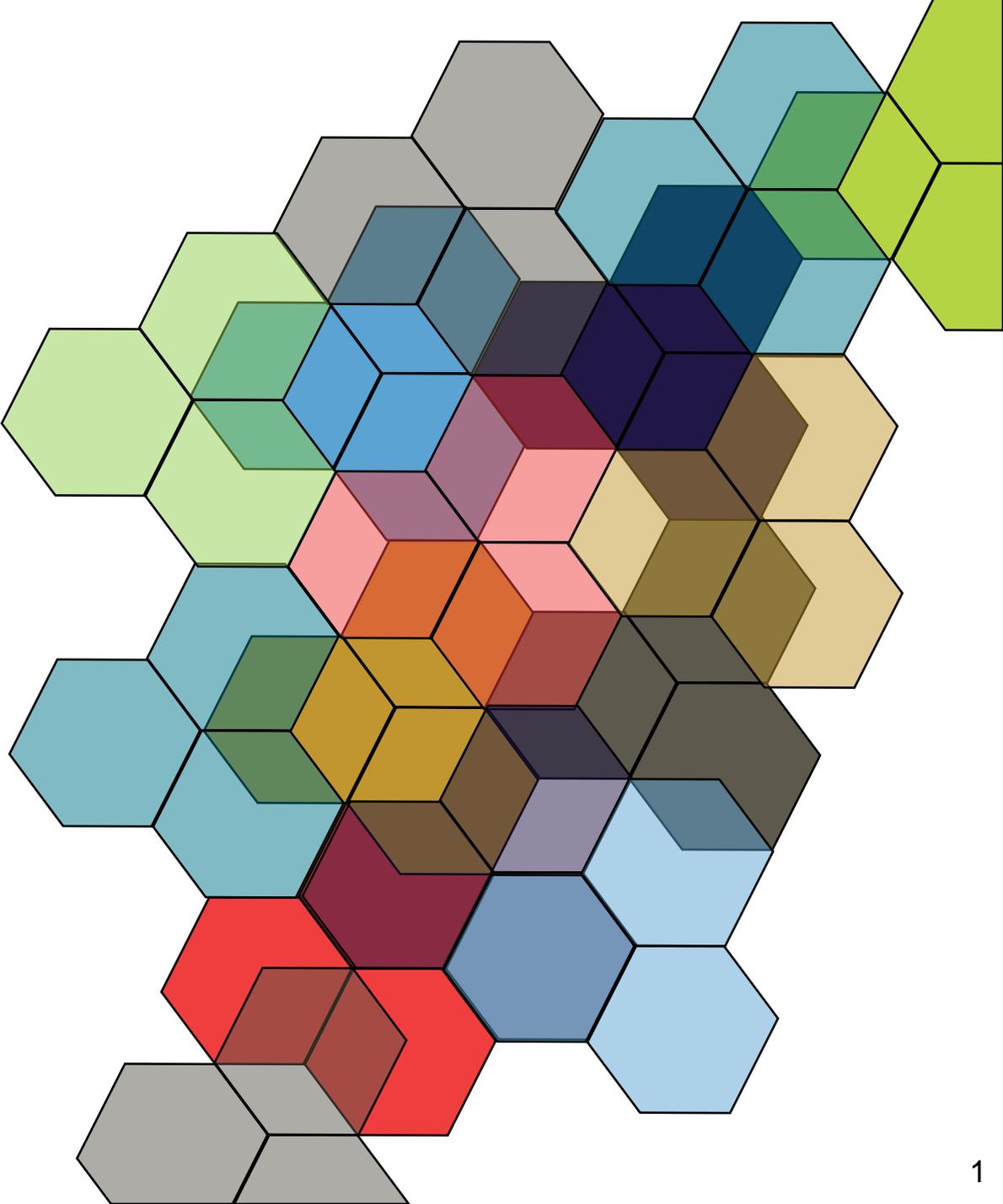


Board of Commissioners

09.17.2024



Retirees With Additional County Contribution in Excess of Policy

Retirees with Dependent Coverage

	Retirees with Dependent Coverage	Pre 2017 Retirees	Post 2017 Retirees	Additional Annual County Cost in Excess of Policy <u>All Retirees</u>	Additional Annual County Cost in Excess of Policy <u>Pre 2017 Retirees</u>	Additional Annual County Cost in Excess of Policy <u>Post 2017 Retirees</u>
Pre 65						
Spouse	76	14	62	\$ 616,831	\$113,627	\$503,204
Child	50	7	43	224,532	31,434	193,098
Family	31	3	28	535,263	51,800	483,464
Post 65						
Spouse	87	76	11	537,034	469,133	67,901
Blended						
	74	47	27	496,794	310,473	186,321
	318	147	171	\$2,410,454	\$976,466	\$1,433,988

There are **1,809** retirees with medical insurance that do not cover dependents

Note: Blended coverage represents plans with one or more individuals on the plan covered by Medicare and one or more non-Medicare. This category includes several different combinations, and each rate is calculated as a combination of the plans of the participants.

