

ANNOTATED MINUTES

*Tuesday, July 7, 1992 - 8:30 AM
Multnomah County Courthouse, Room 602*

EXECUTIVE SESSION

- E-1 The Multnomah County Board of Commissioners will Meet in Executive Session to Discuss Collective Bargaining Negotiations Pursuant to ORS 192.660(1)(d)*

EXECUTIVE SESSION HELD.

*Tuesday, July 7, 1992 - 9:30 AM
Multnomah County Courthouse, Room 602*

REGULAR MEETING

Chair Gladys McCoy convened the meeting at 9:30 a.m., with Vice-Chair Sharron Kelley, Commissioners Rick Bauman and Gary Hansen present, and Commissioner Pauline Anderson excused.

CONSENT CALENDAR

UPON MOTION OF COMMISSIONER KELLEY, SECONDED BY COMMISSIONER HANSEN, THE CONSENT CALENDAR (ITEMS C-1 THROUGH C-12) WAS UNANIMOUSLY APPROVED.

JUSTICE SERVICES

SHERIFF'S OFFICE

- C-1 In the Matter of a Package Store/Change of Ownership Liquor License Application Submitted by the Sheriff's Office with Recommendation for Approval, for COUNTRY FOOD MART, 5708 SE 136TH AVENUE*

DEPARTMENT OF HEALTH

- C-2 In the Matter of the Appointment of Cole Theander and the Reappointments of Robert Norton and Randy Brusse to the Multnomah County Emergency Medical Services MEDICAL ADVISORY BOARD*
- C-3 Ratification of Intergovernmental Agreement Contract No. 200023 Between Multnomah County and the Oregon Department of Education, Providing Health and Sanitation Evaluations of School Food Preparation Facilities Operating Under the USDA Summer Food Service Program, for the Period Upon Execution to June 30, 1993*

DEPARTMENT OF SOCIAL SERVICES

- C-4 *Ratification of Intergovernmental Agreement Contract No. 102633 Between Multnomah County and the City of Wood Village, Providing Reimbursement for Community Development Block Grant Project 90-1, Maple Blvd. Sanitary Sewer Replacement*
- C-5 *Ratification of Intergovernmental Agreement Contract No. 102643 Between Multnomah County and the City of Wood Village, Providing Reimbursement for Community Development Block Grant Project 91-3, Ash, Birch, Elm Street Sanitary Sewer Replacement*
- C-6 *Ratification of Intergovernmental Agreement Contract No. 102653 Between Multnomah County and the City of Wood Village, Providing Reimbursement for Community Development Block Grant Project 90-2, Arata Road Waterline Replacement*
- C-7 *Ratification of Intergovernmental Agreement Contract No. 102663 Between Multnomah County and the City of Wood Village, Providing Reimbursement for Community Development Block Grant Project 89-4, Hawthorne/Cedar Lane Sanitary Sewer Installation*

NON-DEPARTMENTAL

- C-8 *In the Matter of the Appointment of Jim Regan to the MULTNOMAH COUNTY CITIZEN INVOLVEMENT COMMITTEE*

DEPARTMENT OF ENVIRONMENTAL SERVICES

- C-9 *In the Matter of the Appointments of Steve Anderson, Representative and Glenn Lamb, Alternative Representative, to the CITIZEN ADVISORY COMMITTEE OF THE PRELIMINARY ALTERNATIVES ANALYSIS FOR HIGH CAPACITY TRANSIT STUDY*
- C-10 *Ratification of Supplement No. 5 to Intergovernmental Agreement Contract No. 30128-87 Between Multnomah County and the City of Wood Village, Providing Certain Maintenance Functions on City Streets, for the Period July 1, 1992 to June 30, 1993*
- C-11 *Ratification of Supplement No. 5 to Intergovernmental Agreement Contract No. 30129-87 Between Multnomah County and the City of Troutdale, Providing Certain Maintenance Functions on City Streets, for the Period July 1, 1992 to June 30, 1993*
- C-12 *Ratification of Supplement No. 5 to Intergovernmental Agreement Contract No. 30130-87 Between Multnomah County and the City of Fairview, Providing Certain Maintenance Functions on City Streets, for the Period July 1, 1992 to June 30, 1993*

