

December 21, 2011

Dear ADEC Team Members:

The rapidly rising costs of providing health care are causing serious problems for employers and employees nationwide. Unfortunately we are not immune. For example the amount we paid for employee health care this last week was more than \$80,000.

Since we are self insured that amount reflects the amount of health care provided to our employees for that billing period. We pay directly from ADEC funds for the health care provided to each of you on our plan. There is no insurance company with big buildings and giant bank accounts. There is only us. When we are all fortunate enough to remain healthy the costs are lower. When some of us are unfortunate and take ill or are injured the costs skyrocket. This is not an ADEC problem. This is a health care system problem.

Our total cost projected for next year (2012) varies between 2.3 million and 2.8 million dollars for both ADEC and each covered employee share. We have attempted to shield our employees from large increases in the past, but that kind of cost makes the system unsustainable. Coupled with these rising costs our rate of pay for services from State and Federal sources has decreased by about \$400,000. We are caught between the increasing costs and decreasing rates and revenue for services. It's a true rock and a hard place.

For the last two weeks, since the cost figures for health care were released by our third party administrator (Allied Benefit) and our insurance broker, we have worked continuously in an attempt to find a solution which would keep premiums as affordable as possible, keep ADEC solvent and would avoid placing employees in the position of being without insurance coverage.

One solution would have been to not offer coverage to dependants. Although that solution would have significantly reduced the cost to ADEC, we were concerned that too many family members would have been uninsurable in the open market place. Other solutions required plan changes which would have triggered new requirements from the Health Care Reform Act. Even though at first glance those actions would have reduced premiums and reduce ADEC costs the end result would have been plans with very high deductibles and costs to most employees that would have been extraordinarily high.

The best course of action seemed to be to keep coverage and deductibles the same but pass on some of the increased costs to employees in increased premiums. And so on the February 3 pay check if you are on the ADEC insurance plan you will see your premium increasing to the following levels:

Full time employees	
Employee only	81.63
Employee and spouse	265.30
Employee and children	234.45
Full Family	419.59

30 Hour employees	
Employee	142.86
Employee and spouse	382.65
Employee and children	342.36
Full Family	584.08

20 Hour Employee	
Employee	204.08
Employee and spouse	500.00
Employee and children	450.28
Full Family	748.57

We also regret to announce that due to our revenue not meeting expectations we will have to reduce the amount ADEC has been contributing to your 403b retirement account. We have been matching your contributions 100% up to a maximum of 5% of your salary. The new matching rate will be 50% up to 6% of your salary.

Employee benefits have always been an area where we have attempted to provide value to our employees and also show our appreciation for your contributions to the ADEC mission. It saddens us that we are currently unable to continue the status quo as it relates to our benefits. But we feel these actions are necessary to continue our ability to provide health care coverage and also protect the financial health of an agency on which so many people rely.

Sincerely,



Paula Shively
President/CEO