Systems

Issued under authority of Public Act 202 of 2017.

1. MUNICIPALITY INFORMATION	
Local Unit Name: <u>Charter Township of Bloomfield</u>	Six-Digit Muni Code: <u>631030</u>
Retirement Health Benefit System Name: <u>Bloomfield Township Retired Employees' Health Care Benefits Trust</u>	
Contact Name (Administrative Officer): <u>Leo Savoie</u>	
Title if not Administrative Officer: <u>Township Supervisor</u>	
Email: <u>lsavoie@bloomfieldtp.org</u>	Telephone: <u>(248) 433-7700</u>

2. GENERAL INFORMATION
<p>Corrective Action Plan: An underfunded local unit of government shall develop and submit for approval a corrective action plan for the local unit of government. The local unit of government shall determine the components of the corrective action plan. This Corrective Action Plan shall be submitted by any local unit of government with at least one retirement health benefit system that has been determined to have an underfunded status. Underfunded status for a retirement health system is defined as being less than 40% funded according to the most recent audited financial statements, and, if the local unit of government is a city, village, township, or county, the annual required contribution (ARC) for all of the retirement health systems of the local unit of government is greater than 12% of the local unit of government's annual governmental fund revenues, based on the most recent fiscal year.</p> <p>Due Date: The local unit of government has 180 days from the date of notification to submit a corrective action plan to the Municipal Stability Board. The Board may extend the 180-day deadline by up to an additional 45 days if the local unit of government submits a reasonable draft of a corrective action plan and requests an extension.</p> <p>Filing: Per Sec. 10(1) of the Act, this Corrective Action Plan must be approved by the local government's administrative officer and its governing body. You must provide proof of your governing body approving this Corrective Action Plan and attach the documentation as a separate PDF document. Per Sec. 10(4) of the Act, failure to provide documentation that demonstrates approval from your governing body will result in a determination of noncompliance by the Board.</p> <p>The submitted plan must demonstrate through distinct supporting documentation how and when the local unit will reach the 40% funded ratio. Or, if the local unit is a city, village, township, or county, the submitted plan may demonstrate how and when the ARC for all of the retirement healthcare systems will be less than 12% of annual governmental fund revenues, as defined by the Act. Supporting documentation for the funding ratio and/or ARC must include an actuarial projection, an actuarial valuation, or an internally developed analysis. The local unit must project governmental fund revenues using a reasonable forecast based on historical trends and projected rates of inflation.</p> <p>The completed plan must be submitted via email to Treasury at LocalRetirementReporting@michigan.gov for review by the Board. If you have multiple underfunded retirement systems, you are required to complete separate plans and send a separate email for each underfunded system. Please attach each plan as a separate PDF document in addition to all applicable supporting documentation.</p> <p>The subject line of the email(s) should be in the following format: Corrective Action Plan-2017, Local Unit Name, Retirement System Name (e.g. Corrective Action Plan-2017, City of Lansing, Employees' Retirement System OPEB</p>

Plan). Treasury will send an automatic reply acknowledging receipt of the email. Your individual email settings must allow for receipt of Treasury's automatic reply. This will be the only notification confirming receipt of the application(s).

Municipal Stability Board: The Municipal Stability Board (the Board) shall review and vote on the approval of a corrective action plan submitted by a local unit of government. If a corrective action plan is approved, the Board will monitor the corrective action plan for the following two years, and the Board will report on the local unit of government's compliance with the Act not less than every two years.

Review Process: Following receipt of the email by Treasury, the Board will accept the corrective action plan submission at the next scheduled meeting of the Board. The Board shall then approve or reject the corrective action plan within 45 days from the date of the meeting.

Considerations for Approval: A successful corrective action plan will demonstrate the actions for correcting underfunded status as set forth in Sec. 10(7) of the Act (listed below), as well as any additional solutions to address the underfunded status. Please also include steps already taken to address your underfunded status, as well as the date prospective actions will be taken. A local unit of government may also include in its corrective action plan a review of the local unit of government's budget and finances to determine any alternative methods available to address its underfunded status. A corrective action plan under this section may include the development and implementation of corrective options for the local unit of government to address its underfunded status. The corrective options as described in Sec. 10(7) may include, but are not limited to, any of the following:

- (i) Requiring cost sharing of premiums and sufficient copays.
- (ii) Capping employer costs.

