

TOWN OF PALM BEACH

Information for Town Council Meeting on: October 10, 2023

To: Mayor and Town Council

Via: Kirk Blouin, Town Manager

From: Gillian Barth, Director of People & Culture

Re: Health Insurance Rates for Calendar Year (Plan Year) 2024

Date: September 28, 2023

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 2022 through April 2023.

For active employees, the claims analysis shows a decrease of approximately 0.3% from FY23. This decrease includes a 0.0% maturation factor. Retiree medical claims showed a lower trend on medical claims, at 14.2% reduction from the FY23 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). The overall decrease for the combined groups over the FY24 budget funding is 4.4%.

In the Benefits Plan Year 2023, there was an increase to bi-weekly premium contributions for employees of 10% and an increase in the Town contribution of 20%. No increase in premium contributions is recommended for Benefits Plan Year 2024.

Due to the flattening of the calculated premium rates in the Retiree Sliding Scales, the Retiree Sliding Scales have been eliminated. The rates have been averaged and adjusted to reflect regular and Medicare premiums and dependent rates for Benefits Plan Year 2024. The Sliding Scales were matrices that utilized intricate formulas for years of service and gross pension pay, requiring more complex coding for payroll deductions and difficult to understand for retirees. The new rates are found in Exhibit B.

Therefore, the FY24 budget for Health and OPEB will remain the same. Should additional funds be needed to cover expenses in FY24, 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 premium rates.

The Town's dental plan was also evaluated. Low administrative fees and claim expenses have allowed for premiums to remain flat during the past twelve years. There will be no increase to contributions for employees, retirees, or the Town for Benefit Plan Year 2024. Refer to Exhibit C for the 2024 dental contribution rates.

FUNDING/FISCAL IMPACT

Sufficient funds exist in the FY24 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