

**STATE OF MAINE  
COUNTY AND MUNICIPAL  
LAW ENFORCEMENT OFFICERS & MUNICIPAL FIREFIGHTERS  
RETIREE HEALTHCARE PLAN**

**OTHER POSTEMPLOYMENT BENEFIT VALUATION  
REPORT UNDER GASB 45 AS OF JUNE 30, 2016**

**EXPENSE DEVELOPMENT FOR FISCAL YEAR ENDING JUNE 30, 2017**

**State of Maine: County and Municipal Law Enforcement Officers & Municipal Firefighters Retiree Healthcare Plan – Other Postemployment Benefit Valuation Report**

**STATE OF MAINE:  
COUNTY AND MUNICIPAL  
LAW ENFORCEMENT OFFICERS & MUNICIPAL FIREFIGHTERS  
RETIREE HEALTHCARE PLAN**

**Other Postemployment Benefit Valuation Report Under GASB 45  
as of June 30, 2016**

**Expense Development for Fiscal Year Ending June 30, 2017**

**TABLE OF CONTENTS**

	<b>Page</b>
<b>Background and Comments.....</b>	<b>2</b>
<b>Actuarial Valuation Opinion .....</b>	<b>5</b>
<b>Section I: Summary of Actuarial Valuation Results.....</b>	<b>7</b>
<b>Section II: Development of Net OPEB Obligation and Annual OPEB Expense .....</b>	<b>9</b>
<b>Section III: Disclosure Information.....</b>	<b>12</b>
<b>Section IV: Ten-Year Expected Employer Payments.....</b>	<b>14</b>
<b>Section V: Summary of Participant Demographic Information.....</b>	<b>15</b>
<b>Section VI: Summary of Actuarial Methods and Assumptions.....</b>	<b>20</b>
<b>Section VII: Summary of Plan Provisions.....</b>	<b>25</b>

**State of Maine: County and Municipal Law Enforcement Officers & Municipal Firefighters Retiree Healthcare Plan – Other Postemployment Benefit Valuation Report**

**BACKGROUND AND COMMENTS**

The Government Accounting Standards Board released the Statements of Governmental Accounting Standards No. 43 (“GASB 43”) and No. 45 (“GASB 45”) in 2004. These statements require trusts (GASB 43) and employers (GASB 45) to accrue the cost of “Other” Post-Employment Benefit (OPEB) Plans while employees who will receive these benefits are providing services to the employer. For state or local government units whose annual revenues exceed \$100 million, GASB 45 had to be adopted no later than the first fiscal year beginning after December 15, 2006. For the State of Maine, we understand that the State decided to adopt GASB 45 effective with the fiscal year beginning on July 1, 2007 (Fiscal 2008). The purpose of this report is to provide the information required under GASB 45 to be disclosed on the State’s financial statements for the financial period ending June 30, 2017.

This report is not intended to comply with GASB No. 43.

**Plan Overview**

The State of Maine provides a Retiree Healthcare Plan (“Plan”) for County and Municipal Law Enforcement Officers & Municipal Firefighters (referred to as “First Responders”). These state-provided benefits became effective July 1, 2007. To be eligible for payment, a retiree must:

- Be at least age 50;
- Be receiving a retirement benefit through the Maine Public Employees Retirement System (or a defined contribution plan);
- Have made at least 5 years of employee contributions into the Firefighters and Law Enforcement Officers Health Insurance Program Fund\*.

\* The mandatory contribution requirements (1.50% of compensation) for active employees became effective January 1, 2007. Retirees who did not satisfy the minimum of 5 years of contributions were permitted to pay a make-up contribution in order to qualify for the benefit.

The State contributes:

- 45% of the retiree-only medical premium for municipal employers participating in the Maine Municipal Employees Health Trust (“MMEHT”);
- 45% of the retiree-only medical premium for municipal employers not participating in the MMEHT (i.e., which is assumed to be 45% of half the 2-party premium for retirees in the State Employees Health Plan with 2-party or family coverage), but not greater than 45% of the highest MMEHT retiree-only premium for the medical plans elected by the participating municipalities.

**State of Maine: County and Municipal Law Enforcement Officers & Municipal Firefighters Retiree Healthcare Plan – Other Postemployment Benefit Valuation Report**

Retirees pay the remaining portion of the retiree-only premium and the full additional premium for spouse and family coverage. There is no benefit for surviving spouses. The State-paid retiree medical payments cease when the retiree becomes eligible for Medicare. NOTE: Medicare is mandatory for police officers and firefighters hired after March 31, 1986. The substantive plan of benefits is described in Section VII of this report.

**Health Care Reform**

The Patient Protection and Affordable Care Act (“PPACA”) was signed into law on March 23, 2010. The primary objective of the act is to increase the number of Americans with health insurance coverage. There are several provisions within PPACA with potentially significant short- and long-term cost implications for employers. The provisions of PPACA applicable to retiree health benefits were considered in this valuation.