Staff Recommendation

To minimize the impact on retirees retiring between January 1, 2017 through October 1, 2024, reduce the 2024 dependent portion of the County's contribution by 20% each year until 2029 (not a compounding reduction but a simple percentage reduction from the 2024 amount). Rates would align to policy in 2029.

Amount of Subsidy For Dependent(s)
by Plan and Election Type for 2024

Phased Out Over Time

- 2025: 80%
- 2026: 60%
- 2027: 40%
- 2028: 20%
- 2029: 0%

+ Retiree Only Rate

= Retiree Rate With Phased Out
Dependent Subsidy

Additional County Cost in Excess of Policy

2025	2026	2027	2028	2029
\$1,147,190	\$860,393	\$573,595	\$286,798	\$0

Example PPO Pre-65 with 20+ Years Covering Spouse

Monthly Impact of Eliminating Dependent Contribution

	Group Rate	County Contribution for Retiree	County Contribution for Dependent(s)	Total County Cost	Retiree Cost	Change to Retiree Cost 2025
2024	\$1,627.29	\$739.67	\$676.23	\$1,415.90	\$211.39	
2025	1,724.92	784.06	0.00	784.06	940.86	729.47

Minimized Impact by Reducing Dependent Contribution Over Time

	Group Rate <small>(without cost increase beyond 2025)</small>	County Contribution for Retiree	County Contribution for Dependent(s)	Total County Cost	Retiree Cost	Change to Retiree Cost 2025 - 2034
2024	\$1,627.29	\$739.67	\$676.35	\$1,416.02	\$211.27	
2025	1,724.92	784.06	541.08	1,325.14	\$399.78	188.51
2026	1,828.42	831.10	405.81	1,236.91	\$591.51	191.73
2027	1,938.13	880.97	270.54	1,151.51	\$786.62	195.11
2028	2,054.42	933.83	135.27	1,069.10	\$985.32	198.70
2029	2,177.69	989.86	0.00	989.86	\$1,187.83	202.51

Assumes 6% increase in group rates

Example PPO Pre-65 with 20+ Years Covering Family

Monthly Impact of Eliminating Dependent Contribution

	Group Rate	County Contribution for Retiree	County Contribution for Dependent(s)	Total County Cost	Retiree Cost	Change to Retiree Cost 2025
2024	\$2,588.85	\$739.67	\$1,438.88	\$2,178.55	\$410.30	
2025	2,744.18	784.06	0.00	784.06	1,960.12	1,549.82

Minimized Impact by Reducing Dependent Contribution Over Time

	Group Rate <small>(without cost increase beyond 2025)</small>	County Contribution for Retiree	County Contribution for Dependent(s)	Total County Cost	Retiree Cost	Change to Retiree Cost 2025 - 2034
2024	\$2,588.85	\$739.67	\$1,438.88	\$2,178.55	\$410.30	
2025	2,744.18	784.06	1,151.10	1,935.16	809.02	398.72
2026	2,908.83	831.10	863.33	1,694.43	1,214.40	405.38
2027	3,083.36	880.97	575.55	1,456.52	1,626.84	412.44
2028	3,268.36	933.83	287.78	1,221.61	2,046.75	419.91
2029	3,464.46	989.86	0.00	989.86	2,474.60	427.85

Assumes 6% increase in group rates

Next Steps

Next Steps

- Finalize all medical rates – to include applying the five (5) year phased-out methodology to the County subsidy for retiree dependent medical premium costs for employees retiring between 01.01.2017 – 10.01.2024.
- October 7th: Postcard Mailing
- October 14th: Medical Benefits Enrollment package mailing
- October 24th & 25th: Retiree Information Session (Virtual)
- October 28th: Retiree Information Session (In Person)
- Nov 4th – Nov 15th: Open Enrollment
- New medical rates go into effect January 2025 (calendar year)

Board Action

Approve the Manager's recommendation implementing a phased-out approach to retiree dependent medical contributions to minimize the financial impact to those who retired after January 1, 2017 through October 1, 2024.

Amend the County's benefit policy to incorporate a footnote that reads as follow: "Dependent Premium Contributions: County subsidy for retiree dependent medical premium costs for employees retiring between January 1, 2017 through October 1, 2024 shall be phased out over a five (5) year period according to the following rates: 2025 – 80%; 2026 – 60%; 2027 – 40%; 2028 – 20%; and in 2029 – 0%."

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