

**PLANNING and ADMINISTRATION COMMITTEE
MINUTES
OCTOBER 28, 2008**

The Planning and Administration Committee met on Tuesday, October 28, 2008 in the Committee Room, located on the second floor of the Administration Building beginning at 1:45 p.m. Mr. Jeffcoat, Committee Chairman presided.

Members Attending:

Johnny W. Jeffcoat, Chairman
Debra B. Debbie Summers
William C. Billy Derrick

George H. Smokey Davis, V Chairman
John W. Carrigg, Jr.

Absent:

William B. Banning, Sr.

Mr. Banning was absent due to medical reasons.

Also attending: Katherine Hubbard, County Administrator; Joe Mergo, Deputy County Administrator; Larry Porth, Finance Director/Assistant County Administrator; other staff members, citizens of the county and representatives of the media.

In accordance with the Freedom of Information Act, a copy of the agenda was sent to radio and TV stations, newspapers, and posted on the bulletin board located in the lobby of the County Administration Building.

Other Post Employment Benefits (OPEB) Liability – Mr. Larry Porth, Finance Director/Assistant County Administrator, presented information on the Other Post Employment Benefits (OPEB) Liability for Lexington County. GASB is the Governmental Accounting Standards Board; they are the standard setting body for issuance of financial statements and disclosure. Mr. Porth outlined the impact of OPEB liability for the County's post employment health insurance benefits. He stated the County needs to change its current insurance plan to a defined contribution plan similar to a 401k plan.

Staff proposed the following recommendations to the post employment health insurance:

- 1) Effective July 1, 2009 replace the existing plan with a defined contribution plan;
- 2) Effective immediately the eligibility will change from 10 consecutive years of County service to 20 consecutive years of County service;
- 3) Effective immediately new retirees will pay the cobra rate for dependant coverage;
- 4) Effective January 1, 2009 deductibles and maximum out-of-pocket will be raised for all employees and retirees from the current deductible of \$250 to \$350 and current out-of-pocket of \$1,500 to \$1,750
- 5) Effective January 1, 2009 premiums for retirees will increase 50% (which will be 150% of the active employee rate)

Mr. Porth said that this would not affect the sixty-six (66) retirees on the current plan. For those 66 retirees the proposed rate would increase by 50% for employees and dependants.

A motion was made by Mr. Derrick, seconded by Ms. Summers to recommend to full Council to accept all staff recommendations and move forward with the proposed changes to the County's Post Employment Health Insurance Benefits and to include if a former employee is eligible under another benefit plan provided through their spouse's employment, they will no longer be eligible for the County plan.

In favor:

Mr. Derrick	Ms. Summers
Mr. Davis	Mr. Jeffcoat

Opposed:

Mr. Carrigg

Old Business/New Business - Land Use Growth, Landscape Ordinance – None.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Judy R. Busbee
Assistant to the Clerk

Johnny W. Jeffcoat
Chairman

Diana W. Burnett
Clerk

Attachment:

Impact of OPEB Liability on the County Post Employment Health Insurance Benefits

Impact of OPEB liability on the County's Post Employment Health Insurance Benefits

OPEB Liability Actuarial Estimate: \$25M (not including Recreation Commission)

Current Retiree Plan: \$ 5M

- Impact of increasing retiree plan eligibility to 20 yrs: liability reduced by 20 % (\$ 5M)
- Change in premiums on existing 65 retirees: (150% of active employee rate – decrease plan cost \$425,000)

New Retiree Plan: Retirement HRA

- Impact of Retirement HRA: No unfunded liability in long run (Depending on rate charged: COBRA rate - reduced OPEB Liability
Age-rated premiums – No OPEB Liability)

Action Items:

9/23/08

- Notify Recreation Commission that eligibility for their group will end on 12/31/08

10/28/08

- Revise Retirement Plan eligibility for future participants & clarify plan (Effective 11-01-08)
 - Option 1: 150% active employee rate for employee, current COBRA rate for spouse and dependent
 - Option 2: Current COBRA rate for employee, spouse, & dependent
- Adjust existing retiree premiums (Effective date 1/1/09)
 - 150% of active employee rate for employee, spouse, & dependent
- Revise plan deductible from \$250 to \$350 and max. out of pocket from \$1,500 to \$1,750 (Effective date 1/1/09)