The provisions of PPACA considered and health plans are assumed to have implemented the PPACA provisions and the premiums are assumed to reflect the PPACA costs as follows:

- prohibiting lifetime and annual limits on the dollar value of coverage for “essential health benefits”;
- increasing the dependent child age limit to age 26; and
- elimination of cost sharing for in-network preventative services.

We also considered the expected costs associated with the excise tax on “Cadillac Plans” effective in 2020. Due to the expectation that the medical trend rate will significantly exceed inflation over the long-term, most retiree health plans will be affected by the excise tax at some point in the future. After adjusting the thresholds for the age and gender characteristics of the State’s policy holders, the excise tax is not projected to have an impact on the liabilities.

**Medicare Part D Subsidy**

Consistent with the GASB Technical bulletin and to the extent applicable, our determination of the actuarial accrued liability and the “annual required contribution (“ARC”) does not reflect the impact of any “28%” Federal reimbursements that may be obtained as a result of providing post-65 prescription drug benefits from the Plan.

**Actuarial Methods and Assumptions**

The actuarial methods and assumptions are described in Section VI of this report.

The majority of the assumptions used in the actuarial valuation of the Retiree Health Plan are selected to be consistent with the most recently available active lives actuarial valuation of the Maine Public Employee Retirement System (“MainePERS”).

**State of Maine: County and Municipal Law Enforcement Officers & Municipal Firefighters Retiree Healthcare Plan – Other Postemployment Benefit Valuation Report**

The State of Maine has elected to use a discount rate of 4%. Since the State's retiree health program is not being funded by assets in a separate trust, GASB 45 requires that the discount rate be based on the estimated long-term investment yield on the general assets of the State. The 4% discount rate represents the expected long-term rate of return on the assets expected to be used to pay plan benefits.

Claim costs were developed using current premiums without any age-adjustments since we assumed that the individual municipalities – not the State of Maine – are responsible for any implicit subsidy.

This is the second year of a two-year biennial valuation period. This valuation was based on the same participant data, plan provisions and actuarial methods and assumptions as the previous valuation.

**State of Maine: County and Municipal Law Enforcement Officers & Municipal Firefighters Retiree Healthcare Plan – Other Postemployment Benefit Valuation Report**

**ACTUARIAL VALUATION OPINION**

This report presents results of the actuarial valuation of the “Other” Post-Employment Benefits (OPEB) provided under the State of Maine Retiree Healthcare Plan for “First Responders” as of June 30, 2016. In our opinion, this report is complete and accurate and represents fairly the actuarial position of the Plan for the purposes stated herein.

In preparing this report, we have relied upon information regarding plan provisions, plan financial information and plan participants provided by the State of Maine. Plan participant information is as of June 30, 2015. The actuary has analyzed the data and other information provided for reasonableness, but has not independently audited the data or other information provided. Estimates were made where data was missing or unavailable but we believe that the cost impact of such estimates (if any) were not material. The actuary knows of no further information that is essential to the preparation of the actuarial valuation.

Actuarial information under Government Accounting Standards Board Statement No. 45 (“GASB 45”) is for purposes of fulfilling employer financial accounting requirements. The results have been made on a basis consistent with GASB 45 and are based upon assumptions selected by the State of Maine. Determinations for purposes other than meeting employer financial accounting requirements may be significantly different from the results reported herein.

In our opinion, all costs, liabilities, rates of interest, and other factors under the Plan have been determined on the basis of actuarial assumptions and methods that are each reasonable (or consistent with authoritative guidance) taking into account the experience of the Plan and future expectations.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operations of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law.

Our scope did not include analyzing the potential range of such future measurements, and we did not perform that analysis.

The undersigned with actuarial credentials collectively meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

This report was prepared solely for the benefit and internal use of the plan sponsor. This report is not intended for the benefit of any other party and may not be relied upon by any third party for

**State of Maine: County and Municipal Law Enforcement Officers & Municipal Firefighters Retiree Healthcare Plan – Other Postemployment Benefit Valuation Report**

any purpose, and Deloitte Consulting accepts no responsibility or liability with respect to any party other than the plan sponsor.

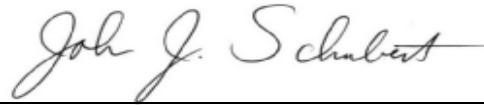
To the best of our knowledge, no employee of the Deloitte U.S. Firms is an officer or director of the employer. In addition, we are not aware of any relationship between the Deloitte U.S. Firms and the employer that may impair or appear to impair the objectivity of the work detailed in this report.

**Deloitte Consulting LLP**



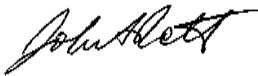
---

**Michael de Leon, A.S.A., E.A., M.A.A.A.  
Managing Director**



---

**John Schubert, A.S.A., M.A.A.A.  
Specialist Leader**



---

**John Potts, E.A., M.A.A.A.  
Specialist Leader**

**State of Maine: County and Municipal Law Enforcement Officers & Municipal Firefighters Retiree Healthcare Plan - Other Postemployment Benefit Valuation Report**

---

**Section I - Summary of Actuarial Valuation Results**

Presented below is the June 30, 2016 valuation results, presented alongside the results from the previous year's valuation for comparison purposes. All liabilities are net of expected employee contributions. Dollar amounts are in thousands.