Implementation: The local unit of government has up to 180 days after the approval of a corrective action plan to begin to implement the corrective action plan to address its underfunded status. The Board shall monitor each underfunded local unit of government's compliance with this act and any corrective action plan. The Board shall adopt a schedule, not less than every 2 years, to certify that the underfunded local unit of government is in substantial compliance with the Act. If the Board determines that an underfunded local unit of government is not in substantial compliance under this subsection, the Board shall within 15 days provide notification and report to the local unit of government detailing the reasons for the determination of noncompliance with the corrective action plan. The local unit of government has 60 days from the date of the notification to address the determination of noncompliance.

3. DESCRIPTION OF PRIOR ACTIONS

Prior actions are separated into three categories below: System Design Changes, Additional Funding, and Other Considerations. Please provide a brief description of the prior actions implemented by the local government to address the retirement system's underfunded status within the appropriate category section. Within each category are sample statements that you may choose to use to indicate the changes to your system that will positively affect your funded status. For retirement systems that have multiple divisions, departments, or plans within the same retirement system, please indicate how these changes impact the retirement **system** as a whole.

- **Please Note:** If applicable, prior actions listed within your waiver application(s) may also be included in your corrective action plan.

Please indicate where in the attached supporting documentation these changes are described and the impact of those changes (i.e. what has the local unit of government done to improve its underfunded status, and where can we find the proof of these changes in the supporting documentation?).

Note: Please provide the name of the system impacted, the date you made the change, the relevant page number(s) within the supporting documentation, and the resulting change to the system's funded ratio.

Category of Prior Actions:

System Design Changes - System design changes may include the following: Changes to coverage levels (including retiree co-payments, deductibles, and Medicare eligibility), changes to premium cost-sharing, eligibility changes, switch to defined contribution retiree health care plan, changes to retiree health care coverage for new hires, etc.

Sample Statement: *Benefit levels of the retired membership mirrors the current collective bargaining agreement for each class of employee. On **January 1, 2017**, the local unit entered into new collective bargaining agreements with the **Command Officers Association** and **Internal Association of Firefighters** that increased employee co-payments and deductibles for healthcare. These coverage changes resulted in an improvement to the retirement system's funded ratio. Please see page **12** of the attached actuarial analysis that indicates the system is **40%** funded as of **June 30, 2017**.*

On January 1, 2010, the local unit moved all active employees from a PPO plan to a high-deductible health reimbursement account (HRA plan). (See 5a). On May 1, 2011, the local unit enacted a Retirement Health Savings (RHS) Plan for all new hires. (See 5b). On April 1, 2013, the local unit enacted two changes to the retirees who were on PPO plans. Mandatory generic and step therapy, which had already existed in the HRA plan. (See 5c)

Additional Funding – Additional funding may include the following: paying the annual required contribution in addition to retiree premiums, voluntary contributions above the annual required contribution, bonding, millage increases, restricted funds, etc.

Sample Statement: *The local unit created a qualified trust to receive, invest, and accumulate assets for retirement healthcare on **June 23, 2016**. The local unit of government has adopted a policy to change its funding methodology from Pay-Go to full funding of the Annual Required Contribution (ARC). Additionally, the local unit has committed to contributing **\$500,000** annually, in addition to the ARC for the next five fiscal years. The additional contributions will increase the retirement system's funded ratio to **40%** by **2022**. Please see page **10** of the attached resolution from our governing body demonstrating the commitment to contribute the ARC and additional **\$500,000** for the next five years.*

On March 14, 2005, the Trust was created but funding it was not substantial until more recent years. As of the July 2011 Actuarial report, assets were \$138,000.(see 4a). As of the July 2013 Actuarial report, assets were \$1,608,647.(see 4b). As of the July 2015 Actuarial report, assets were \$5,437,023.(see 4c). The local unit has voluntarily contributed \$7,167,620 between 2012 and March 2017. This was in lieu of letting those funds close to the fund balances or spend them in other areas.

