

April 1, 2008

Name  
Address  
City, State, Zip

From: Bill McGuire  
Associate Superintendent

This letter is being sent to all District Paid Retirees and active employees aged 58 or older to advise the Retiree Internal Rate Committee (RIRC) has been working on the Retiree Rate structure for the past 3 months. The topic of proration of Retiree Premiums fees and Medicare Part D Subsidy allocation has been discussed in depth by the Committee. The Committee has recommended new models for future years. Below are three changes for your review that are examples of what retiree rates would be if \$1,300,000\* was the amount was over the 10% cap.

**Current Structure – No Change**

Current	2008-09 Premium	X 12 MONTHS	Est. # OF RETIREES*	Annual
S/Medicare	90.54	1,086.54	211	229,259.89
S/No Medicare	183.40	2,200.83	62	136,451.34
M/Medicare	181.09	2,173.08	231	501,981.37
M/No Medicare	366.82	4,401.86	81	356,550.91
F/Medicare	272.20	3,266.45	5	16,332.26
F/No Medicare	550.22	6,602.69	9	59,424.22
	<b>Projected Total</b>		<b>599</b>	<b>1,300,000.00</b>

**Recommendation**

Change in Current Structure to recognize the increase Medicare Part B premiums paid by those over age 65 and have actual categories for each type of retiree to be placed with 9 classifications rather than just 6 categories. (this was unanimously supported by the RIRC.)

Proposed	2008-09 Projected Premium	X 12 MONTHS	Est. # OF RETIREES*	Annual
S/No Medicare	177.48	2,129.78	62	132,046.40
S/Medicare	81.08	972.98	211	205,298.91
M/No Medicare	354.96	4,259.56	81	345,024.46
M/One w/Medicare	258.56	3,102.76	73	226,501.57
M/Two w/Medicare	162.16	1,945.96	158	307,461.88
F/No Medicare	532.45	6,389.34	9	57,504.08
F/One w/Medicare	436.05	5,232.54	5	26,162.71
F/Two w/Medicare	339.65	4,075.74	0	-
F/Three w/Medicare	243.25	2,918.94	0	-
	<b>Projected Total</b>		<b>599</b>	<b>1,300,000.00</b>

The RIRC is recommending that Medicare Part D Subsidy be allocated to all retirees regardless of age (this was not supported unanimously by the RIRC.)

Equal Distribution of Medicare Part D ALL RETIREES				
Proposed	2008-09 Projected Premium	X 12 MONTHS	Est. # OF RETIREES*	Annual
S/No Medicare	150.27	1,803.26	62	111,802.31
S/Medicare	53.87	646.46	211	136,403.70
M/No Medicare	300.54	3,606.53	81	292,128.61
M/One w/Medicare	204.14	2,449.73	73	178,830.00
M/Two w/Medicare	107.74	1,292.93	158	204,282.32
F/No Medicare	450.82	5,409.79	9	48,688.10
F/One w/Medicare	354.42	4,252.99	5	21,264.95
F/Two w/Medicare	258.02	3,096.19	0	-
F/Three w/Medicare	161.62	1,939.39	0	-
	<b>Projected Total</b>		<b>599</b>	<b>993,400.00</b>

The Committee members would like to solicit your opinion on these recommendations. Should you wish to discuss anything with a Committee member, please give them a call.

<u>Category</u>	<u>Member</u>	<u>Phone</u>
Single With Medicare	Dave Lennon	299-8036
Single No Medicare	Gary Ennis	250-9022
Married w/At Least One On Medicare	Dave Cook	299-2962
Married w/At Least One on Medicare	James Foxx	299-2889
Married With No Medicare	Lee Wright	224-9470
Married With No Medicare	Carol Dogey	299-0996

Finally, to fully explain these recommendations, the District will have two informational meetings for retirees to understand the work of the RIRC relative to these recommendations on April 15, 2008 at 9:00 AM at the PDB and April 16, 2008 at 4:00 PM in the PDB, rooms 1& 2.

A final decision by the RIRC relating to these recommendations will be made in May 2008 and put in place for the 2008-09 premium year starting August 2008.

*\*As of February 29, 2008, the projected amount above the 10% cap is \$1,300,000. Retiree expenses are 10.46% of medical claims, 23.6% of prescription claims, for a total of 13.93% of all claims.*