

TOWN OF PALM BEACH

Information for Town Council Meeting on: October 13, 2022

To: Mayor and Town Council

Via: Kirk Blouin, Town Manager

From: Gillian Barth, Director of People & Culture

Re: Health Insurance Rates for Calendar Year 2023

Date: September 29, 2022

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 for the medical, prescription, and dental plans for employees and retirees. The review consisted of a 19-month trend analysis using claims history from May 2021 through April 2022.

For active employees, the claims analysis shows an increase of approximately 21.2% over FY22. This increase includes a 0% maturation factor used to account for claims that may have resulted from illnesses that were untreated, or that missed diagnosis due to absence of available resources and/or providers during the COVID period. Retiree medical claims; however, showed lower than average trend on medical claims, at 10.9% below the FY22 budgeted funding amount.

In order to get a complete and more accurate picture, Gehring Group combines the claims experience for both active employees and retirees. They calculate 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). While claims for the same period show higher than normal trend, the overall increase for the combined groups over the FY22 budget funding is 9.7%.

Due to the increase in claims for FY22, there will be an increase to bi-weekly premium contributions for employees of 10% and an increase in the Town contribution of 20%.

Therefore, the FY23 budget for Health was increased and OPEB will remain the same. Should additional funds be needed to cover expenses in FY23, the money will be transferred from the Health and OPEB reserves which are currently overfunded. Please refer to Exhibit A for the employee contribution rates and Exhibit B for the retiree sliding scale.

The Town's dental plan was also evaluated. Low administrative fees and claim expenses have allowed for premiums to remain flat during the past eleven years. There will be no increase to contributions for employees, retirees, or the Town for plan year 2023. Refer to Exhibit C for the 2023 dental contribution rates.

FUNDING/FISCAL IMPACT

Sufficient funds exist in the FY22 Health Insurance fund and OPEB Trust to provide for the Town's share of expenses for the healthcare plan as proposed herein.

TOWN ATTORNEY REVIEW

It is not necessary for the Town Attorney to review for legal form and sufficiency.

Attachments

GB:jj