	6/30/2016 Valuation	6/30/2015 Valuation
a. Actuarial Accrued Liability ( AAL )	\$ 23,498	\$ 21,822
b. Market Value of Assets	<u>0</u>	<u>0</u>
c. Unfunded Actuarial Accrued Liability ( UAAL )	\$ 23,498	\$ 21,822
d. Funded ratio: (b./a.)	0%	0%
e. UAAL as a percentage of covered payroll: (c./j.2.)	42%	40%
f. Gross Normal Cost (End of Year)	\$ 1,622	\$ 1,485
g. Expected 2016/17 Active Contributions	(851)	(827)
h. Net Normal Cost (f. + g.)	771	658
i. Discount rate	4.00%	4.00%
j. Census data used		
1. Number of Covered Participants		
▪ Active employees	913	913
▪ Retirees	98	98
▪ Total	<u>1,011</u>	<u>1,011</u>
2. Covered Payroll (active plan members)	\$ 55,651	\$ 54,030
3. Expected first year benefit payments	\$ 828	\$ 669



**State of Maine: County and Municipal Law Enforcement Officers & Municipal Firefighters Retiree Healthcare Plan - Other Postemployment Benefit Valuation Report**

---

**Section I - Actuarial Accrued Liability as of June 30, 2016**

**OBLIGATION BY SOURCE**  
**(dollar amounts in thousands)**

Actuarial Accrued Liability (AAL):

	<u>As of June 30, 2016</u>	<u>As of June 30, 2015</u>
	<u>Total</u>	<u>Total</u>
Actives:	\$ 20,007	\$ 18,580
Retirees: (and dependents)	\$ 3,491	\$ 3,242
Total	\$ 23,498	\$ 21,822

Assumptions:

	<u>6/30/2016</u>	<u>6/30/2015</u>
Discount Rate:	4.00%	4.00%
Health Care Cost Trend ( Select Period )	9 Years	10 Years
Health Care Cost Trend ( Ultimate )	5.00%	5.00%

## **Section II - Development of Net OPEB Obligation and Annual OPEB Expense**

GASB No. 45 requires the disclosure of the annual OPEB expense. The following is a brief explanation of the components of the OPEB expense:

- **Actuarial Cost Method:** Is the procedure by which the actuarial valuation attributes the total present value of benefits to the years of an employee's service. There are six permissible actuarial cost methods under GASB 45. See Section VI for more details.
- **Actuarial Accrued Liability (AAL):** The portion of the total present value of benefits attributed to employee service in fiscal years preceding the current fiscal year. For those currently receiving payments, 100% of the total present value of benefits is attributed to service in prior fiscal years.
- **Amortization Payment:** Amortization of the unfunded actuarial accrued liability. The initial unfunded AAL is amortized as a level percent of payroll over a closed 30 year period. Gains and losses are amortized as a level percent of payroll over a rolling 15-year period.
- **Net OPEB Obligation:** Cumulative difference between the OPEB expense and contributions and/or benefits paid.

***State of Maine: County and Municipal Law Enforcement Officers & Municipal  
Firefighters Retiree Healthcare Plan - Other Postemployment Benefit Valuation Report***

---

**Section II - Development of Net OPEB Obligation  
(dollar amounts in thousands)**

1. Net OPEB Obligation as of June 30, 2015	\$	6,688
2. Annual OPEB Expense for Fiscal 2016		1,655
3. Expected Contributions for Fiscal 2016		<u>669</u>
4. Net OPEB Obligation as of June 30, 2016 (1) + (2) - (3)	\$	7,674

Based on the June 30, 2016 Net OPEB Obligation and the OPEB Expense developed on the next page, the projected June 30, 2017 Net OPEB Obligation is:

5. Net OPEB Obligation as of June 30, 2016 (4)	\$	7,674
6. Annual OPEB Expense for Fiscal 2017		1,904
7. Expected Contributions for Fiscal 2017		<u>828</u>
8. Projected Net OPEB Obligation as of June 30, 2017 (5) + (6) - (7)	\$	8,750

**State of Maine: County and Municipal Law Enforcement Officers & Municipal Firefighters Retiree Healthcare Plan - Other Postemployment Benefit Valuation Report**

**Section II - Development of Annual OPEB Expense (continued)**  
 ( dollar amounts in thousands )

Presented below is the calculation of the annual OPEB expense for the fiscal year ending June 30, 2017. All costs are net of employee contributions.

