NSHE PEBP Benefits Task Force Meeting – November 19, 2010

Summary Notes by G. Bomotti

(Note: Three task force members were unable to attend this meeting)

1. Discussion with Jacque Ewing-Taylor.

Jacque updated the Task Force on several issues, including the following:

* Jacque will be chairing the December 2, 2010 PEBP meeting, as the previous chair was elected to the Assembly.
* The final agenda for the meeting should be set next Monday.
* She expects the PEBP Board will see a proposal from staff for a fully insured dental plan. She did not know if there would or would not be an opportunity for this proposal to be funded within the services offered to PEBP covered employees, or whether it would end being an option for employees for an additional premium.
* She expects that the PEBP staff will bring to the Board a proposal to make the deductibles part of the stop-loss maximums, rather than cumulative, as is technically in the current plan (it was noted that in information sessions the presentations are being made with the assumption that this change has already been approved). It was noted that this change would, in fact, make the total stop-loss levels in the future lower than exist now. The following table provides an example summary:

<table>
<thead>
<tr>
<th></th>
<th>FY11 PPO</th>
<th>FY12 Current Plan</th>
<th>FY12 Assumed Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deductible</td>
<td>800</td>
<td>2,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Stop-Loss</td>
<td>3,700</td>
<td>3,900</td>
<td>3,900</td>
</tr>
<tr>
<td>HSA amount</td>
<td>n/a</td>
<td>(600)</td>
<td>(600)</td>
</tr>
<tr>
<td>Out of Pocket</td>
<td>$4,500</td>
<td>$5,300</td>
<td>$3,300</td>
</tr>
</tbody>
</table>

|                |         |                   |                     |
| Family:        |         |                   |                     |
| Deductible     | 1,600   | 4,000             | 4,000               |
| Stop-Loss      | 7,600   | 7,800             | 7,800               |
| HSA amount     | n/a     | (1,200)           | (1,200) (assume 4)  |
| Out of Pocket  | $9,200  | $10,600           | $6,600              |

The far right column assumes the deductible becomes part of the stop-loss total. We are anxious to see what the cost estimate is for this change.

* Jacque also mentioned that the premium rates will be developed in January and February
* We discussed a number of items covered in the Chancellor’s recent letter to the PEBP Board.

2. Follow-up discussion on identifying and prioritizing adjustments to the existing PEBP plan that would be important to NSHE.

The initial draft listing is highlighted below. Each Task Force member voted again for the three (3) top priorities, and the votes are included in the “( )” in front of each item below. We will update
votes on these items at the December 10 meeting as well, working towards a consensus that we can provide to the Chancellor.

a. **(12):** Prescription Drug Coverage.

b. **(9):** Overall affordability of the Plan/deductibles. It was noted that there is a desire for PEBP to consider offering a “low” and “high” deductible option as existed in the past, even with the assumption that the premiums would be significantly different. The co-insurance level also comes into this discussion, specifically the move down to 75% coverage after the deductible is met. There is a major concern that the PEBP plan may not be perceived as affordable, especially for lower paid individuals, and whether we will see many more opt out of coverage (which in some cases could mean no medical coverage, with an expectation that when they consume medical care it is paid for through other sources, including the public hospital and other state/county health and human services programs).

c. **(9):** LTD reduction, and the note about many NSHE employees not being eligible for LTD under Social Security.

d. **(2):** Dental Coverage (Note: there is confusion as to why PEBP proposes 4 cleanings per year and whether a change to 2 would allow a redirection of funds to some other higher priority area).

e. **(4):** HMO issues, including overall affordability and the blended rate north and south (and what the rate will be, for those who are concerned about the CDHP as a viable alternative), but also wondering if there are options to strengthen the HMO offerings with more doctors in the plan. It should also be noted that there is a split on the reception of this issue, with those in the north (in general) supporting the PEBP plan and those in the south (in general) being against it. A concern also is being expressed as to whether the HMO programs would even be able to support any significant increase in participants (given the number of health care providers now supporting those programs), especially a migration from the PPO plan, and how the premiums might impact any possible migration. The current assumption is that both the northern and southern HMO plans currently suffer from a significant lack of access to medical providers.

f. Eligibility of spouse/domestic partner, or at least requiring comparable coverage for non-eligible (also added question about spouses on a CY vs FY plan basis – how is PEBP going to address this? It was noted that PEBP is now aware of the question, but they have not provided a response). It was also noted that this change will have an even greater impact on employees where the spouse/domestic partner also works for NSHE or another state agency, as the cumulative deductible for a family under this circumstance will be $6,000 (individual of $2,000 and then family of $4,000).