REGULAR AGENDA

DEPARTMENT OF HEALTH

- R-1 *Ratification of Intergovernmental Agreement Contract No. 200972 Between*

Multnomah County and the Oregon Department of Human Resources, Office of Medical Assistance Programs, Providing Reimbursement for Services Provided Under the "Babies First! Targeted Case Management Program", for the Period July 1, 1991 to June 30, 1993

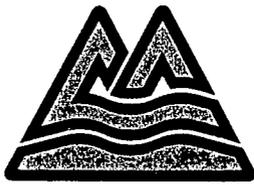
**UPON MOTION OF COMMISSIONER KELLEY, SECONDED
BY COMMISSIONER HANSEN, R-1 WAS UNANIMOUSLY
APPROVED.**

There being no further business, the meeting was adjourned at 9:31 a.m.

OFFICE OF THE BOARD CLERK
for MULTNOMAH COUNTY, OREGON



Deborah L. Bogstad



MULTNOMAH COUNTY OREGON

OFFICE OF THE BOARD CLERK
SUITE 1510, PORTLAND BUILDING
1120 S.W. FIFTH AVENUE
PORTLAND, OREGON 97204

GLADYS McCOY • CHAIR • 248-3308
PAULINE ANDERSON • DISTRICT 1 • 248-5220
GARY HANSEN • DISTRICT 2 • 248-5219
RICK BAUMAN • DISTRICT 3 • 248-5217
SHARRON KELLEY • DISTRICT 4 • 248-5213
CLERK'S OFFICE • 248-3277 • 248-5222

AGENDA

MEETINGS OF THE MULTNOMAH COUNTY BOARD OF COMMISSIONERS

FOR THE WEEK OF

JULY 6 - 10, 1992

- TUESDAY, JULY 7, 1992 - 8:30 AM - EXECUTIVE SESSION. . . . Page 2
- TUESDAY, JULY 7, 1992 - 9:30 AM - REGULAR MEETING. . . . Page 2
- THURSDAY, JULY 9, 1992 - 9:30 AM - MEETING CANCELLED

Thursday Meetings of the Multnomah County Board of Commissioners are taped and can be seen at the following times:

- Thursday, 10:00 PM, Channel 11 for East and West side subscribers
- Friday, 6:00 PM, Channel 22 for Paragon Cable (Multnomah East) subscribers
- Saturday 12:00 PM, Channel 21 for East Portland and East County subscribers

INDIVIDUALS WITH DISABILITIES MAY CALL THE OFFICE OF THE BOARD CLERK AT 248-3277 OR 248-5222 OR MULTNOMAH COUNTY TDD PHONE 248-5040 FOR INFORMATION ON AVAILABLE SERVICES AND ACCESSIBILITY.

Tuesday, July 7, 1992 - 8:30 AM

Multnomah County Courthouse, Room 602

EXECUTIVE SESSION

- E-1 The Multnomah County Board of Commissioners will Meet in Executive Session to Discuss Collective Bargaining Negotiations Pursuant to ORS 192.660(1)(d). 8:30 AM TIME CERTAIN, 1 HOUR REQUESTED.
-

Tuesday, July 7, 1992 - 9:30 AM

Multnomah County Courthouse, Room 602

REGULAR MEETING

CONSENT CALENDAR

JUSTICE SERVICES

SHERIFF'S OFFICE

- C-1 In the Matter of a Package Store/Change of Ownership Liquor License Application Submitted by the Sheriff's Office with Recommendation for Approval, for COUNTRY FOOD MART, 5708 SE 136TH AVENUE

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PAULINE ANDERSON
Multnomah County Commissioner
District 1



605 County Courthouse
Portland, Oregon 97204
(503) 248-5220

TO: Office of the Clerk of the Board
Board of County Commissioners

FROM: Pauline Anderson

RE: Absence from office

BOARD OF
COUNTY COMMISSIONERS
1992 JUN 17 PM 2:15
MULTNOMAH COUNTY
OREGON

I will be on vacation and away from the office July 1st through
July 30th.