a. Gross Normal Cost*	\$	1,622
b. Expected 2016/17 Active Contributions		<u>(851)</u>
c. Net Normal Cost* (a.) + (b.)	\$	771
d. Amortization Payment of the Initial Unfunded AAL (see below)*		955
e. Amortization Payment of (gains)/losses (see below)*		<u>440</u>
f. Annual Required Contribution (ARC): (c.) + (d.) + (e.)	\$	2,166
g. Interest on Net OPEB Obligation		307
h. ARC Adjustment (Amortization of Net OPEB Obligation)		<u>569</u>
i. Annual OPEB Expense (f.) + (g.) - (h.)	\$	1,904

\* Includes interest to the end of the Fiscal Year

	<u>Date</u>	<u>Original</u>		<u>Remaining</u>		<u>Amortization Amount</u>
		<u>Years</u>	<u>Amount</u>	<u>Years</u>	<u>Balance</u>	
Initial UAL	6/30/2007	30	17,986	21	17,551	955
FYE2008 Combined Experience	6/30/2008	15	1,704	15	1,315	97
FYE2009 Combined Experience	6/30/2009	15	211	15	168	12
FYE2010 Combined Experience	6/30/2010	15	-924	15	-755	-55
FYE2011 Combined Experience	6/30/2011	15	2,742	15	2,305	170
FYE2012 Combined Experience	6/30/2012	15	1,736	15	1,511	111
FYE2013 Combined Experience	6/30/2013	15	-774	15	-698	-51
FYE2014 Combined Experience	6/30/2014	15	1,982	15	1,849	137
FYE2015 Combined Experience	6/30/2015	15	-1,842	15	-1,779	-131
FYE2016 Combined Experience	6/30/2016	15	2,031	15	2,031	150

**State of Maine: County and Municipal Law Enforcement Officers & Municipal Firefighters Retiree Healthcare Plan - Other Postemployment Benefit Valuation Report**

**Section III - Disclosure Information Pursuant to GASB Statement No. 45**

Governmental Accounting Standards Board ("GASB") Statement No. 45 requires disclosure of supplementary information to the financial statements that includes information shown in three schedules, the Schedule of Funding Progress (Table A), the Schedule of Employer contributions (Table B), and the Development of NOO (Net OPEB Obligation) and Annual OPEB Expense (Table C).

( dollar amounts in thousands )

**Table A**  
**GASB No. 45 Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as % of Covered Payroll ([ b - a ] / c )
June 30, 2007	0	17,986	17,986	0%	49,177	37%
June 30, 2008	0	19,805	19,805	0%	51,021	39%
June 30, 2009	0	20,063	20,063	0%	51,876	39%
June 30, 2010	0	19,158	19,158	0%	53,821	36%
June 30, 2011	0	21,921	21,921	0%	42,242	52%
June 30, 2012	0	23,442	23,442	0%	43,510	54%
June 30, 2013	0	22,369	22,369	0%	53,366	42%
June 30, 2014	0	24,055	24,055	0%	54,967	44%
June 30, 2015	0	21,822	21,822	0%	54,030	40%
June 30, 2016	0	23,498	23,498	0%	55,651	42%

( dollar amounts in thousands )

**Table B**  
**GASB No. 45 Schedule of Employer Contributions**

Year Ended	Annual OPEB Expense	Employer Contribution	Percentage Contributed	Net OPEB Obligation
June 30, 2008	1,045	0	0%	1,045
June 30, 2009	1,045	257	25%	1,833
June 30, 2010	1,051	368	35%	2,516
June 30, 2011	845	523	62%	2,838
June 30, 2012	1,254	434	35%	3,658
June 30, 2013	1,563	577	37%	4,644
June 30, 2014	1,611	593	37%	5,662
June 30, 2015	1,782	756	42%	6,688
June 30, 2016	1,655	669	40%	7,674
June 30, 2017	1,904	TBD	TBD	TBD

**State of Maine: County and Municipal Law Enforcement Officers & Municipal Firefighters Retiree Healthcare Plan - Other Postemployment Benefit Valuation Report**

---

**Section III - Disclosure Information Pursuant to GASB Statement No. 45 (continued)**

(dollar amounts in thousands)

**Table C**  
**Development of Net OPEB Obligation (NOO) and Annual OPEB Cost Pursuant to GASB No. 45**

Year Ended	(a) Annual Required Contribution (ARC)	(b) Interest on NOO	(c) Amortization of NOO	(d) Amortization Factor	(e) Annual OPEB Expense (a) + (b) - (c)	(f) Employer Contribution	(g) Change in NOO (e) - (f)	(h) NOO Balance LY + (g)
6/30/2007								0
6/30/2008	1,045	0	0	14.27	1,045	0	1,045	1,045
6/30/2009	1,074	47	76	14.27	1,045	257	788	1,833
6/30/2010	1,105	82	134	14.27	1,051	368	683	2,516
6/30/2011	916	113	183	14.27	845	523	322	2,838
6/30/2012	1,350	128	210	14.03	1,254	434	820	3,658
6/30/2013	1,689	146	272	14.03	1,563	577	986	4,644
6/30/2014	1,769	186	344	14.03	1,611	593	1,018	5,662
6/30/2015	1,976	226	420	14.03	1,782	756	1,026	6,688
6/30/2016	1,883	268	496	14.03	1,655	669	986	7,674
6/30/2017	2,166	307	569	14.03	1,904	TBD	TBD	TBD