*Note: The two items listed below may be treated differently from the plan issues highlighted above. The Task Force will discuss this at future meetings.*
g. A discussion of whether it would be better to delay the Medicare Exchange program implementation for a year, so that more information and understanding of the change could be effectively communicated to faculty and staff.

h. Extend the enrollment period, as was done last legislative session. Concern is being expressed about how easily employees will be able to adjust to the radical changes in the PEBP plan, and still have July 1, 2011 implementation date.

3. Discussion of status of the DRAFT letter to the PEBP proposed by the Task Force to the NSHE Chancellor.

Chancellor Klaich distributed a letter to the PEBP on November 18, 2010 (see attached), including all Task Force questions and comments. Bart Patterson noted that someone representing NSHE will attend the December 2, 2010 PEBP meeting and speak to the letter, although he did not yet know who this would be.

4. Status update on work of consultant, Don Heilman, and overall data gathering, options for supplemental benefits, summary of federal health care changes, et. al.

A summary update on his activities is highlighted below, based on a phone conversation on 11/17/10:

*The data gathering from publics is going well, and he expects to have a complete draft report for us to consider prior to our December 10 meeting. He did note that so far it appears the PEBP proposal would put us well below other public institutions, however, he did note that we do not have the premium information from PEBP (noting that if the premiums are very low the value/benefit of that plan would go up).

*He did note that he may ask our assistance on getting Nevada public entities to respond to the survey, but he will have more information on this next week after they close it out.

*He has received the CUPA comparative data from Pat LaPutt and is putting that together with the other data he is gathering from surveys.

*He has drafted a summary on the 2014 federal health care changes and we should receive that shortly.

*He has done some work on the options for NSHE supplemental health care offerings. This information is preliminary at this time, and he will need to review details with Bart. Some of the concepts to date include the following:

-There will be some options for offering direct supplemental benefits, in areas where there is no conflict with the PEBP plan. For example, supplemental programs may be viable for dental and additional LTD coverage, but do not seem feasible for prescription drug coverage (or other areas that are directly linked in with the PEBP structure for deductibles, etc.).

-There may be a feasible option to add to the HSA for all employees in the CDHP. The federal regulations apparently do not limit the employer contribution relative to the high deductible, other than the total employer and employee allocation cannot exceed $3,050 per year (for
single coverage). This approach would not work for HMO covered individuals, but it may be possible to create a HRA for them that would act in the same way at the HSA supplement for CDHP members (it does not seem feasible to have both an HRA and HSA as the same time for an individual; the HRA can only be allocated by the employer; the HRA can be tax exempt and carry-forward; there is no limit to the HRA amount; the HRA could be defined relative to what it could be used towards; and it appears feasible that you could have both a PEBP HRA and an NSHE HRA).

-It may be feasible to consider some “benefit pay” that is allocated to NSHE employees enrolled in PEBP programs, where this could not be taken as salary but could be used towards benefit payments, including premium payments.

As noted above, all of these options still have many levels of detail review before any are considered feasible, including an eventual review with PEBP. We are working to set up a time when Don and Bart can talk, to specifically discuss details and potential legal or other issues. The supplemental benefit options for the Board of Regents to offer to state classified may be the most challenging.

Listed below is a status update on NSHE gathering of comparative health care benefits from Nevada private employers. The current status of contacts for companies is highlighted below:

