

CONSENT STAFF REPORT

INDIAN RIVER COUNTY MEMORANDUM

To: Jason Brown
County Administrator

From: Suzanne Boyll *svb*
Human Resources Director

Date: June 25, 2019

Subject: Medical Plan Adjusted Phase in Rates for Retirees for Premier Silver and Premier Gold Plans effective 10/1/2019

Background

Indian River County provides employee and retiree group health insurance through a partially self-insured plan. Health insurance is available to full-time employees (budgeted at 30 hours per week or more) and eligible retirees of the Board of County Commissioners and the respective Constitutional Officers (Sheriff, Property Appraiser, Tax Collector, Clerk of Courts, and the Supervisor of Elections) to include their eligible dependents. Medical and pharmacy claims and plan administration expenses are funded from contributions made by employer and employee/retiree contributions.

At the June 18, 2019 meeting the Board approved the County offering a Premier Silver and a Premier Gold effective October 1, 2019. The Board also approved a phase in of the proposed rates for each plan to mitigate the increased cost to covered members. The approved rates for each plan and the associated employer and employee monthly premiums are reflected in the chart below.

Plan	Total Monthly Premium	Employer Amount	Employee Amount
Premier Silver - Single	\$675.00	\$660.00	\$15.00
Premier Silver – Family	\$1,232.50	\$1,025.00	\$207.50
Premier Gold – Single	\$745.00	\$660.00	\$85.00*
Premier Gold – Family	\$1,375.00	\$1,025.00	\$350.00**

*Single buy-up is \$70 per month for Premier Gold

**Family buy-up is \$142.50 per month for Premier Gold

The County's retiree group insurance continuation benefits are provided in accordance with Florida Statute 112.0801 "retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no

more than the premium cost applicable to active employees. For retired employees and their eligible dependents, the cost of continued participation may be paid by the employer or by the retirees..."

The County currently subsidizes retiree coverage for eligible retirees who elect to continue coverage under our group plan. The subsidies range from 20% to 60% for eligible retirees.

In addition to the retiree subsidy, the Florida Retirement System provides a health insurance subsidy of \$5 for each year of service up to a maximum of \$150.00 per month. The County does not receive any subsidy payment from the FRS. The FRS subsidy is paid directly to the retiree in the monthly retirement benefit.

Staff is requesting the County establish the retiree rates for the medical plans under a two year phase in based on the employer paid premiums for the Premier Silver Plan and based on the employer paid premiums plus the employee buy-up amount for the Premier Gold Plan. This would result in a reduced retiree Premier Gold Plan premium from the amounts approved on June 18, 2019. The premium amounts initially proposed for the Premier Gold Plan were based on the full monthly premium which created a hardship in some instances. To provide relief to retirees, for the FY19/20 plan year, the retiree subsidy would be based on the premium amounts identified below rather than the full monthly premium as permitted under Florida Statute. The second year phase in would be updated to reflect FY20/21 premiums plus the employee buy-up amount when they are finalized. The recommended FY19/20 retiree subsidy premium rates are identified below:

Plan	Total Monthly Premium	Retiree Subsidy Premium
Premier Silver - Single	\$675.00	\$660.00
Premier Silver – Family	\$1,232.50	\$1,025.00
Premier Gold – Single	\$745.00	\$730.00*
Premier Gold – Family	\$1,375.00	\$1,167.50**

*Premier Gold Single Retiree Subsidy Premium is based on \$660.00 employer rate plus employee buy-up amount of \$70 per month totaling \$730.00

**Premier Gold Family Retiree Subsidy Premiums is based on \$1,025.00 employer rate plus employee buy-up amount of \$142.50 per month totaling \$1,167.50

Funding

Current funding for the health plan is provided by employer, employee and retiree contributions to the plan as well as OPEB funding. The anticipated funding for FY19/20 is approximately \$21.1M and has been included in the proposed FY19/20 budget.

Recommendation

Staff recommends and respectfully requests the Board of County Commissioners approve, effective with the plan year beginning October 1, 2019, the Retiree Subsidy Monthly Premium amounts of \$660.00 single and \$1,025.00 family for the Premier Silver Plan and premium amount of \$730.00 single and \$1,167.50 family for the Premier Gold Plan and to authorize a second year

phase in when the FY20/21 premiums are finalized. Any retiree subsidies will be based upon these premiums.