***State of Maine: County and Municipal Law Enforcement Officers & Municipal  
Firefighters Retiree Healthcare Plan - Other Postemployment Benefit Valuation Report***

---

**Section IV - 10-year Expected Employer Payments**

Presented below is the expected employer payments (ignoring employee contributions) for the next ten years assuming no changes in plan design. These future expected payments were based on the actuarial assumptions in Section VI. If actual experience differs from that expected by the actuarial assumptions, the actual employer payments will vary from those presented below (dollar amounts in thousands)

<u>Year Beginning June 30</u>	<u>Net Employer Payments</u>
2016	\$ 828
2017	964
2018	1,072
2019	1,205
2020	1,307
2021	1,435
2022	1,519
2023	1,592
2024	1,739
2025	1,852

*State of Maine: County and Municipal Law Enforcement Officers & Municipal  
Firefighters Retiree Healthcare Plan - Other Postemployment Benefit Valuation Report*

---

**Section V - Summary of Participant Demographic Information**

The participant data used in the valuation was provided by the State of Maine  
See our discussion in the Actuarial Certification section of this report regarding data.

Participant Counts as of June 30, 2015

Actives:	913
Retirees:	98
<b>Total:</b>	<u>1,011</u>

Average Age of Active Participants:	41.39
Average Service of Active Participants:	12.81
Average Age of Inactive Participants:	58.87



*State of Maine: County and Municipal Law Enforcement Officers & Municipal  
Firefighters Retiree Healthcare Plan - Other Postemployment Benefit Valuation Report*

**Section V - Summary of Participant Demographic Information**

**Participant Counts by Municipality**

**June 30, 2015**

<b>Municipality</b>	<b>Actives</b>	<b>Retirees</b>	<b>Total</b>
Aroostock County	19	-	19
Auburn	60	7	67
Augusta	31	-	31
Bangor	86	18	104
Bar Harbor	1	2	3
Bath	22	3	25
Bethel	2	-	2
Brewer	6	2	8
Brunswick	10	2	12
Bucksport	10	-	10
Buxton	10	-	10
Camden	2	-	2
Cumberland County	14	-	14
Ellsworth	21	1	22
Fairfield	16	-	16
Falmouth	16	-	16
Farmington	11	-	11
Franklin County	2	-	2
Gardiner	14	4	18
Gorham	2	-	2
Hallowell	7	-	7
Hampden	3	1	4
Kennebec County	2	1	3
Kennebunk	3	-	3
Lewiston	38	10	48
Lincoln County	10	1	11
Lisbon	1	-	1
Livermore Falls	2	-	2
Madawaska	8	1	9

<b>Municipality</b>	<b>Actives</b>	<b>Retirees</b>	<b>Total</b>
Mechanic Falls	3	-	3
Millinocket	1	-	1
Newport	3	-	3
North Berwick	6	-	6
Ogunquit	4	-	4
Old Orchard Beach	22	-	22
Old Town	5	1	6
Oxford County Sheriff's	23	-	23
Portland	132	24	156
Presque Isle	3	2	5
Rockland	5	2	7
Rockport	3	-	3
Rumford	4	-	4
Sabattus	2	1	3
Saco	19	1	20
Sagadahoc Sherriff's	6	1	7
Sanford	52	4	56
Scarborough	31	-	31
Somerset County Sheriff's	8	-	8
South Portland	45	1	46
Washburn	-	1	1
Washington County	6	-	6
Waterville	13	-	13
Wells	8	1	9
Westbrook	35	2	37
Windham	16	3	19
Winslow	1	-	1
Winthrop	7	-	7
York	21	1	22

<b>Total</b>	<b>913</b>	<b>98</b>	<b>1,011</b>
--------------	------------	-----------	--------------

*State of Maine: County and Municipal Law Enforcement Officers & Municipal  
Firefighters Retiree Healthcare Plan - Other Postemployment Benefit Valuation Report*

**Section V - Summary of Participant Demographic Information**

**Active Employee Coverage  
Municipalities Participating in MMEHT  
2015 Active (Miscellaneous & Safety) Medical Plan Elections**

Municipality	MMEHT Medical Plan						
	POS-A	POS-C	POS-200	PPO-500	PPO-1000	PPO-1500	PPO-2500
Aroostock County	100%						
Auburn	29%			71%			
Augusta	100%						
Bar Harbor		100%					
Bath		100%					
Bethel	100%						
Brewer		50%		50%			
Brunswick		100%					
Bucksport		100%					
Buxton		100%					
Camden		100%					
Cape Elizabeth		100%					
Cumberland County Sheriff		100%					
Ellsworth		100%					
Fairfield		100%					
Falmouth			100%				
Farmington	100%						
Fort Fairfield			100%				
Franklin County	100%						
Gardiner				100%			
Gorham				100%			
Hallowell		100%					
Hampden							100%
Kennebec County Sheriff	100%						
Kennebunk		100%					
Lewiston		100%					
Lincoln County Sheriff			100%				
Lisbon		100%					
Livermore Falls	100%						
Madawaska			100%				
Madison		100%					
Mechanic Falls				100%			
Mexico				100%			

