

TOWN OF PALM BEACH

Information for Town Council Meeting on: September 10, 2019

To: Mayor and Town Council

Via: Kirk Blouin, Town Manager

From: Danielle Olson, Director of Human Resources

Re: Health Insurance Rates for Calendar Year 2020

Date: August 29, 2019

STAFF RECOMMENDATION

The information contained herein is provided to Town Council for review. No action is required.

GENERAL INFORMATION

The Town's Insurance Broker, The Gehring Group, 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).

A review of claims during the period of July 2018 through June 2019 continues to show lower than average trend on medical claims. The estimated percent increase for the 2020 plan year is expected to be 1.2 percent. This is 3.4 percent lower than the current national trend of 4.6 percent. Staff continues to apply efficient plan management and is focused on wellness initiatives that have led to better than average market trend performance. As a result employee and Town contribution rates (Exhibit A) will remain at same level as plan year 2019.

Gehring also evaluated retiree claims for the same time period. The reviews shows a lower trend on medical claims over FY19. As a result, there will be no increases to the retiree and Town contributions for plan year 2020. Refer to the Retiree Sliding scale (Exhibit B).

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 eight years. There will be no increase to contributions for employees, retirees or the Town for plan year 2020. Refer to Exhibit C for the 2020 dental contribution rates.

FUNDING/FISCAL IMPACT

Sufficient funds exist in the FY20 Health Insurance fund and OPEB Trust to provide for the Town's share of expenses for the healthcare plan as proposed herein.

Attachments

DO:kw