



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

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TRANSMITTAL LETTER FOR BOARD MEETING OF APRIL 1, 2010

COMMITTEE ON PENSION, HUMAN RESOURCES AND CIVIL SERVICE

Mr. Richard Lanyon, Executive Director

Request for Policy Direction on Retiree Health Insurance Program

Dear Sir:

In 1985, the Board of Commissioners adopted a policy of paying 75% of the cost of retiree health insurance premiums, while retirees contributed the balance of 25%. This subsidy level has not changed since 1985. After so many years, it is appropriate to consider whether or not the 75% subsidy should be maintained or modified.

Attached are exhibits which illustrate the effects of various potential changes in the subsidy level.

Exhibit A details the savings to the District resulting from various possible decreases to the current 75% subsidy. As the subsidy would decrease, retiree contributions would increase to make up the difference.

Exhibit B compares current monthly retiree contributions, based on the 75% subsidy level, to what retirees would be paying in the current benefit year had the subsidy been lower.

Exhibit C compares the District's policy with the policies of the City of Chicago, Cook County and the State of Illinois.

It is requested that the Board of Commissioners provide policy direction on whether or not there should be a change in the percentage retiree health insurance subsidy, effective July 1, 2010. The actual monthly retiree contributions taking effect on July 1, 2010 will be calculated based on actual claims experience for the twelve-month period ending March 31, 2010, using the percentage subsidy determined by the Board of Commissioners.

Respectfully Submitted, Patrick J. Foley, Director of Human Resources

Attachments