*State of Maine: County and Municipal Law Enforcement Officers & Municipal  
Firefighters Retiree Healthcare Plan - Other Postemployment Benefit Valuation Report*

---

**Section V - Summary of Participant Demographic Information**

**Active Employee Coverage (continued)**  
**Municipalities Participating in MMEHT**  
**2015 Active (Miscellaneous & Safety) Medical Plan Elections**

Municipality	MMEHT Medical Plan						
	POS-A	POS-C	POS-200	PPO-500	PPO-1000	PPO-1500	PPO-2500
Millinocket	100%						
Newport		100%					
North Berwick		100%					
Ogunquit		100%					
Old Orchard		100%					
Old Orchard Beach		100%					
Old Town							100%
Oxford County Sheriff		100%					
Presque Isle					100%		
Rockland		100%					
Rockport		100%					
Rumford		100%					
Sabattus				100%			
Saco				100%			
Sanford		100%					
Scarborough	100%						
Somerset County Sheriff		100%					
South Portland		100%					
Veazie		100%					
Washburn		100%					
Washington County	100%						
Waterville		100%					
Wells						100%	
Westbrook		50%		50%			
Windham				100%			
Winslow		100%					
Winthrop		100%					
Yarmouth		100%					
York		100%					

**Section V - Summary of Participant Demographic Information**

**Active Employee Coverage**  
**Municipalities Not Participating in MMEHT**  
**June 30, 2015**

<b>Municipality Not in MMEHT</b>	<b>Medical Provider</b>	<b>Count</b>
Bangor	Cigna	86
Portland	Aetna	132
Sagadahoc County Sheriff	Self-Insured	6
<b>Total</b>		<b>224</b>

**State of Maine: County and Municipal Law Enforcement Officers & Municipal Firefighters Retiree Healthcare Plan – Other Postemployment Benefit Valuation Report**

**Section VI - Summary of Actuarial Methods and Assumptions**

**Actuarial Methods**

The actuarial cost method used for this valuation is the Entry Age Normal (EAN) cost method. Under the EAN cost method, the gross Normal Cost for each participant is determined as a level percent of payroll throughout the participant’s working lifetime. For this Plan, the Normal Cost for the year is the sum of the gross Normal Costs determined for each participant reduced by the expected contributions by employees during the year.

**Funding Policy**

The State is currently funding the Plan on a pay-as-you-go basis. This valuation assumes the State will continue this policy.

**Actuarial Assumptions**

- Discount Rate
  - 4.0%, representing the expected long-term rate of return on the assets expected to be used to pay plan benefits.
- Inflation Rate
  - 3.00% per annum.
- Aggregate Payroll Increases
  - 3.00% per annum.
- Salary Increases
  - 3% per year plus the scale below
  - Same as PLD Consolidated Plan valuation assumption.

<b>Service</b>	<b>Increase</b>
0	6.50%
1	4.50%
2	3.00%
3	1.70%
4	1.30%
5-9	1.00%
10+	0.50%

**State of Maine: County and Municipal Law Enforcement Officers & Municipal Firefighters Retiree Healthcare Plan – Other Postemployment Benefit Valuation Report**

- Healthcare Cost Increases

<u>Plan Year*</u>	<u>Non-Portland Increase from Prior Year</u>	<u>Portland</u>
2016	7.50%	4.40%
2017	7.25%	6.00%
2018	7.00%	6.00%
2019	6.75%	6.00%
2020	6.50%	6.00%
2021	6.25%	6.00%
2022	6.00%	6.00%
2023	5.75%	5.75%
2024	5.50%	5.50%
2025	5.25%	5.25%
2026	5.00%	5.00%

\*Year ending June 30

For Non-Portland locations, these increases were updated from the July 1, 2013 actuarial valuation based on the State’s recent historic trend rates and long- term health care cost expectations. For the Portland location, healthcare cost increases are limited to 3% plus CPI for all future years per state statute.