Meeting Date: JULY 7, 1992

Agenda No.: E-1

(Above space for Clerk's Office Use)

AGENDA PLACEMENT FORM
(For Non-Budgetary Items)

SUBJECT: EXECUTIVE SESSION

BOARD BRIEFING JULY 7, 1992 REGULAR MEETING _____
(date) (date)

DEPARTMENT NON-DEPARTMENTAL DIVISION MANAGEMENT SUPPORT SERVICES

CONTACT KEN UPTON TELEPHONE 248-5135

PERSON(S) MAKING PRESENTATION KEN UPTON, DARRELL MURRAY

ACTION REQUESTED:

INFORMATIONAL ONLY POLICY DIRECTION APPROVAL

ESTIMATED TIME NEEDED ON BOARD AGENDA: 8:30 AM TO 9:30 AM REQUESTED

CHECK IF YOU REQUIRE OFFICIAL WRITTEN NOTICE OF ACTION TAKEN: _____

BRIEF SUMMARY (include statement of rationale for action requested, as well as personnel and fiscal/budgetary impacts, if applicable):

COLLECTIVE BARGAINING NEGOTIATIONS DISCUSSED WITH
LABOR RELATIONS UNIT STAFF PURSUANT TO ORS 192.660(1)(d)

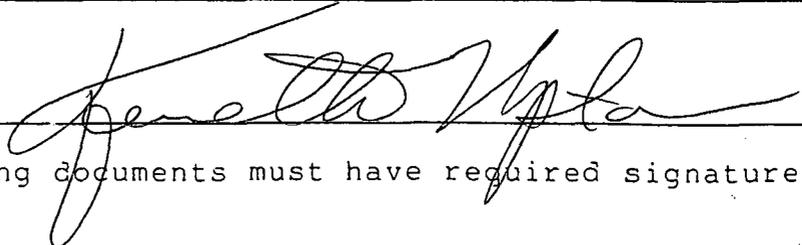
BOARD OF
COUNTY COMMISSIONERS
MILLWASH COUNTY
OREGON
1992 JUN 29 PM 4:31

(If space is inadequate, please use other side)

SIGNATURES:

ELECTED OFFICIAL _____

Or

DEPARTMENT MANAGER 

(All accompanying documents must have required signatures)



MULTNOMAH COUNTY OREGON

GLADYS MCCOY
COUNTY CHAIR

EMPLOYEE SERVICES
FINANCE
LABOR RELATIONS
PLANNING & BUDGET
RISK MANAGEMENT

(503) 248-5015
(503) 248-3312
(503) 248-5135
(503) 248-3883
(503) 248-3797

(503) 248-5170 TDD

PORTLAND BUILDING
1120 S.W. FIFTH, 14TH FLOOR
P.O. BOX 14700
PORTLAND, OREGON 97214

PURCHASING, CONTRACTS
& CENTRAL STORES

(503) 248-5111

2505 S.E. 11TH, 1ST FLOOR
PORTLAND, OREGON 97202

MEMORANDUM

TO: Board of County Commissioners
FROM: Kenneth Upton, Labor Relations Manager *KU*
DATE: July 6, 1992
SUBJECT: Domestic Partners Executive Session

The issue of extension of medical/dental coverage to domestic partners has been the subject of bargaining demands by two unions:

- MCOA Employee Paid
- Local 88 County Paid

Local 88 made an off the record proposal on July 1, which would have pulled their domestic partner proposal in the context of continuation of their existing medical plan.

From a County perspective, a critical component of the decision is fiscal, not only in isolation, but in the context of other movements in cost related to other proposals. The Budget Division has captured these movements in the attached memorandum, which assumes all of these changes would take place July 1, 1992. The package costed is one which I feel incorporates all previously stated Board agendas. In giving consideration to the Domestic Partner proposal, several other factors must be reviewed:

1. For Local 88, these figures only have validity in the context of a shift to a PPO plan. If this shift does not occur, the net cost will substantially differ.
2. The sequencing of benefits and thus costs could, and probably will, vary from the July 1, 1992 assumption of the costing memorandum.
3. While we were the beneficiary for technical reasons of a 0% increase in rates for the ODS side of the medical plan for FY 1992-93, one could reasonably expect rates for both ODS and Kaiser to increase at medical inflation rates in FY 1993-94.

Board of County Commissioners
July 6, 1992
Page 2

4. Other bargaining units have made no demands with respect to the domestic partner benefit. Two units (ONA and Prosecutors) are not open.

I trust these thoughts are helpful in your deliberations.