<table>
<thead>
<tr>
<th>Company</th>
<th>NSHE Contact</th>
<th>Employer Contact by NSHE</th>
</tr>
</thead>
<tbody>
<tr>
<td>MGM</td>
<td>Neal Smatresk</td>
<td>Follow-up by P. LaPutt in progress</td>
</tr>
<tr>
<td>Harrah’s</td>
<td>Gerry Bomotti</td>
<td>Follow-up by P. LaPutt in progress</td>
</tr>
<tr>
<td>IGT</td>
<td>Jim Richardson</td>
<td>No contact person identified</td>
</tr>
<tr>
<td>Mining</td>
<td>Jim Richardson</td>
<td>No contact person identified</td>
</tr>
<tr>
<td>Microsoft</td>
<td>Tim McFarling</td>
<td>Follow-up by M. Kelley complete</td>
</tr>
<tr>
<td>NV Energy</td>
<td>Tim McFarling</td>
<td>Follow-up by M. Kelley in progress</td>
</tr>
<tr>
<td>Southwest Gas</td>
<td>Gerry Bomotti</td>
<td>Follow-up by P. LaPutt complete</td>
</tr>
<tr>
<td>Wells Fargo</td>
<td>Gerry Bomotti</td>
<td>Follow-up by P. LaPutt in progress</td>
</tr>
<tr>
<td>Bank of America</td>
<td>Gerry Bomotti</td>
<td>Follow-up by P. LaPutt in progress</td>
</tr>
</tbody>
</table>

5. Discussion about the Draft report to the Chancellor and ideas for what might be included.

See attachment for updated ideas based on current discussions. Each Task Force member is asked to review this list and submit other ideas and suggestions, as this will be the menu from which we finalize other aspects of our report to the Chancellor.


The PEBP provided data to Bart Patterson last week which he has been evaluating. It appears that they provided all the raw data we requested on individual claims costs for NSHE employees. Bart
will do some more work on this data and likely will talk with Don to see what options are available for the consultant to evaluate this data (vs what evaluations we can make on our own).

7. **Status update on employee feedback received through the NSHE web page.**

Chris Haynes noted that the number of comments has slowed down (about 30 since the last meeting). We agreed that in general this feedback has been very helpful, and at this time we may use this web page again in the future (e.g. next spring when the rates come out) for more feedback. We also asked Chris to pull out some of the more compelling stories/information from what has been submitted, as these may be helpful in the comments before the PEBP Board, and before other groups.

8. **Update future meeting schedule and plan for work of Task Force (note: Next two scheduled meetings are December 10 and December 17. Don Heilman will join us for the 12/10/10 meeting to discuss the status of his projects.)**

   a. Status update on work of consultant, Don Heilman, specifically on data gathering and options for supplemental NSHE programs.
   b. Follow-up discussion on identifying and prioritizing adjustments to the existing PEBP plan that would be important to NSHE.
   c. Discussion about the Draft report to the Chancellor and ideas for what might be included.
   d. Status update on analysis of information from PEBP on NSHE experiences/transition.
   e. Update future meeting schedule and plan for work of Task Force.
November 18, 2010

Public Employee Benefits Program Board  
c/o James R. Wells, CPA,  
Executive Officer  
901 S. Stewart Street  
Suite 1001  
Carson City, NV 89701  

Dear Board,

As Chancellor of the Nevada System of Higher Education, I would like to first take this opportunity to thank the Board and the staff of the PEBP for all of your hard work. As you are aware, the issue of health care coverage is one of vital importance to the Nevada Higher Education System and its employees. The quality of our health insurance benefits is one of the significant factors in the recruitment and retention of quality faculty and staff, particularly in a budget climate in which we have experienced furloughs and continuing uncertainty.

As the magnitude of the financial impacts facing PEBP became apparent, I formed a task force to examine the changes occurring in our health care benefits. PEBP staff have assisted the task force by providing us with data through the vendors, and Chair Kirner, Vice Chair Ewing-Taylor and Executive Director Wells have provided us with background and explanations of the changes to the PEBP program.

While the work of the NSHE task force continues and should be completed by the end of the year, I would like to share with you some of the concerns that have emerged regarding the PEBP changes planned for FY 2012 plan year. Among the primary concerns that have been provide to me from the task force:

1. Deductibles are in addition to the "stop-loss" amounts, creating an even larger increase in out of pocket expenses. We understand the PEBP is planning to address this issue, and hope there will be some action on this at the December 2, 2010 meeting.
2. The new structure for prescription drug coverage will have significant financial impact on those individuals who are under regular monthly drug requirements.
3. Could PEBP consider offering a "low" and "high" deductible option as existed in the past, even with the assumption that the premiums would be significantly different?
4. We are interested in understanding what options for Dental coverage are being investigated by PEBP, either through a fully insured/participant paid program or partially covered by premiums, and whether PEBP is considering optional vs mandatory participation.

