

REPORT OF THE FINANCE SUBCOMMITTEE ON PENSION

October 2, 2012

The Honorable,
The Board of Commissioners of Cook County

ATTENDANCE

Present: Chairman Gainer, Vice Chairman Goslin, Commissioners Murphy, Schneider, Steele and Suffredin (6)

Absent: Commissioners Tobolski (1)

Also Present: Commissioners Beavers, Collins, Garcia and Gorman; Tariq Malhance, Chief Financial Officer; Dan Degnan – Cook County Annuity and Benefit Fund; Nicole Hackett – Cook County Annuity and Benefit Fund; Elizabeth Lively – Vice President, Government & External Affairs, Metropolitan Chicago Healthcare Council; Martin Noven – Regional Vice President & Associate General Counsel, TIAA-CREF; Chris Johnson – Chicagoland Chamber of Commerce

Ladies and Gentlemen:

Your Subcommittee on Pension of the Finance Committee of the Board of Commissioners of Cook County met pursuant to notice on Tuesday, October 2, 2012 at the hour of 9:00 A.M. in the Board Room, Room 569, County Building, 118 North Clark Street, Chicago, Illinois.

Your Committee has considered the following item and, upon adoption of this report, the recommendation is as follows:

319167 CALLING FOR A HEARING TO DETERMINE COST SAVINGS FROM A COOK COUNTY HEALTH INSURANCE EXCHANGE (PROPOSED RESOLUTION). Submitting a Proposed Resolution sponsored by Toni Preckwinkle, President, Bridget Gainer and Joan Patricia Murphy, County Commissioners.

PROPOSED RESOLUTION

**CALLING FOR A HEARING TO DETERMINE COST SAVINGS
FROM A COOK COUNTY HEALTH INSURANCE EXCHANGE**

WHEREAS, The Cook County Pension Fund is 57% funded and without changes to benefits or contributions the fund will go bankrupt in 2033, 26 years; and

WHEREAS, the 2013 Preliminary Cook County Budget predicts a deficit of \$276 million; and

WHEREAS, these facts require creative solutions to develop a stable retirement for workers and reliable budget for taxpayers; and

WHEREAS, as recently affirmed by the United State Supreme Court, the Affordable Care Act establishes the creation of affordable Insurance Exchanges to provide individuals and small business employees with access to health insurance coverage beginning January 1, 2014.1; and

WHEREAS, an Exchange is an entity that facilitates the purchase of Qualified Health Plans by qualified individuals or employers. Health care insurance exchanges can provide competitive marketplaces for individuals and employers to directly compare and select health insurance options on the basis of price, quality, and other factors; and

WHEREAS, Cook County paid \$500,000,000 in total benefits for Cook County employees in 2011 of which 40%, or \$195,337,621 was paid to the Pension Fund as required by State Statute; and

WHEREAS, the remaining 60% or \$320,000,000 is attributable to the 22,900 Cook County employees, who on average cost, \$14,000 per person for health, vision, dental and pharmaceutical insurance; and

WHEREAS, the Cook County Pension Fund offers is 15,000 current retirees a healthcare premium subsidy between 50-55%. In 2011 the fund paid \$46,904,340 for retiree healthcare which accounted for 8.43% of total expenditures. Over the last five years retiree healthcare costs to the pension fund per user increased an average of 6.76% per year and represents a \$1.6 billion unfunded liability; and

WHEREAS, Cook County operates a comprehensive healthcare system creating opportunities for training, education, service provision and outreach; and

WHEREAS, using a Cook County health insurance exchange model to enable employees and retirees to review a variety of medical health plans and supplemental insurance that can better suit their needs has the opportunity to save up to \$80,000,000 annually to the County which can be directed towards the unfunded pension liability; and

NOW THEREFORE BE IT RESOLVED, that the Cook County Pension Subcommittee hold a hearing with representatives from the Department of Risk Management, Department of Human Resources, representatives from the Cook County Annuity and Benefit Board and other industry experts to discuss the potential savings a Cook County Health Insurance Exchange can offer.

***Referred to the Finance Subcommittee on Pension on 07-24-12.**

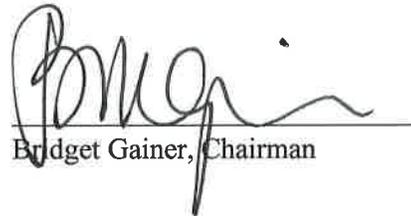
Commissioner Suffredin, seconded by Commissioner Murphy, moved the Approval of Communication No. 319167. The motion carried.

Commissioner Suffredin moved to adjourn the meeting, seconded by Vice Chairman Goslin. The motion carried and the meeting was adjourned.

**YOUR COMMITTEE RECOMMENDS THE FOLLOWING ACTIONS
WITH REGARD TO THE MATTER NAMED HEREIN:**

Communication Number 319167 Approved

Respectfully submitted,
Committee on Pension


Bridget Gainer, Chairman

Attest:


Matthew B. DeLeon, Secretary

*A video recording of this meeting is available on the Office of the Secretary to the Board's web site on the Video Page at <http://blog.cookcountyil.gov/secretarytotheboard/county-board-proceedings/county-board-video-and-audio/>