Prior to 7/1/09

- Implement Retirement HRA for existing and future employees
- Explore high deductible HRA or HSA for claims

Attachments: Specific Proposed Plan Changes
Sample Rate and Contribution Tables

COUNTY OF LEXINGTON

POST EMPLOYMENT HEALTH INSURANCE PLAN

Effective October 28, 2008, the following Retiree Plan is available to full-time Active Employees

BENEFITS:

The benefits and plan design for the Post Employment Health Insurance Plan are the same as those for the County Health Insurance Plan available to active employees.

ELIGIBILITY:

Option 1:

An employee retiring with full (unreduced) benefits under the S.C. Retirement System or the Police Officers Retirement System, and having (A) **twenty (20) consecutive** years of county service,* or (B) **disability benefits as a result of a work related accident that occurred while working for the County of Lexington** and having ____ years of county service.*

Retiring with *unreduced* benefits as follows:

State Retirement

65 years of age

28 years of service

Police Retirement

55 years of age

25 years of service

Option 2:

An employee retiring with reduced benefits under the State or Police Retirement Systems, or **disability benefits as a result of a non-work related accident** and having ____ years of county service.*

Retiring with *reduced* benefits as follows:

State Retirement

60 years of age

55 years of age w/ 25 years of service

Disability Retirement

Police Retirement

Disability Retirement

*Years of service include regular full-time and regular part-time employment.

ENROLLMENT:

Employees must decide if they want to enroll under the COBRA Health Insurance Plan, or the Post Employee Plan at the time of termination. If the employee chooses the Post Employment Plan, he/she will **not** be given another opportunity to enroll under the COBRA Plan.

Employees wishing to take part in the post employment plan **must** complete an enrollment form in the Human Resources Office within thirty-one (31) days of their termination date. Coverage will begin on the first of the month following the termination date.

COVERAGE PERIOD:

Coverage will remain in effect until the Participant is eligible for Medicare coverage (age 65) and with the following special contract provisions:

- a. If the former employee is **eligible** under another benefit plan provided through his/her or spouse's employment, he/she will no longer be eligible for the county plan.
- b. Upon death of the former employee, spouse coverage may be continued for a period of five (5) years, remarriage or when becoming eligible for Medicare, whichever comes first.
- c. The former employee may continue coverage he/she had under the active plan. That is, if the individual had single coverage, they may enroll for retiree single coverage.
- d. If premium payments are not kept current, this is within thirty (30) days from the due date, coverage will lapse and will not be reinstated.
- e. When the former employee becomes eligible for Medicare, coverage may be continued on the underage spouse for a period of five (5) years after retirement or until the spouse becomes eligible for Medicare, or whichever comes first.
- f. Dependent coverage may be maintained only so long as employee or spouse maintains coverage under provisions of this Plan.

PREMIUMS:

Option 1:

Employee	150% of active employee rate
Spouse & Dependent	Current COBRA rate

Option 2:

Employee	Current COBRA rate
Spouse & Dependent	Current COBRA rate

The COBRA rate is subject to change at the beginning of each Benefit Year. Premiums will be due on the 1st of each month and are to be mailed directly to the Human Resources Office. The Participant is responsible for seeing that payments are kept current, as the Human Resources Office will **not** be sending invoices.

END OF COVERAGE:

Coverage will end on the last day of the month in which the former employee or their dependents are no longer eligible for coverage, or the county no longer offers coverage.

Participants in the Plan must notify the Human Resources Office within one month of the following:

- becoming eligible for other insurance
- remarriage of a former spouse
- becoming eligible for Medicare
- dependents no longer meeting the definition of a dependent under our group medical insurance plan.

The County of Lexington makes no guarantee, expressed or implied, as to the continuance of this post employment insurance plan. At the discretion and upon the vote of Lexington County Council this plan may be modified or terminated.