5. There is confusion as to why PEBP proposes 4 cleanings per year under the only remaining dental coverage, and whether a change to 2 would allow a redirection of funds to some other dental coverage area.

6. There is unique concern about the LTD reduction, as many NSHE employees are not eligible for LTD under Social Security or under PERS. While many State employees are eligible for disability retirement benefits under PERS, it in general does not apply to NSHE faculty and professional staff. Most of our professional employees are on the NSHE Defined Contribution Retirement Plan. This has a major negative impact on NSHE faculty and professional staff that is not true for any other PEBP covered employers.

7. There is great interest in understanding what rate reductions PEBP has negotiated, on behalf of its members, for covered medical procedures. The assumption is that in this economy vendors may be willing to agree to price concessions. What PEBP rate decreases over existing PPO in-network costs are projected for medical procedures for FY12/FY13? There is a desire to understand whether cost sharing will be absorbed by the medical providers, and not just the overall plan and the individual participants.

8. The same basic question as above, but for the HMO providers - what have been the results of the PEBP rate negotiations with HMO providers relative to the rates that would be effective for the FY12 plan year? Also, how are the health care providers selected? Again, is the cost sharing being absorbed, at least in part, by providers.

9. What are the PEBP assumptions on final enrollments for next plan year in the CDHP and HMO plans compared to existing PPO and HMO levels? What are the PEBP assumptions on the level of eligible participants that would drop all coverage? For those who might drop all coverage, what are the PEBP assumptions on whether this would result in a significant cost transfer to other health care programs in the state (e.g. HSS, UMC, etc.)?

10. A concern also is being expressed as to whether the HMO programs would even be able to support any significant increase in participants (given the number of health care providers now supporting those programs), especially a migration from the PPO plan, and how the premiums might impact any possible migration. The current assumption is that both the northern and southern HMO plans currently suffer from a significant lack of access to medical providers. What discussions has PEBP had with the HMO providers about their current and projected future ability to serve covered participants?

11. Our retirees (and those current employees that might be considering retirement in the near future) are specifically concerned about the implementation of the Medicare Exchange program, and having sufficient time to fully understand the program before it is implemented. What is the PEBP plan to help assure the implementation of this new program is effective and efficient?
12. There are a number of significant concerns arising from the new policy on spouse or domestic partner coverage. For a participant who covers their spouse or domestic partner, PEBP coverage will be eliminated for the spouse or domestic partner who have or who are eligible for coverage under their own employer sponsored health plan (this policy exists now for any PEBP covered individuals).

a. How is it feasible for PEBP to monitor and enforce this new policy, especially relative to whether the spouse or domestic partner declined alternative coverage from their employer? If it cannot be monitored and enforced, can it be effectively implemented?

b. This policy has been in effect for PEBP participants, but combined with the large increase in deductibles will have a significant financial impact on PEBP covered employees (a cumulative deductible for a family under this circumstance will be $6,000, a combination of the individual and family) up from the existing cumulative deductible of $2,400 (the $6,000 would net down based on HSA contributions, but still represents a significant increase). Employees whose spouse/domestic partner works for a non-PEBP may also see a major financial impact as they will now be subject to two deductibles.

c. There is also concern that the options available to a spouse or domestic partner through a non-PEBP plan may not be anywhere equivalent.

d. A great concern has been raised relative to the fact that the PEBP plan year is on a fiscal year basis, where it appears the plan year for most employers is on a calendar year basis, meaning the spouse or domestic partner are currently in open enrollment (for a CY11 plan year) and it is not clear what viable options are available to deal with this first year of implementation of this new rule (given the overlap for the last six months of CY11 with the first six months of FY12 PEBP coverage). It is not clear the other employers outside PEBP will in fact consider this PEBP policy change as a “qualifying event” under their plan and allow a spouse to enroll in health coverage mid plan year. Has PEBP verified their assumptions about the qualifying event with other employers in the state, and if so, which ones?

NSHE set up a web site to gather employee comments/suggestions on the PEBP changes.

