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FOR IMMEDIATE RELEASE



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FOR INFORMATION CALL

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July 9, 2015

Ald. Michael J. Murphy  
(414) 286-3763

## **Council leaders call for removal of last-minute police and fire benefit mandate in state budget**

Calling it “a direct attack on Milwaukee’s home rule authority,” **Common Council President Michael J. Murphy** on Thursday called on Governor Scott Walker to use his veto power to remove from the state budget a newly-added provision mandating that the city must offer police and firefighters premium health care benefits.

The Senate passed Amendment 1 to SB 21 on Tuesday night, and the provision in question [Page 608, Lines 1-6, 66.0137 (4t)] would require Milwaukee, and only Milwaukee, to offer a new health benefit option to the city’s sworn employees. The Department of Employee Relations estimates that the mandate could cost city taxpayers up to \$6 million more a year.

“It’s no surprise Republicans in the legislature chose to bury this mandate deep in the budget under cover of night,” President Murphy said. “Why would the legislature heap these gifts on the only two unions left in the state that can collectively bargain for themselves? This feels like political payback to unions who consistently support the GOP.”

Murphy said Milwaukee has continuously demonstrated financial responsibility in managing its own health care costs, keeping them virtually unchanged for four years running. With nearly 60 percent of the city’s annual operating budget spent on police and fire services already and continued property tax levy limits imposed by the state, **Finance and Personnel Committee chair Alderman Nik Kovac** questioned the rationale behind the mandate.

“How does this policy item, slipped last minute into the budget, create the ‘tools’ we need to more efficiently run the city?” Kovac said.

Murphy and Kovac said they have formally asked the governor to remove the measure from the budget before he signs it into law.

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## Department of Employee Relations analysis

Senate Substitute Amendment 1 for SB 21, page 608, Lines 1-6, 66.0137 (4t) as passed on the Senate Floor on July 7, 2015 regarding a High Deductible Health Plan (HDHP) with identical design features to the State plan under S 40.515(1) carries a significant cost for Milwaukee taxpayers, up to \$6M annually, and reverses Milwaukee's success in controlling utilization and health care costs.

1. While an HDHP with a \$750 single/\$1500 family HSA may save the State money, such a plan would create a liability of approximately \$6.0M for the City.
  - a. The HDHP results in an upfront HSA contribution for participating employees, independent of utilization, at a higher cost to the City of approximately \$3.2M
  - b. The more generous plan design results in a richer plan with higher utilization causing an increased plan cost of \$2.8M to the City.
  - c. The City implemented health care benefit design changes including deductibles and premium payments in 2012 and continues to realize significant avoided costs from those changes.
  - d. The high amount of savings that the State will recognize in 2016 comes primarily from adding deductibles to its Uniform Plan (in which 98% of state employees are enrolled).
2. Mandating the City to implement identical benefit changes to the State repeals the action, only for the City of Milwaukee, that was adopted in the last state budget which allowed Wisconsin Municipalities to manage their benefit design decisions.
3. Based on its ability to manage healthcare design, the City has demonstrated fiscal responsibility by managing and controlling total health care costs. In fact, City health care costs have remained flat for four years as evidenced by the actuarial equivalent total cost for a Single Plan detailed below.

2012	\$623.96
2013	\$536.78
2014	\$621.76
2015	\$622.00

### **Language Passed on Senate Floor**

66.0137 (4t) HEALTH INSURANCE FOR PROTECTIVE SERVICES EMPLOYEES. If a ~~local governmental unit~~ **1st class city** offers health care insurance to employees who are police officers, fire fighters, or emergency medical technicians, the local ~~governmental unit~~ **1st class city** shall also offer to the employees who are police officers, fire fighters, or emergency medical technicians a high-deductible health plan that has identical design features to the plan under s. 40.515 (1).