- Decrements are assumed to occur at the start of the-plan year
- Mortality (Same as PLD Consolidated Plan valuation assumption):

<b>Age</b>	<b>Healthy Lives</b>		<b>Disabled Lives</b>	
	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>
25	0.03%	0.02%	0.92%	0.72%
30	0.04%	0.02%	1.12%	0.89%
35	0.07%	0.04%	1.34%	1.09%
40	0.10%	0.06%	1.60%	1.26%
45	0.12%	0.09%	1.93%	1.44%
50	0.16%	0.13%	2.36%	1.65%
55	0.27%	0.24%	2.95%	1.91%
60	0.53%	0.47%	3.62%	2.26%
65	1.03%	0.90%	4.46%	2.72%
70	1.77%	1.55%	5.76%	3.31%
75	3.06%	2.49%	8.23%	5.07%
80	5.54%	4.13%	11.76%	7.76%
85	9.97%	7.08%	16.80%	11.88%
90	17.27%	12.58%	24.00%	18.19%

**State of Maine: County and Municipal Law Enforcement Officers & Municipal Firefighters Retiree Healthcare Plan – Other Postemployment Benefit Valuation Report**

- Termination
  - Adjusted PLD Consolidated Plan valuation assumption for Special Plans:

<b>Service</b>	<b>Rate</b>	<b>Adjusted Rate</b>
0	25.00%	12.50%
1	12.50%	6.25%
2	10.00%	5.00%
3	7.50%	3.75%
4	5.00%	2.50%
5	4.00%	2.00%
10-39	2.50%	1.25%

- Rate assumed to be zero at age 40 and above.
- Valuation data includes employees who elected to participate in the plan and those opting out of medical coverage (starting in 2013).
- Termination rates adjusted to reflect that these employees are more likely to remain employed until eligible for benefits.
- Disability
  - No disability assumed because under Maine PERS service continues to be credited during disability.
- Retirement
  - Same as PLD Consolidated Plan valuation assumption for Special Plans:

<b>Service</b>	<b>Rate</b>
20	40.00%
21-24	30.00%
25	40.00%
26-29	30.00%
30	40.00%
31-34	30.00%
35+	100.00%

- Participation at Retirement
  - 100%
- Original Hire Date

**State of Maine: County and Municipal Law Enforcement Officers & Municipal Firefighters Retiree Healthcare Plan – Other Postemployment Benefit Valuation Report**

- Data includes only service with current employer.
- Original hire date as a First Responder:
  - Hired before age 30 – assume original hire date is hire date with current employer.
  - Hired after age 30 – assume original hire date is midway between age 30 and hire date with current employer.
- Make-Up Contributions
  - Future retirees with less than 5 years of employee contributions will pay make-up contributions for the remaining portion of the 5 years.
  - Make-up contribution percent assumed to be 1.75%.
- Marital Status at Retirement
  - Future retirees in State Employees Health Plan – 80%.
  - Same as PLD Consolidated Plan valuation assumptions.
- Medicare Eligible
  - Future retirees:
    - Hired before 4/1/1986 – 90%.
    - Hired on or after 4/1/1986 – 100%.
  - Current retirees under age 65 – 95%.
- Medical Plan at Retirement
  - Current actives in municipalities participating in MMEHT:
    - Based on current active elections. If active elections were not available, current retiree elections for particular municipality were used. See Section V for a summary of active medical plan elections.
  - Current actives in municipalities not participating in MMEHT:
    - Bangor – Based on current retiree elections, assume 100% CIGNA.
    - Portland – State Employees Health Plan.
    - Sagadahoc County Sheriff – Self-Insured
  - Current retirees:
    - Same as current plan election



**State of Maine: County and Municipal Law Enforcement Officers & Municipal Firefighters Retiree Healthcare Plan – Other Postemployment Benefit Valuation Report**

- Active Data Assumptions
  - Annual pay provided by the State.
  - Missing birth dates – average age by service group.
  - Missing hire dates – average service by age group.
  - Missing pay – average pay for new entrants if new entrant, otherwise assume pay increase from prior year based on salary increase assumption.
- Future New Participants
  - Closed Group – no future new participants assumed.

**State of Maine: County and Municipal Law Enforcement Officers & Municipal Firefighters Retiree Healthcare Plan – Other Postemployment Benefit Valuation Report**

**Section VII - Summary of Plan Provisions**

- |                                     |   |
|-------------------------------------|---|
| Eligibility                         | <ul style="list-style-type: none"><li>• Retired after age 50 (can terminate before 50) and receive a retirement benefit from the Maine Public Employees Retirement System (25 years of service) or a defined contribution plan<ul style="list-style-type: none"><li>• If less than 25 years of service, normal retirement benefit must be at least 50% of final average compensation</li></ul></li><li>• Made employee contributions for 5 years</li><li>• Participate in employer’s health insurance plan or other fully insured health plan</li><li>• Cannot join if waived participation at retirement</li></ul> |
| Benefit                             | <ul style="list-style-type: none"><li>• Cash subsidy is 45% of employee-only premium (45% of half of 2-party premium for retirees with 2-party or family coverage in the State Employees Health Plan)</li><li>• For employers not participating in MMEHT, not greater than 45% of highest MMEHT employee-only premium for plan options elected by all municipalities (Farmington and Franklin County employee-only premium of \$1,002.18 for 2015)</li><li>• No cash subsidy after Medicare eligible</li><li>• Cash subsidy began July 1, 2007</li></ul>  |
| Health Insurance Plan at Retirement | <ul style="list-style-type: none"><li>• Active coverage under MMEHT – continued coverage under MMEHT at retirement</li><li>• Active coverage under other fully insured employer plan:<ul style="list-style-type: none"><li>• Continued coverage under employer’s plans if plans allow retiree coverage</li><li>• If plans do not allow retiree coverage, retiree coverage under State Employees Health Plan</li></ul></li></ul>   |