Other Considerations – Other considerations may include the following: outdated Form 5572 information, actuarial assumption changes, amortization policy changes, etc.

Sample Statement: *The information provided on the Form 5572 from the audit used actuarial data from **2015**. Attached is an updated actuarial valuation for **2017** that shows our funded ratio has improved to **42%** as indicated on page **13**.*

4. DESCRIPTION OF PROSPECTIVE ACTIONS

The corrective action plan allows you to submit a plan of prospective actions which are separated into three categories below: System Design Changes, Additional Funding, and Other Considerations. Please provide a brief description of the prospective actions implemented by the local government to address the retirement system's underfunded status within the appropriate category section. Within each category are sample statements that you may choose to use to indicate the changes to your system that will positively affect your funded status. For retirement systems that have multiple divisions, departments, or plans within the same retirement system, please indicate how these changes impact the retirement **system** as a whole.

Please indicate where in the attached supporting documentation these changes are described and the impact of those changes (i.e. what will the local unit of government do to improve its underfunded status, and where can we find the proof of these changes in the supporting documentation?).

Category of Prospective Actions:

- System Design Changes** - System design changes may include the following: Changes to coverage levels (including retiree co-payments, deductibles, and Medicare eligibility), changes to premium cost-sharing, eligibility changes, switch to defined contribution retiree health care plan, changes to retiree health care coverage for new hires, etc.

Sample Statement: *The local unit will seek to align benefit levels for the retired membership with each class of active employees. Beginning with **summer 2018** contract negotiations, the local unit will seek revised collective bargaining agreements with the **Command Officers Association** and **Internal Association of Firefighters** to increase employee co-payments and deductibles for healthcare. These coverage changes would result in an improvement to the retirement system's funded ratio. Please see page **12** of the attached actuarial analysis that indicates the system would be **40%** funded by **fiscal year 2020** if these changes were adopted and implemented by **fiscal year 2019**.*

Contracts expire on 4/1/20, so negotiations will begin this year. It is too early to know what will be discussed or resolved with regard to healthcare.

- Additional Funding** – Additional funding may include the following: meeting the annual required contribution in addition to retiree premiums, voluntary contributions above the annual required contribution, bonding, millage increases, restricted funds, etc.

Sample Statement: *The local unit will create a qualified trust to receive, invest, and accumulate assets for retirement healthcare by **December 31, 2018**. The local unit of government will adopt a policy to change its funding methodology from Pay-Go to full funding of the Annual Required Contribution (ARC) by **December 31, 2018**. Additionally, beginning in fiscal year 2019, the local unit will contribute **\$500,000** annually in addition to the ARC for the next five fiscal years. The additional contributions will increase the retirement system's funded ratio to **40%** by **2022**. Please see page **10** of the attached resolution from our governing body demonstrating the commitment to contribute the ARC and additional **\$500,000** for the next five years.*

The Board will continue its strategic plan over the next 6 months. A resident survey was completed in January 2019. There will likely be a combination of expense reduction and revenue enhancements. It is still too early in the process to provide details or to be able to project if or when we will be 40% funded within 30 years.

- Other Considerations** – Other considerations may include the following: outdated Form 5572 information, actuarial assumption changes, amortization policy changes, etc.

Sample Statement: *Beginning in **fiscal year 2019**, the local unit will begin amortizing the unfunded portion of the healthcare liability using a **level-dollar amortization method over a closed period of 10 years**. This will allow the health system to reach a funded status of **42%** by **2022** as shown in the attached actuarial analysis on page **13**.*

5. CONFIRMATION OF FUNDING

Please check the applicable answer:

Do the corrective actions listed in this plan allow for (insert local unit name) Charter Township of Bloomfield to make, at a minimum, the retiree premium payment, as well as the normal cost payments for all new hires (if applicable), for the retirement health benefit system according to your long-term budget forecast?

