

TOWN OF PALM BEACH

Information for Town Council Meeting on: September 13, 2018

To: Mayor and Town Council

Via: Kirk Blouin, Town Manager

From: Danielle Olson, Director of Human Resources

Re: Health Insurance Rates for Calendar Year 2019

Date: August 30, 2018

STAFF RECOMMENDATION

The information contained herein is provided to Town Council for review.

GENERAL INFORMATION

The actuarial division from Willis Towers Watson has conducted a review of the claims experience and identified the medical, prescription and dental insurance premium rates for employees. They have also calculated the maximum allowable premiums that can be charged to retirees based on state statute limitations and required commingled claims experience of the retiree and employee group calculation (F.S. 112.0801).

There is no documentable need to request additional budget funds to the employee health insurance fund for FY19. A review of claims through June 30, 2018, continues to show lower than average trend on medical claims. Total cost through the first nine months of the fiscal period ran 10.2% lower than the same point the prior fiscal period. Overall, plan performance is better than the national trend of 6%. Efficient plan management and focused wellness initiatives have led to better than average market trend performance. The result has led to no increases to the budget or employee premiums for plan year 2019. Refer to Exhibit A for the 2019 medical contribution rates.

Willis also evaluated retiree claims through June 30, 2018. When compared to the same point in the prior fiscal year, a 13.2% increase in overall claims for retirees was observed. This is due to an unusual spike in retiree claims, along with one catastrophic claim. Retiree premium increases range from 1.5% to 14.5% depending on individual placement within the sliding scale (Exhibit B). Ample funds have been budgeted for in FY19 via the OPEB Health Insurance Trust to cover projected Town costs.

A review of the Town's dental plan was also conducted. Low administrative fees and claim expenses have allowed for premiums to remain flat during the past seven years. There will be no increase to contributions for employees, retirees or the Town for plan year 2019. Refer to Exhibit C for the 2019 dental contribution rates.

FUNDING/FISCAL IMPACT

Sufficient funds exist in the FY19 budget to provide for the Town's share of expenses for the healthcare plan as proposed herein.

Attachments

DO:kw