A summary of the 232 comments received to date is outlined below:

* employees saying they will opt out of PEBP benefits altogether
* employee considering or working on leaving NSHE
* employees considering or working on leaving the state
* recurring concern about retention & recruitment of quality faculty & employees
* concern about MS drugs & others being labeled "specialty drugs"
* many with the $6000 deductible issue for couples who both work for the state w/dependents
* recurring suggestions to reduce cleanings to 2 per year and add some dental coverage back into the basic plan.
I am including a chart of these comments for the Board’s reference.

<table>
<thead>
<tr>
<th>SURVEY RESPONSES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>As of November 3, 2010</td>
<td></td>
</tr>
<tr>
<td>Total Responses</td>
<td></td>
</tr>
<tr>
<td>%</td>
<td></td>
</tr>
<tr>
<td>Respondents</td>
<td>232</td>
</tr>
<tr>
<td>Supports Changes</td>
<td>1</td>
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<tr>
<td>Supports Extending the plan year</td>
<td>2</td>
</tr>
<tr>
<td>Other comments/suggestions</td>
<td>229</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AREAS OF CONCERN</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall affordability</td>
<td>182</td>
</tr>
<tr>
<td>High Deductibles</td>
<td>102</td>
</tr>
<tr>
<td>High Out of Pocket Costs</td>
<td>93</td>
</tr>
<tr>
<td>Dental</td>
<td>80</td>
</tr>
<tr>
<td>Prescription</td>
<td>33</td>
</tr>
<tr>
<td>Vision</td>
<td>30</td>
</tr>
<tr>
<td>Lack of HMO Providers</td>
<td>14</td>
</tr>
<tr>
<td>Blending of HMO Rates</td>
<td>13</td>
</tr>
<tr>
<td>Spouse Eligibility</td>
<td>11</td>
</tr>
<tr>
<td>Reduction in Life Insurance</td>
<td>8</td>
</tr>
<tr>
<td>Reduction in LTD</td>
<td>4</td>
</tr>
<tr>
<td>Medicare Exchange</td>
<td>2</td>
</tr>
</tbody>
</table>

We understand that the State of Nevada and the PEBP Board have a daunting task of dealing with the State’s budget situation. We wanted to let you know of the concerns our employees are expressing and the importance of this issue to the entire System. While we recognize many of these issues cannot be solved without adequate funding, as the NSHE task force completes its work, we will certainly continue our dialogue with PEBP about how these impacts can best be managed and any viable alternatives.

Yours truly,

Daniel-Klaich

Cc: Vice Chairperson, Jacque Ewing-Taylor

[4]
**Potential Issues for Final Recommendations to Chancellor Klaich**

1. Highlight the critical nature of health care benefits for the retention and recruitment of NSHE faculty and staff, and the fact that NSHE is unique amongst public employers in this state relative to having a defined contribution retirement program for its professional staff and faculty (and which does not contribute to the future state financial liability for PERS).

2. Potential recommendations on supplemental contribution options for NSHE to employees within PEBP? An option for the UNLV SDM to offer a dental plan could be part of this discussion.

3. Potential recommendations on NSHE legislative response to PEBP plan.

4. Potential recommendation on the option for a graduated rate/premium structure based on income levels (or allocation of supplemental benefits from NSHE based on the same).

5. Initiate activities to determine the feasibility of withdrawal from PEBP at some future point, and either setting up own self-funded program or partnering with some other public employer.

6. Potential recommendation for NSHE to develop a proposal for specific alternatives to meet the needs of NSHE employees for health care benefits.

7. Potential recommendation for NSHE to argue for alternative approaches to what exists now relative to how PEBP negotiates rates for medical procedures (and including overhead and profit costs). It appears that PEBP takes the rates provided to them by the health care providers and does not actively engage in any negotiations.

8. Potential recommendation of phase in the HMO rates in the North, if in fact these rates drop over what exists now.

9. Potential recommendation for spouse or domestic partners that are covered under non PEBP plans, to allow flexibility for the six (6) month period of overlap between those on calendar year plan schedule. For a participant who covers their spouse or domestic partner, PEBP coverage will be eliminated for the spouse or domestic partner who have or who are eligible for overage under their own employer sponsored health plan (this policy exists now for any PEBP covered individuals). The PEBP plan year is on a fiscal year basis, where it appears the plan year for many employers is on a calendar year basis, meaning the spouse or domestic partner may face challenges in claiming a qualifying event for opting into their employer health plan mid-year. The PEBP could resolve this issue by being flexible during the six (6) month overlap period.