Yes

No

If No, Explain

6. DOCUMENTATION ATTACHED TO THIS CORRECTIVE ACTION PLAN

Documentation should be attached as a .pdf to this corrective action plan. The documentation should detail the corrective action plan that would be implemented to adequately address the local unit of government's underfunded status. Please check all documents that are included as part of this plan and attach in successive order as provided below:

Naming convention: when attaching documents please use the naming convention shown below. If there is more than one document in a specific category that needs to be submitted, include a, b, or c for each document. For example, if you are submitting two supplemental valuations, you would name the first document "Attachment 2a" and the second document "Attachment 2b".

Naming Convention

Type of Document

Attachment – 1

This Corrective Action Plan (Required)

Attachment – 1a

Documentation from the governing body approving this Corrective Action Plan (Required)

Attachment – 2a

An actuarial projection, an actuarial valuation, or an internally developed analysis, which illustrates how and when the local unit will reach the 40% funded ratio. Or, if the local unit is a city, village, township, or county, ARC will be less than 12% of governmental fund revenues, as defined by the Act. (Required)

Attachment – 3a

Documentation of additional payments in past years that is not reflected in your audited financial statements (e.g. enacted budget, system provided information).

Attachment – 4a

Documentation of commitment to additional payments in future years (e.g. resolution, ordinance)

Attachment – 5a

A separate corrective action plan that the local unit has approved to address its underfunded status, which includes documentation of prior actions, prospective actions, and the positive impact on the system's funded ratio

Attachment – 6a

Other documentation, not categorized above

7. CORRECTIVE ACTION PLAN CRITERIA

Please confirm that each of the four corrective action plan criteria listed below have been satisfied when submitting this document. Specific detail on corrective action plan criteria can be found in the [Corrective Action Plan Development: Best Practices and Strategies](#) document.

Corrective Action Plan Criteria	Description
<input type="checkbox"/> Underfunded Status	Is there a description and adequate supporting documentation of how and when the retirement system will reach the 40% funded ratio? Or, if your local unit is a city, village, township, or county, how and when the ARC of all retirement healthcare systems will be less than 12 percent of governmental fund revenues?
<input type="checkbox"/> Reasonable Timeframe	Do the corrective actions address the underfunded status in a reasonable timeframe (see CAP criteria issued by the Board)?
<input checked="" type="checkbox"/> Legal and Feasible	Does the corrective action plan follow all applicable laws? Are all required administrative certifications and governing body approvals included? Are the actions listed feasible?
<input checked="" type="checkbox"/> Affordability	Do the corrective action(s) listed allow the local unit to make the retiree healthcare premium payment, as well as normal cost payment for new hires now and into the future without additional changes to this corrective action plan?

8. LOCAL UNIT OF GOVERNMENT'S ADMINISTRATIVE OFFICER APPROVAL OF CORRECTIVE ACTION PLAN

I, Leo Savoie, as the government's administrative officer (insert title) Township Supervisor (Ex: City/Township Manager, Executive director, and Chief Executive Officer, etc.) approve this Corrective Action Plan and will implement the prospective actions contained in this Corrective Action Plan.

I confirm to the best of my knowledge that because of the changes listed above, one of the following statements will occur:

- The Bloomfield Township Retired Employees' H (Insert Retirement Healthcare System Name) will achieve a funded status of at least 40% by Fiscal Year TBD as demonstrated by required supporting documentation listed in section 6.

OR, if the local unit is a city, village, township, or county:

- The ARC for all of the retirement healthcare systems of _____ (Insert local unit name) will be less than 12% of the local unit of government's annual governmental fund revenues by Fiscal Year _____ as demonstrated by required supporting documentation listed in section 6.

Signature Leo Savoie

Date 02/11/2019

PRESENT: Barnett, Buckley, Kepes, Roncelli, Savoie, Schostak, Walsh
Also present, Attorney Mark Roberts

ABSENT: None

ITEM 5: Consider Approval of Form 5597 Protecting Local Government Retirement and Benefits Act Corrective Action Plan: Retirement Health Benefit Systems

Jason Theis, Finance Director, advised the Board that Public Act 202 of 2017 requires an additional filing of Form 5597: the Corrective Action Plan. A majority of the responses on this edition of Form 5597 are similar to the Board's latest approval of Form 5597 on October 8, 2018. However, modifications were made based upon new data within the last 60-90 days. Theis recommended that the Board approve the Corrective Action Plan and move strategically toward the requisite funding level of Defined Benefit (DB) and Other Post-Employment Benefits (OPEB) obligations.