1965L/KU/js

Attachment

MULTNOMAH COUNTY, OREGON

BOARD OF COUNTY COMMISSIONERS
GLADYS McCOY
PAULINE ANDERSON
GARY HANSEN
RICK BAUMAN
SHARRON KELLEY

PLANNING & BUDGET
PORTLAND BUILDING
1120 S.W. FIFTH - ROOM 1400
P. O. BOX 14700
PORTLAND, OR 97214
PHONE (503)248-3883

TO: Ken Upton, Labor Relations ✓
Merrie Ziady, Employee Services

FROM: Dave Warren, Budget Manager

DATE: July 6, 1992

SUBJECT: Costs of Proposed Changes in Insurance Coverage for Local 88 and Other Employees

I. SUMMARY

This memorandum is a brief restatement of estimated annual costs and savings that would result from changing the insurance benefits package offered to County employees. These estimates come from various sources as noted below.

Because the immediate issue results from collective bargaining with AFSCME Local 88, I have given dollar estimates for all benefits only as they would apply to Local 88. In the case of extending medical coverage to domestic partners of County employees, I have also included estimates for all current medical/dental insurance recipients as well.

Net Cost of Package

<u>Proposed Component</u>	<u>Amount for Local 88</u>	<u>Percent of Current Medical Insurance Cost</u>
Domestic Partners costs	\$ 194,461	3.25%
PPO (90/80 Option) saves	(454,000)	(7.58%)
Dental Plan saves	(60,000)	(1.00%)
Vision Plan costs	51,500	0.86%
LTD costs	<u>299,000</u>	<u>5.00%</u>
TOTAL NET COST	\$ 30,961	0.53%

ASSUMPTIONS

The table above is based on current (June 25, 1992) enrollees in County insurance plans, not all budgeted positions, and makes no distinction based on which fund pays the cost of the benefit. This will have the effect of marginally understating the dollar impact of the proposed changes. The total current enrollees in medical insurance plans is 3,219 - the total 1992-93 authorized FTE count is about 8% greater, 3,465. However, the percentages of change should remain the same for the work force as a whole if all authorized positions were filled.

The total annual medical insurance cost for all current enrollees is approximately \$10,250,000. For Local 88 employees, the annual cost is about \$5,980,000. (Tables attached).

I have not attempted to separate the net General Fund cost of the various components. It would not necessarily be valid that the overall percentages of change would be the same for the General Fund as for the work force as a whole. However, General Fund positions constitute about 37% of the total FTE budgeted. A reasonable rule of thumb estimate is that about 40% of costs and savings would directly affect General Fund organizations.

Costing the effects of extending insurance coverage to domestic partners is based on Merrie Ziady's research into the impacts of such a plan on other jurisdictions, particularly Seattle. Other assumptions are noted below.

The costs and savings of ODS administered Preferred Provider Options (PPO), dental care, and vision care are based on two letters from William M. Mercer, Inc., on January 9, 1992 and June 19, 1992. I have attached copies of these letters.

The cost of Long Term Disability insurance is based on quotes from Standard Insurance Company, a costing sheet which is also attached.

II. COST OF INSURING DOMESTIC PARTNERS

Extending medical insurance coverage to domestic partners of County employees will increase costs in two ways. It will, potentially, increase premiums/risk based on the cost of AIDS-related care. It will certainly increase the number of parties insured.

RISK/PREMIUM INCREASES

Extending insurance coverage to domestic partners is generally believed to increase costs to insurers because of the potential to have to provide for AIDS treatment. However, from the experience of insurers in both Seattle and Berkeley it appears that this cost may be minimal. Locally, Kaiser has already quoted the County a set of premium surcharges based on which Kaiser will offer domestic partners coverage. These rates are \$6 per year per party covered, about 4/10ths of a percent increase in premiums.

For the County's self-insurance medical program administered by ODS, I have assumed a 2% increase in costs and adjusted 1992-93 charges accordingly. This is a conservative estimate based on initial reactions by

insurers in Seattle and Berkeley. In both places subsequent rates were reduced as no significant increased medical costs turned out to have taken place as a result of the change in coverage.

Applying a 2% increase to the 1992-93 rates for ODS/self-insurance medical enrollees, and increasing Kaiser premiums \$6 per party covered would increase the cost of medical insurance for all employees by \$119,926. For Local 88 employees (1,972 enrollees), this cost would be \$65,672. In both cases, this increase would represent a percentage increase of about 1%.

