



# Broward County

## Legislation Details (With Text)

**File #:** 22-1356      **Version:** 1

**Status:** Agenda Ready

**In control:** Finance - Human Resources Division

**On agenda:** 9/20/2022      **Final action:** 9/20/2022

**Title:** A. MOTION TO APPROVE proposed health insurance funding for calendar year (plan year) 2023 as reflected in Exhibit 1.

ACTION: (T-10:42 AM) Approved.

VOTE: 8-0.

B. MOTION TO AUTHORIZE County Administrator to execute a Third Amendment to the Agreement between Broward County and Standard Insurance Company for an increase in County-paid Employee Group Basic Term Life and Accidental Death and Dismemberment (AD&D) insurance from \$25,000 to \$50,000 for all benefit-eligible employees, subject to review of such amendment for legal sufficiency by the Office of County Attorney.

ACTION: (T-10:42 AM) Approved.

VOTE: 8-0.

C. MOTION TO APPROVE proposed County match under the 457 Deferred Compensation Plan with a \$2,000 annual cap for all benefit-eligible employees.

ACTION: (T-10:42 AM) Approved.

VOTE: 8-0.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Exhibit 1 - 2023 Funding Sheet, 2. Exhibit 2 - Plan Design

Date	Ver.	Action By	Action	Result
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### **Broward County Commission Regular Meeting**

**Director's Name:** George Tablack

**Department:** Finance and Administrative Services      **Division:** Human Resources

### Information

#### Requested Action

A. MOTION TO APPROVE proposed health insurance funding for calendar year (plan year) 2023 as reflected in Exhibit 1.

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**VOTE: 8-0.**

**Why Action is Necessary**

Motion A. Board approval is necessary to amend the County's insurance rates for calendar year (plan year) 2023.

Motion B. In accordance with Broward County Procurement Code, Section 21.4, Board approval is required to execute an amendment to a contract with a cumulative value that exceeds \$500,000.

Motion C. Board approval is necessary to fund a deferred compensation match.

**What Action Accomplishes**

Motion A. Provides for continuation of health and pharmacy insurance for calendar year (plan year) 2023 and approves the items necessary to prepare informational material for open enrollment, which is scheduled to begin on October 31, 2022.

Motion B. Provides for an increase in County-paid Group Term Life and AD&D insurance for benefit-eligible employees.

Motion C. Provides a match to benefit-eligible employees contributing to one of the three Deferred Compensation Plans offered by the County.

**Is this Action Goal Related**

No

**Previous Action Taken**

None.

**Summary Explanation/Background**

THE FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT AND THE HUMAN RESOURCES DIVISION RECOMMEND APPROVAL OF THE ABOVE MOTIONS.

## Motion A. Health Insurance Funding for Calendar Year 2023

The County has worked with its benefits consultant, USI Services LLC (USI), to make the following recommendations to the County's health plans and programs. To prepare for open enrollment for calendar year 2023, currently scheduled to begin on October 31, 2022, this item seeks Board approval of the funding for health and pharmacy benefits as provided below.

### Health Plans:

Effective January 1, 2022, health and pharmacy were combined under the health plan. The following is the recommended health plan funding for calendar/plan year 2023:

- Combine the High Deductible Health Plan (HDHP) Base Plan and the HDHP Out-of-Network (OON) Plan, creating one HDHP with Out-of-Network coverage for all enrolled members (Exhibit 1). With OON coverage, enrolled members are able to receive medical services at the associated coverage cost, regardless of whether the physician or facility is in network. This proposed combination of HDHP plans is an enhancement to the current HDHP -Base Plan, in which a significant majority of County employees are currently enrolled.
- The new HDHP OON plan will be provided at the lower payroll deduction currently provided under the 2022 HDHP Base plan (Exhibit 2), which will provide a higher level of coverage, at the lower premium cost than has previously been offered.
- Per IRS guidelines, the minimum annual deductible allowed for an HDHP plan will increase from \$1,400 to \$1,500 for Single Coverage and from \$2,800 to \$3,000 for Dependent/Family Coverage. Employees enrolled in the HDHP Base plan will see an increase in their annual deductible. This increase in annual deductible will only impact employees enrolled in the 2022 HDHP Base plan.
- No increase in payroll deductions for the CDH Plan.
- Continue funding the Health Savings Account for the combined HDHP plans at the 2022 level (Single Coverage \$1,200; Dependent/Family Coverage \$2,400 per year).