MOTION by Barnett and SUPPORT by Kepes to APPROVE Form 5597 Protecting Local Government Retirement and Benefits Act Corrective Action Plan: Retirement Health Benefit Systems.

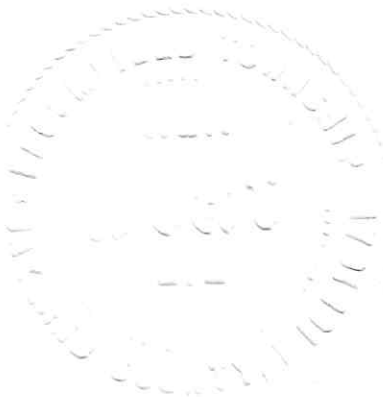
AYES: Barnett, Buckley, Kepes, Roncelli, Savoie, Schostak, Walsh
NAYS: None

RESOLUTION DECLARED ADOPTED.

I, JANET M. RONCELLI, TOWNSHIP CLERK of the Charter Township of Bloomfield, County of Oakland, Michigan, do hereby certify that the foregoing is a true and correct copy of a resolution adopted by the Board of Trustees at their regular meeting held on the 11th day of February 2019.



JANET M. RONCELLI, MMC
TOWNSHIP CLERK



**BLOOMFIELD TOWNSHIP
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

ANNUAL REQUIRED CONTRIBUTION

The Annual Required Contribution (ARC) for the OPEB program consists of two pieces: a **Normal Cost** (the cost of benefits earned each year should be accrued in that year) plus a **Past Service Cost** (a catch-up accrual to amortize the Unfunded Accrued Liability). The amortization period is 25 years starting FY 2009. The amortization method produces annual payments that will increase over time as payroll grows. On this basis, the ARC is determined as follows:

	Fire	Police	Library	Town	Total
Accrued Liability	\$27,823,000	\$26,416,000	\$3,312,000	\$29,214,000	\$86,765,000
Assets	45,000	42,000	5,000	46,000	138,000
Unfunded Accrued Liability	27,778,000	26,374,000	3,307,000	29,168,000	86,627,000
Amortization Period	21	21	21	21	21
Payroll Growth Rate	4.0%	4.0%	4.0%	4.0%	4.0%
Past Service Cost	1,805,000	1,714,000	215,000	1,896,000	5,630,000
Normal Cost	568,000	630,000	115,000	692,000	2,005,000
Interest	133,000	132,000	19,000	146,000	430,000
ARC for FY 2013	2,506,000	2,476,000	349,000	2,734,000	8,065,000
Expected Benefit Payouts	1,444,000	1,310,000	181,000	1,674,000	4,609,000
Net Budget Impact	1,062,000	1,166,000	168,000	1,060,000	3,456,000

The ARC is assumed to be paid at the beginning of the Fiscal Year.

June 30, 2011 assets were allocated to the subgroups based on Accrued Liability.

Annual Required Contribution

The Annual Required Contribution (ARC) for the OPEB program consists of two pieces: a **Normal Cost** (the cost of benefits earned each year should be accrued in that year) plus a **Past Service Cost** (a catch-up accrual to amortize the Unfunded Accrued Liability).