INCREASED PARTIES INSURED

Extending medical benefits to domestic partners will increase the number of parties being insured by the County. About 1/3 of County-covered employees are currently receiving single-party insurance. I have assumed that this category of employee will exercise the domestic partner option. Based on Merrie Ziady's research into the experience of other governments, I have assumed that 3% of all covered employees (about 10% of those receiving single-party coverage now) will increase their insurance coverage if the County insures domestic partners. I have assumed that 2/3 of those exercising the domestic partners option will move from single-party coverage to two-party coverage. The rest, I have assumed will receive three-party coverage.

Based on these assumptions, 97 employees in the work force as a whole would exercise the domestic partners option. About 59 Local 88 employees could be expected to participate. The insurance cost to the County for the work force as a whole would increase by \$195,698 or 1.9%. The insurance cost of Local 88 employees would be \$119,637 or 2.0%.

In addition, insurance provided to domestic partners is currently held to be a taxable benefit by the Federal government and State governments. As a result, the County will incur FICA costs to provide this coverage. This will increase the overall cost to \$210,668 or 2.1% of the current cost of medical insurance for all employees. For Local 88 employees the cost would increase to \$128,789 or 2.2%.

TOTAL COST OF DOMESTIC PARTNERS INSURANCE

The total cost of domestic partners insurance is the sum of the increased risk and the cost of increasing the number of parties covered.

	All Employees \$	%	Local 88 \$	%
Increased premiums	\$119,926	1.17%	\$ 65,672	1.10%
Increased parties	<u>210,668</u>	<u>2.06%</u>	<u>128,789</u>	<u>2.15%</u>
Total Costs	\$330,594	3.23%	\$194,461	3.25%

III. EXTENDING COVERAGE TO LOCAL 88 IN CONTEXT OF OTHER INSURANCE SAVINGS.

We have estimates from William M. Mercer, Inc. of the savings and additional costs in ODS administered self-insurance programs if they were to be changed. These estimates are based on experience from October 1990 through October 1991. Assuming the percentages remain valid for 1992-93, and comparing them with the total cost of insurance for Local 88 (including Kaiser costs) results in the following table.

	\$	% of Total Medical Ins
TOTAL Local 88 Medical Insurance	\$5,980,384	
Savings from ODS PPO 90/70 Option	(538,000)	(8.99%)
Savings from ODS PPO 90/80 Option	(454,000)	(7.58%)
Savings from ODS Dental Option	(60,000)	(1.00%)
Cost of ODS Vision Care increase	51,500	0.86%

Standard Insurance has computed the premium cost of extending Long Term Disability Insurance to Local 88 employees. There are a number of possible plans for LTD insurance. The one I understand is currently being considered is Plan B: 60% of the first \$5,000 of monthly earnings (up to a maximum of \$3,000 per month) with a 90 day waiting period before the first payment is made. Standard Insurance estimates the cost of this plan to be about 1/2 percent of covered base pay (0.541%). The Approved 1992-93 base pay for Local 88 employees, all funds, is \$55,275,000. A premium to cover LTD at the Plan B level will cost the County \$299,038 for this bargaining unit in 1992-93. Comparing this amount to the total Medical Insurance currently being paid for the bargaining unit (\$5,980,000) shows the cost to be the equivalent of 5% of medical insurance costs.

attachments

INSURANCE COSTS OF EXTENDING DOMESTIC PARTNERS COVERAGE

June Demographics	All Active Employees, all bargaining units		Local 88 Employees	
	<u>Kaiser</u>	<u>ODS</u>	<u>Kaiser</u>	<u>ODS</u>
1 party	575	449	433	289
2 party	436	411	295	229
3 party	<u>719</u>	<u>629</u>	<u>421</u>	<u>305</u>
Total	1,730	1,489	1,149	823

92-93 Annual Cost per employee - Current Rates

	<u>@ Local 88 rates</u>		<u>@ Local 88 rates</u>	
	<u>Kaiser</u>	<u>ODS</u>	<u>Kaiser</u>	<u>ODS</u>
1 party	1,480	1,644	1,480	1,644
2 party	2,959	3,276	2,959	3,276
3 party	4,439	4,500	4,439	4,500

Annual Cost for the Workforce - current rates

	<u>@ Local 88 rates</u>		<u>@ Local 88 rates</u>	
	<u>Kaiser</u>	<u>ODS</u>	<u>Kaiser</u>	<u>ODS</u>
1 party	851,000	738,156	640,840	475,116
2 party	1,290,124	1,346,436	872,905	750,204
3 party	<u>3,191,641</u>	<u>2,830,500</u>	<u>1,868,819</u>	<u>1,372,500</u>
Total	5,332,765	4,915,092	3,382,564	2,597,820