### Waiver Credit:

- Continue Waiver Credit provided to employees who waive County health insurance due to being enrolled under their spouse or parent plans, another group health plan, Medicare, Medicaid, TriCare, or Veteran's insurance.
  - Full-time employees: \$2,600 annually, paid on a biweekly basis.
  - Part-time 20 employees: \$1,300 annually, paid on a biweekly basis.

This recommendation also includes the continuation of the following health program initiatives:

1. The \$20 bi-weekly surcharge for working spouses/domestic partners who have health coverage available from their employers but chose to enroll in the County health plan.
2. The annual Engagement Incentive with the requirement that employees and spouses/domestic partners enrolled in the County's HDHP health plan must complete a designated preventive screening within the prior 12 months to receive County-funding in their

2023 Health Savings Account (HSA) or Health Reimbursement Account (HRA), if not eligible to participate in a Health Savings Account.

**Motion B. County-paid Term Life and AD&D Insurance**

The County provides \$25,000 of Group Basic Term Life and AD&D Insurance to all benefit-eligible employees on their first day in a benefit-eligible position. The amount has not increased since 2007 and this Amendment would increase the amount to \$50,000 effective January 1, 2023. This motion seeks authorization for the County Administrator to execute any necessary amendments to increase County-paid Life Insurance for benefit-eligible employees.

**Motion C. County Match for Deferred Compensation Plan**

The County offers a governmental 457 Deferred Compensation Plan, which allows benefit-eligible employees to defer a fixed dollar amount or percentage of their compensation on a tax-deferred (pre-tax) basis into an account with one, or more, of the three County vendors (Brighthouse, Nationwide and MissionSquare) for retirement savings. On December 4, 2018 (Item No. 51), the Board approved the County's Amended and Restated Master Deferred Compensation Plan, which allows for County contributions to employee accounts under Article 5, Employer Contributions.

The addition of a County deferred compensation match is intended to encourage more eligible employees to save for their retirement and financial wellbeing. The match would be based on a calendar year, with a \$2,000 annual cap. The match will be made on a dollar-for-dollar basis each pay period. Employee and County contributions are always vested and are for the exclusive benefit of the employee and their beneficiaries.

**Source of Additional Information**

David Kahn, Director, Human Resources Division, 954-357-6005

**Fiscal Impact**

**Fiscal Impact/Cost Summary**

Motion A. Based on the proposed plan design options, the estimated cost of group health insurance, on a self-insured basis, for calendar year 2023, is as follows:

**Health**

Expected Claims	\$46.2M
Retention & PCOR Fee	\$3.3M
Stop Loss Coverage	\$2.9M

**Pharmacy**

Expected Claims	\$18.7M
<b>Total Health and Pharmacy Costs</b>	<b>\$71.1M</b>

Based on premium rates for 2023, the cost share is follows:

Employee Portion of Premiums	\$4.7M (6.6%)
COBRA/Retiree Premiums	\$1.7M (2.4%)
County Subsidy of Premiums	\$64.7M (91.0%)

<b>Total Health and Pharmacy Cost</b>	<b>\$71.1M</b>
County Subsidy of Premiums	\$64.7M
County Funding of HSA	\$9.0M
County Funding of Opt-Outs	\$1.5M
<b>Total Cost to County</b>	<b>\$75.2M</b>

Motion B. The fiscal impact to the County for the increase in the County-paid Employee Group Basic Term Life and Accidental Death and Dismemberment (AD&D) insurance for all benefit-eligible employees is estimated to cost \$503,261 per year.

Motion C. The fiscal impact to the County for the \$2,000 per year match based on anticipated benefit-eligible employee participation is estimated to cost \$10.8M per year.