The amortization period is 25 years starting for FYE 2009. The amortization method produces annual payments that will increase by 4.00% annually. On this basis, the ARC is determined as follows:

	Fire	Police	Library	Town	Total
Accrued Liability	\$46,505,260	\$47,949,983	\$5,024,164	\$50,617,277	\$150,096,684
Assets	515,677	531,697	0	561,273	1,608,647
Unfunded Accrued Liability	45,989,583	47,418,286	5,024,164	50,056,004	148,488,037
Amortization Period	19	19	19	19	19
Payroll Growth Rate	4.00%	4.00%	4.00%	4.00%	4.00%
Past Service Cost	2,420,504	2,495,699	264,430	2,634,527	7,815,160
Total Normal Cost	1,248,912	1,581,030	258,017	1,504,302	4,592,261
Employee Contributions	0	0	0	0	0
Net Normal Cost	1,248,912	1,581,030	258,017	1,504,302	4,592,261
Interest	110,083	122,302	15,673	124,165	372,223
ARC for FY 2015	3,779,499	4,199,031	538,120	4,262,994	12,779,644
Expected Benefit Payouts	1,342,852	1,361,021	148,212	1,723,707	4,575,792

The ARC is assumed to be paid at the beginning of the Fiscal Year.

June 30, 2013 assets were allocated to the subgroups based on Accrued Liability (excluding Library).

Annual Required Contribution

The Annual Required Contribution (ARC) for the OPEB program consists of two pieces: a **Normal Cost** (the cost of benefits earned each year should be accrued in that year) plus a **Past Service Cost** (a catch-up accrual to amortize the Unfunded Accrued Liability).

The amortization period is 25 years starting for FYE 2009. The amortization method produces annual payments that will increase by 4.00% annually. On this basis, the ARC is determined as follows:

	Fire	Police	Library	Town	Water and Sewer	Total
Accrued Liability	\$48,927,542	\$51,401,300	\$5,257,680	\$42,903,707	\$8,900,406	\$157,390,635
Assets	913,655	959,848	0	801,168	2,762,352	5,437,023
Unfunded Accrued Liability	48,013,887	50,441,452	5,257,680	42,102,539	6,138,054	151,953,612
Amortization Period	17	17	17	17	17	17
Amortization Growth Rate	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Past Service Cost	2,824,346	2,967,144	309,275	2,476,620	375,081	8,952,466
Total Normal Cost	1,227,965	1,552,428	206,364	1,225,094	201,766	4,413,617
Employee Contributions	0	0	0	0	0	0
Net Normal Cost	1,227,965	1,552,428	206,364	1,225,094	201,766	4,413,617
Interest	121,569	135,587	15,469	111,051	19,469	403,145
ARC for FY 2017	4,173,880	4,655,159	531,108	3,812,765	596,316	13,769,228
Expected Benefit Payouts	1,430,835	1,325,650	170,377	1,295,428	376,378	4,598,668
Net Budget Impact	N/A	N/A	N/A	N/A	219,938	N/A

The ARC is assumed to be paid at the beginning of the Fiscal Year.

June 30, 2015 assets for Fire, Police and Town subgroups were allocated based on Accrued Liability.

The assets as of July 1, 2015 includes \$2,762,352 in accrued contributions, representing restricted funds for Water and Sewer that were transferred to the OPEB trust on November 30, 2015.

9/9/09

ADMINISTRATION PROPOSAL for Contract from 4/1/10 to 3/31/12

to

Bloomfield Township Maintenance Employees Association

Bloomfield Township Maintenance Supervisor Association

Bloomfield Township Water and Sewer Unit Association

I. Contract: 2 years

II. Wage: No general wage increase, wage rates remain the same.

III. Healthcare: Convert from PPO 3 to Bloomfield Township proposed HRA healthcare plan retroactive to and effective January 1, 2010.

The proposed Bloomfield Township HRA healthcare plan will include:

1. A provision whereby remaining allotted funds in a participant's HRA account at the end of each calendar year will rollover into the next calendar year and be in addition to the annual HRA fund allotment of \$1,500 for individual plan participants or \$3,000 for Family plan participants.

This provision will also apply to retirees who have retired under the proposed Bloomfield Township HRA healthcare plan.

2. A provision allowing two Flexible Savings Accounts (see attachment):

A. The optional CIGNA Healthcare Reimbursement Accounts for certain healthcare expenses not covered by health benefits plan and,

B. The optional Dependant Day Care Reimbursement Accounts for non-medical day care expenses.

Participants may elect either, or both, or neither of these accounts.

3. A provision whereby participants may choose to opt out of the Bloomfield Township HRA healthcare plan and receive \$500 per year for Single plan participant or \$1,000 per year for Family plan participant, pro-rated each pay check.

