



CASE STUDY

Stewarding More Effective Tax Dollar Usage
& Providing Excellent Retirement Benefits

ABOUT THE CITY OF NORTHVILLE

During their annual budget process, the City of Northville analyzed their current expenses while projecting future costs for retirees and current employees. As they started adding the numbers up, they became concerned their liability would grow to an unsustainable level. Realizing their health benefits coverage represented a good portion of that problem, they decided to try something new to take control of their healthcare costs.

THE CHALLENGE

The City has two main stakeholders: current and past employees, as well as taxpayers. Their employees and retirees wanted to feel supported by their employer and confident in knowing their healthcare benefit was secure. Simultaneously, the City has an obligation to the residents and taxpayers to improve cash flow, reduce administrative burden, and tactfully handle the financial challenge of balancing retiree benefits.

OUR SOLUTION

To support the City's retirees, we were able to maximize federal subsidies through the Medicare program. This meant their benefits remained the same, but the financial responsibility of those benefits shifted from the local municipality to federal programs. This included using an Employer Group Waiver Plan through Medicare Part D, as well as other tactics.

Our benefits managers partnered with retiree specialists to manage communication to retirees. By collaborating with these specialists, the City was able to address any concerns the retirees had while shifting the administrative burden of management away from the City's staff, freeing them to prioritize other important administrative tasks.

THE RESULTS

After implementing their innovative retiree benefits strategy with their TCHP advisor, the City of Northville saw a savings of \$270,000 on their annual health plan premium. These savings allowed the City to invest more funding into programs to support active employees and be good stewards of taxpayer dollars. The plan also reduced the City's Other Postemployment Benefits (OPEB) Liability by \$3.2 Million, improving their municipal bond rating.

Most importantly, these improvements did not come at the cost of their retiree's benefits. The City's retired public servants still have access to the great benefits they had previously while the plan management reduces the administrative burden on current employees.

“Total Control Health Plans’ proactive strategizing & advising of the City’s insurance benefit plans led to alternative lower cost options the employees and retirees are grateful for.”

- Sandi Wiktorowski, Director of Finance, City of Northville, MI