



City of Smyrna

Issue Sheet

A Max Bacon
City Hall
2800 King Street
Smyrna, GA 30080

File Number: ATH2023-035

Agenda Date: 9/18/2023

In Control: City Council

File Type: Committee of the Whole

Agenda Section:
Formal Business

Agenda Number: E.

Department: Human Resources

Agenda Title:

Approval of Changes Retiree Health Benefits Effective 01/01/2024

Citywide

ISSUE AND BACKGROUND:

In 2012, the City approved changes to retiree health benefits which moved Medicare-eligible retirees to the VIA Benefits platform which pairs access to Medicare supplement plans with a City-funded HRA AND federal tax credits. The VIA Benefits Medicare program has been successful and very beneficial to the retirees.

While pre-Medicare retirees (< age 65) who retired prior to 2012 were allowed to stay on the City's health plan and pay rates equal to that of active employees, for those who retired on or after 1/1/2012, the City's contribution to retiree health insurance was capped at the City's 2012 cost for retiree only coverage for the lowest priced health plan. At the time this cap was \$566.67 per month. Retirees were required to "buy up" or pay the difference for higher cost plans and for covering dependents. The 2012 rate cap continued to be applied to retiree rates moving forward despite yearly increases to the rates.

As of 2021, pre-65 spouses of Medicare-eligible (post-65) retirees, were kept on the employee health plan, but were required to pay 100% of the cost for their coverage.

The combination of the 2012 cap and charging 100% for spouse-only coverage on the health plan, has resulted in making it difficult and costly for pre-65 employees to retire and maintain health benefits for themselves and eligible dependents (see attached 2023 Retiree Health rates).

While the city's contributions to premiums was capped, the claims resulting from covered retirees disproportionately impact city's overall claims spend.

Currently, there are 30 pre-65 retirees on the active health plan, with additional retirements to occur before the end of 2023. Six of the 30 retirees cover a spouse. Three pre-65 spouses of post-65 retirees are also covered.



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RECOMMENDATION / REQUESTED ACTION:

On August 15, 2023, Joe Bennett, Kristin Robinson, and I proposed a solution to the Budget Committee (Councilman Lindley, Councilman Gould, and Councilwoman Hines) and Mayor Norton.

It was agreed that we would bring this to the full Council for consideration and action.

City Administration, Finance and Human Resources recommend approval of the following changes to retiree health benefits and to authorize the Mayor to sign and execute all related documents.

- Effective January 1, 2024 move all current and future pre-65 retirees to the Via Benefits platform.
 - Via Benefits Enrollment Specialists will provide individualized guidance, based on the retiree's needs, on selecting a market-place plan.
 - Retirees will select from among hundreds of plans on the healthcare marketplace.
 - Family plans are available.
 - Annual enrollment 11/1 – 12/15
 - Via Benefits Enrollment Specialists will also help the retiree choose between the Federal Tax Subsidy OR the City-funded HRA (not both)
 - If HRA, the City will fund \$1,000/month which can be used to reimburse the retiree for plan premiums and other eligible out-of-pocket medical expenses.
 - If the coverage is for the pre-65 spouse of a post-65 retiree, the retiree will continue to receive \$250/month to their HRA and the spouse will receive the difference of \$750/month to an HRA.
 - Retirees will only pay premiums for coverage that exceeds either the Federal Tax Subsidy or the amount funded by the City.
 - Via Benefits provides ongoing advocacy.