This provision will also apply to retirees who have retired under the proposed Bloomfield Township HRA healthcare plan.

Other non-conflicting provisions of current contract remain status quo. The foregoing proposals are made without prejudice to the administration's rights to amend or withdraw such proposals, or to make further proposals as may be necessary or appropriate.

Board of Trustees Meeting
Charter Township of Bloomfield

I, JANET M. RONCELLI, TOWNSHIP CLERK of the Charter Township of Bloomfield, County of Oakland, Michigan, do hereby certify the foregoing is a true and correct copy of a resolution adopted by the Board at their regular meeting held on July 25, 2011.

JANET M. RONCELLI, MMC
TOWNSHIP CLERK

ITEM #3 Consider Approval of Retiree Health Savings Plan

Treasurer Devine made the presentation. A change in the health plan for retirees is the last step in eliminating legacy costs to the Township. The new plan will work similar to a 401(k) in that, while the employee works for the Township, money will be set aside for health care expenses. This plan will encompass employees who are hired on or after May 1, 2011. During each year of employment, \$2,500.00 will be set aside to augment medical needs upon retirement.

Few municipalities have converted to this type of retiree plan. It is modeled after Oakland County's plan, but differs in the amount of time that a person must be employed before being able to utilize the benefits.

Treasurer Devine thanked the Township's bargaining units for allowing administration to open contracts.

E. Williams, Stoneleigh Road, spoke to the board regarding this item.

A complete copy of the Retiree Health Savings Plan is located in the Clerk's Office.

MOTION by Buckley and SUPPORT by Devine to APPROVE the Retiree Health Savings Plan.

AYES: Barnett, Buckley, Devine, Kepes, Payne, Roncelli, Savoie
NAYS: None

RESOLUTION DECLARED ADOPTED.

I, JANET M. RONCELLI, TOWNSHIP CLERK of the Charter Township of Bloomfield, County of Oakland, Michigan, do hereby certify the foregoing is a true and correct copy of a resolution adopted by the Board at their regular meeting held on July 25, 2011.

JANET M. RONCELLI, MMC
TOWNSHIP CLERK

ITEM #4 Consider Approval of Reappointment to Joint Development Council (JDC)



Bloomfield Township

Leo C. Savoie, Supervisor • Janet Roncelli, Clerk • Dan Devine, Treasurer
David Buckley, Trustee • Neal J. Barnett, Trustee • Brian E. Kepes, Trustee • Corinne Khederian, Trustee

June 3, 2013

Re: Generic Medications

Dear Retiree:

Please be advised that as of April 1, 2013, all Bloomfield Township retirees are required by CIGNA to utilize generic medications and step therapy with the following guidelines:

Mandatory Generic

Whether the member or doctor requests brand when a generic equivalent is available, the member is responsible for paying the brand copay **plus** the difference between the cost of the brand and the generic amount (up to the cost of the brand – name drug)

If a member would like to request an exception the following steps will need to be made:

- Ask their Health Care Professional to submit a letter of medical necessity to Carrie Bertrand. Please have the letter faxed to Carrie at 860-697-4553. The letter will need to state the medical reason the Brand must be used vs. Generic. Please also include the member's full name and Cigna ID on the letter.
- Carrie will work internally with Cigna's Medical/Pharmacy review team to obtain medical approval in order to determine if it's truly medically necessary for the member to take the Brand.
- If approved, Carrie will get the authorization loaded by a Pharmacy Care Advocate.
- Cigna will then communicate back to the member and/or health care professional the decision.

Step Therapy

Step Therapy is a prior authorization program that may require you to try other medications available to treat the same condition before the "Step Therapy" medication is covered. Please see the attachment.

Of course, you may choose at any time to pay for any or all of your generic or brand name medications without going through your medical plan, thus bypassing CIGNA'S requirements.

Please contact me with any questions or concerns.

Sincerely,

A handwritten signature in cursive script that reads "Catherine Rebain".

Catherine Rebain
Benefits Administrator
(248) 433-7712