10. Option to consider Retirement and Health Care programs as a package, given they are the two largest benefit programs by far. Most NSHE professional/faculty do not participate in PERS, thus NSHE is rather unique in this area compared with other state/public employees in the state, and we therefore do not contribute to any future state retirement liability.

11. Task Force recommendation option. Health Care benefits are a critical and required offering for our faculty and staff, in order to retain and recruit quality employees. NSHE needs to take a more active and consistent role in tracking our health care programs, as the near term projections appears to suggest on-going challenges. NSHE could be in the position of having a similar task force in another two years, unless there is some focused effort to remain engaged in
this activity. NSHE should consider developing options for NSHE employees for the following biennium (2013-2015).

12. Highlight the expected change in retirements for NSHE faculty and staff who may now not have retiree health care benefits, and the projected impact of less turnover and less opportunity to rehire at lower salary levels.

Potential Supplemental Information to Help Frame our Data Presentation (Las Vegas Chamber Information; SAGE Report Information; and Nevada Taxpayer Association Data).

2008 State and Local Employee Compensation and Benefits Analysis – Las Vegas Chamber of Commerce:
These reports from the Las Vegas Chamber have driven some of the debate about public employee compensation and benefits in Nevada. One of these reports looks specifically at retiree health care benefits. The last report listed below is the Analysis Brief, Volume 2, Issue 1 State-to-State Comparison of Public Employee Compensation Levels – 2008, Updated in January 2010. Pasted below are some quotes from this report below, which are important background and context for the NSHE employee benefits.

"Nevada's state and local government employees were paid more than the national averages in all but four job classifications: 1) air transportation (94.6 percent of the national average); 2) social insurance administration (96.6 percent of the national average); 3) elementary and secondary instruction (95.3 percent of the national average); and 4) higher education instruction (95.0 percent of the national average)."

"There continued to be notable variances between wages earned by state and local employees. State workers' average annual salary of $55,300 was 107 percent of the national average and ranked 9th highest nationally. By contrast, public employees classified as "local" reported earning salaries 117 percent of the national average, which placed the group 8th highest nationally. Worth noting is that the U.S. Census Bureau data classified K-12 teachers as "local" employees. If teachers are removed from the "local" calculation, Nevada's local government workers report wage payments 131 percent of the national average."

"Also worth noting is that approximately 82 percent of state and local government employees participate in the "Employer-Pay" plan offered by Nevada Public Employees' Retirement System (PERS), as opposed to the "Employer/Employee-Pay" plan. Those participating in the "Employer-Pay" plan receive a lower salary in exchange for contributions to be made on their behalf to their own retirement fund by their employer. Both the "Employer-Pay" plan and the "Employer/Employee-Pay" plan have unique advantages and disadvantages, but what is relevant to this analysis is the fact that the majority of government employees in Nevada "earn" higher salaries than what is generally reported as take home pay."

“In 2008, the Las Vegas Chamber commissioned Hobbs, Ong & Associates and Applied Analysis to analyze state and local fiscal issues including public sector employee compensation levels with particular emphasis on wage, salary and benefit parity between public and private sector employees in Nevada…………..It is important to note that SAGE was primarily concerned with state employees, who are paid significantly less than their counterparts working for city and county jurisdictions in Nevada. For example, state workers were paid at 102% of the national average, ranking 15th nationally among the 50 states and District of Columbia, while “local” public sector employees in Nevada earned 116% of the national averages, making them 8th highest paid in the nation. If Nevada’s teachers, who are paid 6.5% less than the national average, are removed from this “local” employee category, the state’s local government workers report wages which are 131% of the national average.”

“20. Both the employer and the employee should share all retirement contributions.

Reason: In Nevada, the Public Employee Retirement System (PERS) functions in place of Social Security for government employees. State employees make their employee contribution either through a payroll deduction reflected on their pay stub, or by being placed on a lower salary scale. *The same is not true for local government employees* who collectively bargain and are permitted to declare their employee contribution as being “in lieu of equivalent basic salary increases or cost-of-living increases, or both.” This effectively shields local government employees from sharing the cost of their retirement, contrary to the intent of the law.”