INSURANCE COSTS OF EXTENDING DOMESTIC PARTNERS COVERAGE

92-93 Annual Cost per employee – INCREASED RATES	All Active Employees, all bargaining units		Local 88 Employees	
	<u>@ Local 88 rates</u>		<u>@ Local 88 rates</u>	
	<u>Kaiser+srchg</u>	<u>ODS+2%</u>	<u>Kaiser+srchg</u>	<u>ODS+2%</u>
1 party	1,486	1,677	1,486	1,677
2 party	2,971	3,342	2,971	3,342
3 party	4,457	4,590	4,457	4,590

Annual Cost for the Workforce – INCREASED RATES

	<u>@ Local 88 rates</u>		<u>@ Local 88 rates</u>	
	<u>Kaiser+srchg</u>	<u>ODS+2%</u>	<u>Kaiser+srchg</u>	<u>ODS+2%</u>
1 party	854,450	752,919	643,438	484,618
2 party	1,295,356	1,373,365	876,445	765,208
3 party	3,204,583	2,887,110	1,876,397	1,399,950
Total	5,354,389	5,013,394	3,396,280	2,649,776
INCREASED COST	21,624	98,302	13,716	51,956

INSURANCE COSTS OF EXTENDING DOMESTIC PARTNERS COVERAGE

All Active Employees, all bargaining units	Local 88 Employees
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June Demographics Revised to Account for Increased Numbers Covered

		Kaiser	ODS	Kaiser	ODS
1 party	-3.0%	523	404	399	264
2 party	2.0%	471	441	318	245
3 party	1.0%	736	644	432	313
Total		1,730	1,489	1,149	823

92-93 Annual Cost per employee - INCREASED RATES

	@ Local 88 rates		@ Local 88 rates	
	Kaiser+srchg	ODS+2%	Kaiser+srchg	ODS+2%
1 party	1,486	1,677	1,486	1,677
2 party	2,971	3,342	2,971	3,342
3 party	4,457	4,590	4,457	4,590

Annual Cost for the Workforce - INCREASED NUMBER COVERED AND INCREASED RATES

	@ Local 88 rates		@ Local 88 rates	
	Kaiser+srchg	ODS+2%	Kaiser+srchg	ODS+2%
1 party	777,327	678,013	592,216	443,216
2 party	1,398,153	1,472,875	944,719	820,209
3 party	3,281,689	2,955,455	1,927,608	1,437,726
Total	5,457,168	5,106,343	3,464,542	2,701,151

INCREASED COST	124,403	191,251	0	81,978	103,331
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COMBINED COST		315,654			185,309
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RECEIVED
JAN 9 1992
EMPLOYEE SERVICES
MULTNOMAH COUNTY

January 9, 1992

Ms. Merrie Ziady
Employee Health and Benefits Manager
Multnomah County
Employee Services Division
P. O. Box 14700
Portland, OR 97214

Dear Merrie:

This response to your letter dated December 18, 1991 will provide you with the information you requested in preparation for Ken Upton's executive session with the Board of County Commissioners.

We will address your request in the same order as they were presented:

1. A side by side comparison of the current benefits for Local 88, and the revised benefit program adopted by the exempt employees, has been prepared and is attached for your review.
2. The projected claim dollar savings for the ODS Medical, Dental and Vision plans, if Local 88 were to adopt the changes, are as follows:
 - ODS Medical..... 21.0% Savings
 - ODS Dental..... 12.0% Savings
 - ODS Vision..... 150.5% Increase

Based on Local 88's most recent twelve months claims experience (October 1, 1990 through September 30, 1991), these percentage differentials can be converted to estimated dollar savings. In other words, if these changes had been in effect for the one year period, from October 1990 through September 1991, the claim dollars saved would have been approximately:

- ODS Medical \$442,434
- ODS Dental 49,012 Savings
- ODS Vision 42,466 Increase

For the ODS Medical plan, the \$442,434 in claim dollar saving would be partially offset by Vantage PPO and utilization review fees of \$28,311. This nets out to savings of \$414,123 for the medical plan and a net savings of ~~\$20,669~~ **\$420,669** for all three plans combined.