**State of Maine: County and Municipal Law Enforcement Officers & Municipal Firefighters Retiree Healthcare Plan – Other Postemployment Benefit Valuation Report**

Employee Contributions

- Active contribution of 1.5% of pay effective January 1, 2007
- Must join plan and start employee contributions within 60 days of hire or involuntary loss of coverage
- Actives can drop out but will forfeit contributions and cannot re-enroll
- Retirees on 7/1/2007 can enroll by paying a make-up contribution within 12 months of enrollment:  
(Percent) x (3-Year Average Highest Pay) x (5 years)

Age	Percent
50–55	2.00%
55–60	1.75%
60+	1.50%

- Actives without 5 years of contributions at retirement must pay the make-up contribution amount less any active contributions already made

Dependent Benefits

- No cash subsidy for spouse or dependents
- Retiree must pay full cost to cover spouse and/or dependents

Surviving Spouse Benefit

- None

Dental, Vision, Life

- None

**State of Maine: County and Municipal Law Enforcement Officers & Municipal  
Firefighters Retiree Healthcare Plan – Other Postemployment Benefit Valuation Report**

**Monthly Premiums effective 7/1/2015  
MMEHT Medical Plans**

<b>Municipality</b>	<b>POS-A</b>	<b>POS-C</b>	<b>POS-200</b>	<b>PPO-500</b>	<b>PPO-1000</b>	<b>PPO-1500</b>	<b>PPO-2500</b>
Auburn		\$716.40		\$589.22			
Augusta	\$796.51	700.92		575.71			
Bar Harbor		822.27					
Bath		766.52					
Brewer		858.21		705.82			
Brunswick	825.69	726.62					
Bucksport		881.93	\$749.65			\$629.91	
Buxton		881.93	749.65				
Camden		881.93					
Cape Elizabeth		686.23		564.23			\$445.03
Cumberland County Sheriff		666.95					432.08
Ellsworth		750.45	639.59	617.23			
Fairfield		881.93		724.86			
Falmouth			574.71	553.99			
Farmington	1,002.18	881.93	749.65				
Fort Fairfield							
Franklin County	1,002.18	881.93	749.65	724.86		694.23	
Gardiner				724.86			
Gorham				532.72			420.18
Hallowell		881.93					
Hampden							566.91
Kennebec County Sheriff	781.08	687.35		564.67			
Kennebunk		889.15		731.15			576.68
Lewiston		789.14		648.65		556.43	
Lincoln County Sheriff			691.61		\$638.35		525.70
Lisbon		881.93	749.65	724.86			
Madawaska			749.65		694.23		566.91

**State of Maine: County and Municipal Law Enforcement Officers & Municipal  
Firefighters Retiree Healthcare Plan – Other Postemployment Benefit Valuation Report**

**Monthly Premiums effective 7/1/2015  
MMEHT Medical Plans**

<b>Municipality</b>	<b>POS-A</b>	<b>POS-C</b>	<b>POS-200</b>	<b>PPO-500</b>	<b>PPO-1000</b>	<b>PPO-1500</b>	<b>PPO-2500</b>
Madison		\$881.93	\$749.65				
Mechanic Falls				\$724.86			
Mexico				724.86			
Newport		881.93	749.65				
North Berwick		881.93		724.86			
Ogunquit		881.93		724.86			
Old Orchard Beach		776.12					
Old Town							\$521.53
Oxford County		762.02					
Presque Isle					\$564.70		
Rockland		881.93			694.23		
Rockport		881.93					566.91
Rumford		836.52		687.92			
Sabattus		881.93	749.65	724.86			
Saco				565.99			
Sanford	\$879.24	773.74	659.43				
Scarborough	570.06	501.66		412.14			
Somerset County		881.93	749.65			\$629.91	
South Portland	844.77	743.40		611.31			
Veazie		881.93					
Washburn		881.93					
Waterville		751.12		617.24			
Wells		776.60		638.52		557.57	
Westbrook		712.24		585.50			
Windham				510.20			
Winslow		881.93	749.65	724.86			
Winthrop		881.93	749.65	724.86			
Yarmouth		653.21		536.79			
York		778.41	663.42				

***State of Maine: County and Municipal Law Enforcement Officers & Municipal Firefighters Retiree Healthcare Plan – Other Postemployment Benefit Valuation Report***

**Monthly Premiums effective 7/1/2015**  
**Non MMEHT Medical Plans**

<b>Municipality Not in MMEHT</b>	<b>Medical Provider at Retirement</b>	<b>Single Premium</b>
Bangor	Cigna	OAP 80%: \$1,069.94 OAP 90%: \$914.13 Lower Option: \$731.30
Portland	Aetna	\$795.22
Sagadahoc County Sheriff	Self-Insured	\$881.93