



DEPARTMENT OF FINANCE & BUDGET
INTEROFFICE MEMORANDUM

TO: Board of County Commissioners
VIA: Julian M. Willis, County Administrator
FROM: Tim Hayden, Director of Finance & Budget
FROM: Melanie Woodson, Director of Human Resources
DATE: April 22, 2021
SUBJECT: Health Insurance Subsidy for Retirees

Background:

Each year the Board of County Commissioners (BOCC) approves the subsidy the County pays towards retirees' health insurance premiums.

Discussion:

Other Post-Employment Benefits (i.e., retiree health insurance) currently provided are documented in Resolution 15-21 which includes the "Health Insurance Plan Policy for Calvert County Retirees". That policy establishes that "These subsidies will be reviewed annually and are subject to change based on budgetary constraints".

Three entities fund the County's projected \$17.8 million health care cost, the County, the County's employees, and the County's retirees. Historically, the plan is managed so that the County funds (about) 80% of the costs and the combined employee/retiree premiums fund the remaining 20%.

The County provides the following maximum subsidy levels for retiree health insurance:

- Retirees who retired prior to August 1, 1994 – 100% of the individual medical premium. There are currently 14 retirees in this category (and 3 dependents).
- Retirees with a retirement date from August 1, 1994 through June 30, 2008 – 90% of the individual medical premium. There are currently 91 retirees in this category (and 34 dependents).
- Retirees who retired after June 30, 2008 - 75% of the individual medical premium. There are currently 176 retirees in this category (and 139 dependents).

Subsidies for Retirees are also available to their spouses and dependents.

We recently received our premium renewal rates from our health insurance provider indicating that overall, the County's medical, pharmacy, dental and vision premiums will decrease by about 3.2 percent.

The attached rate sheets detail the proposed monthly premiums for retirees effective July 1, 2021. It includes the premiums for retirees with subsidies at the 90% and 75% levels.

Conclusion/Recommendation:

It is recommended that the BOCC take action and adopt the subsidy levels as outlined above for the plan year that begins July 1, 2021.