These figures do not include any changes for Kaiser, nor do they include Administration fees associated with establishing or maintaining Flexible Spending Accounts.

900 SW Fifth Avenue
Suite 1000
Portland OR 97204

Telephone 503 273 8600
Fax 503 273 9134

Ms. Merrie Ziady
January 9, 1992
Page 2

3. The calculation of the 20.9% overall cost increase for the Medical/Vision plan and the 3.29% increase for the Dental plan, were calculated using the following assumptions:
 - A. The benefit changes made for the exempt employees were taken into consideration. This is done by adjusting the portion of claims that is attributable to the exempt employees.
 - B. The benefit changes made for the ONA were not included in our calculation as we had not been informed of their settlement at the time of our projections.
 - C. The projection was done using our Group Experience Reporting and Trending System (GERTS). This system uses linear regression and past claims experience to project future claims cost. One of the primary advantages to this system is that it uses the actual trends that Multnomah County is experiencing. In other words, it avoids using an Industry Average trend or pooled experience. Multnomah County is a large enough group that the projection is fully credible.
 - D. For this projection, we used two standard errors as a margin for claims fluctuation. We believed a margin was appropriate since this was for budgeting purposes and this projection period is over eighteen months into the future.
 - E. After the claims cost was projected, administration and reinsurance costs were added to create a projected funding level. This projected funding level is then compared to the current funding level and the required increase represents the difference.

4. The mental health and chemical dependency claims information has been ordered from ODS and is expected in our office on Friday, January 10, 1992. We will deliver this to you upon receipt.

I believe this provides you with the information that you requested. If you need anything else, please give me a call.

Sincerely,

Jerry

Jerry P. Jones
Consultant

JPJ/PDH:ntg

cc: Pat Hogan
Kathy Scoggin

To
Ken
6/23/92
MZ

June 19, 1992

Ms. Merrie Ziady
Employee Health and Benefits Manager
Multnomah County
Employee Services Division
P. O. Box 14700
Portland, OR 97214

Re: Estimated PPO Savings

Dear Merrie:

You recently requested that we recalculate PPO savings for Local 88 based on a reimbursement schedule of 90%/80%. Our underwriter estimates a 17.7% reduction in claims costs. This can be compared to the estimate in Jerry Jones' January 13, 1992 letter which quoted 21% savings by implementation of a 90%/70% PPO.

Merrie, if you would like to discuss the calculations, please feel free to call me or Jerry.

Sincerely,



Patricia D. Hogan, CEBS
Associate

LJB/PDH/ljb

cc: Jerry Jones

900 SW Fifth Avenue
Suite 1000
Portland OR 97204

503 273 8600
Fax 503 273 9134

A Marsh & McLennan Company

STANDARD INSURANCE COMPANY
LONG TERM DISABILITY INSURANCE
PLAN B

SCHEDULE OF INSURANCE

Class: Local 88/AFSCME

BENEFIT FORMULA

60% of the first \$5,000 of monthly earnings, reduced by deductible income.

<u>Maximum Monthly Benefit</u>	<u>Benefit Waiting Period</u>	<u>Maximum Benefit Period</u>
\$3,000	90 Days	To Age 65 + ADEA

COST

<u>No. of Lives</u>	<u>Total Covered Payroll</u>	X	<u>Percent Covered Payroll</u>	=	<u>Monthly Premium</u>
2,131	\$4,288,597		.541		\$23,201

PLAN FEATURES

- * All benefits are Guarantee Issue.
- * Final rates will be guaranteed until July 1, 1994.
- * 80% Own Occ / 60% Any Occ Income Protection included. Partial Disability is covered from the first day. Total disability is never required.
- * Automatic indexing of Predisability Earnings while disabled, to account for the effects of inflation, is included.
- * A 3/12 Preexisting Condition Exclusion applies.
- * Full Social Security offset.
- * No alcohol or drug restrictions.
- * ADEA standard grading with 1 year benefit at age 69 or older.
- * \$50 Minimum LTD Benefit
- * Proposal reflects 100% Employer contribution.
- * Interest credit on reserves will be used in determining renewal rates.
- * A Return to Work Incentive for Partially Disabled Members is included.
- * The rate reflects a discount for accumulated sick leave based on the data provided. Benefits will begin when sick leave is exhausted.
- * Proposed rates do not include commissions.