

4/20/05

**AGENDA ITEM SUMMARY  
OCONEE COUNTY, SC**

**COUNCIL MEETING DATE:** April 20, 2005  
**COUNCIL MEETING TIME:** 4PM

**ITEM TITLE OR DESCRIPTION:**

Annual contract renewal of the Oconee County Employee Health Plan, effective May 1, 2005.

**BACKGROUND OR HISTORY:**

Oconee County is self-funded for medical, dental and prescription insurance. Currently we have 463 members, which include employees, their dependants, and 65 retirees. Our current policy is with American National, a third party advisor, with an attachment point of \$3,697,078 carrying a specific deductible of \$60,000. Due to increased claims experience, renewal with the same provider has an attachment point of \$5,089,476 and a specific deductible of \$70,000. This is an actual dollar increase of \$1,392,398. Historically, the county's health insurance has run in a cycle of being high every fourth year. This is our fourth year.

**SPECIAL CONSIDERATIONS OR CONCERNS:**

Countless hours have been spent analyzing our plan, as well as the available options to fund this renewal. Although we realize the impending financial impact, we believe that our recommendation will be in the best interest for both the county and the employees with each of us sharing increased costs.

**STAFF RECOMMENDATION:**

- We recommend the free insurance incentive no longer be offered for employees retiring with 28 years of regular service or 25 years of police service. This would become effective July 1, 2005. We will "grandfather" the free insurance to the current eleven (11) retirees that are still receiving the old coverage.

Cost per employee for free insurance is \$1,567.13 (includes 15%) premium annually plus cost of medical/drug expense, however once the retiree reaches the age of 65 this cost is drastically reduced.

Once an employee retires they have the option to continue with our health plan for a reduced cost of \$130.00 per month.

- We recommend that coverage for all retiree's dependants be stopped effective July 1, 2005 with the exception of 2 retirees that we propose to grandfather.  
Cost associated with this will vary based on medical expense incurred by dependants

- We recommend that the employee's single coverage cost increase from \$5 to \$15 per pay period, effective the first payroll in May 2005.  
The increase for budgetary purposes will be \$112,580
- We recommend that the employee cost for dependant coverage increase by 15% for each category of dependant coverage.  
The increase for budgetary purposes will be \$92,813
- We also recommend that the amount budgeted per employee in the department budgets be raised from its current value of \$269.50 each month to \$368.00 each month, effective July 1, 2005.  
The increase for budgetary purposes is \$511,806
- Authorize County Administrator to sign contract renewal documents.

**FINANCIAL IMPACT:**

- In this proposal, the rising cost of health insurance is shared by both the county and its employees.  
Total increase for budgetary purposes is \$1,215,102. In this proposal the county will incur \$986,438 and the employees will incur \$228,664.
- Nationwide, the cost of health insurance over the past twelve (12) months has increased 16 to 18% for medical. The total to be paid by the County for the proposed renewal policy is projected to be a 36% increase over the current medical contract plan due to an unusually high claims year.

**ATTACHMENTS:**

Attachment 1) Spreadsheet  
Attachment 2) Employee Survey

**Submitted or Prepared by:**

**Approved for Submittal to Council:**

\_\_\_\_\_  
Department Head/Elected Official

\_\_\_\_\_  
Ron H. Rabun, County Administrator

**Reviewed By/ Initials:**

\_\_\_\_\_ County Attorney

\_\_\_\_\_ Finance

15/16 Plan

Total Budgeted for County Employees	FY 2016	FY 2016	Increase	Source
Total Receivables Retirees	\$ 1,912,126	\$ 1,400,322	\$ 511,806	County
Total Receivables Employees Portion	\$ 122,014	\$ 98,743	\$ 23,271	Employee/Retiree
Total Receivables Dependent Coverage	\$ 485,193	\$ 392,380	\$ 92,813	Employee
General Expense	\$ 2,883,525	\$ 1,451,932	\$ 740,470	
	\$ 2,405,562	\$ 1,831,320	\$ 474,632	County

Total Increase for budgeted purpose **\$1,215,102**  
 County Increase **\$ 988,438**  
 Employee/Retiree Increase **\$ 226,664**

Type of Coverage	Coverage Type Code	Current Monthly Amount	Current Pay Period	% Increase	Proposed Monthly Amount	Proposed Pay Period	15% Increase per Pay Period	\$10 Increase for employee	Total Increase per pay period	Total Increase Annually
Family	E/F	\$ 206.14	\$ 95.14	15%	\$ 237.07	\$ 109.42	\$ 14.26	\$ 10.00	\$ 24.26	\$ 631.29
E/Spouse	E/S	\$ 147.84	\$ 68.23	15%	\$ 170.02	\$ 78.47	\$ 10.24	\$ 10.00	\$ 20.24	\$ 528.24
E/Child	E/C	\$ 92.39	\$ 42.94	15%	\$ 106.25	\$ 49.18	\$ 6.54	\$ 10.00	\$ 16.54	\$ 430.04
E/Children	E/CH	\$ 108.65	\$ 49.22	15%	\$ 122.65	\$ 56.61	\$ 7.39	\$ 10.00	\$ 17.39	\$ 452.14
E/Only	E/O	\$ 10.84	\$ 5.00		\$ 32.50	\$ 15.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 280.00

**Option # 1: Increase premiums per payroll and keep same coverage.**

Of the 26 departments of Oconee County that were polled. We had 141 employees that opted for option #1.

**Option # 2: Loss and cut back on the medical coverage and keep same premiums.**

Of the 26 departments of Oconee County that were polled. We had 11 employees that opted for option # 2

We had 2 departments that responded that the plan should remain as it currently is with County funding full increase.