

TOWNSHIP OF BYRAM
NEW JERSEY

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WEBSITE ADDRESS:
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TO: Township Council
FROM: Joseph W. Sabatini, Township Manager
DATE: March 31, 2017
RE: Health Benefits Summary – Backup for Budget Adoption

General Census:

- January 2008: 38 Full-time Employees and 12 Part-time Employees
- January 2017: 33 Full-time Employees and 12 Part-time Employees
- 2017 Obligation for Group Insurance is \$1,632,434 – if all eligible full-time employees elect coverage and this includes obligations for retirees.
- Total actual obligation based on census and full-time employees electing to receive coverage is \$1,301,819. This includes cost of waivers. (See Summary Table in Budget Message)
- Table summarizing groups of employees receiving health benefits:

Employee Group	Active	Waivers	Retirees
Admin	4	5	4
Clerical	0	1	3
DPW	9	1	6
Police	7	6	13
Totals:	20	13	26

Notes:

- 20 Active Employees Receiving Health Benefits (43%)
- 26 Retirees Receiving Health Benefits (57%)

Plan Summary Changes:

2007 - Base Plan for Township (All Actives and Retirees) - Open Access

Clerical, DPW and Admin: Employees hired after **January 1, 2010** shall not receive post-retirement healthcare benefits paid by the Township.

Clerical: Employees accept a newly defined health/medical plan (Patriot V) effective **May 1, 2010** for all active employees and retirees. New employees hired on or after **January 1, 2013** are required to choose between the Preferred Choice Plan, HMO Plan or the High Deductible (HSA) Plan.

DPW and Admin: Employees accept a newly defined health/medical plan (Patriot V) effective **January 1, 2010** for all active employees and retirees. New employees hired on or after **January 1, 2013** are required to choose between the Preferred Choice Plan, HMO Plan or the High Deductible (HSA) Plan.

Clerical and DPW: Language Change - Retirees shall be required to reduce coverage options as circumstances dictate (e.g., a retiree may go from husband/wife coverage to single coverage), but may not opt for a higher level of coverage thereafter.

PBA:

- Effective **September 1, 2013**, or soon as thereafter as Employees can be enrolled in new plan choices, the existing Open Access Plan, will be eliminated.
- Current unit employees will have choice of enrolling in the Aetna Patriot V Plan, the Aetna HMO, and the Aetna Preferred Choice Plan, or the HSA/High Deductible Plan.
- Employees hired after **July 1, 2013** will be permitted to enroll in the Aetna HMO, and the Aetna Preferred Choice Plan, or the HSA/High Deductible Plan.

Employee Contributions:

Chapter 2, P.L. 2010:

- Established Minimum Employee Contribution for Medical Benefits - must contribute a minimum of 1.5% of current base salary towards their health benefit costs.
- Waivers - waiver filed on or after May 21, 2010 shall not exceed 25% of amount saved or \$5,000 whichever is less.

Chapter 78, P.L. 2011:

- Effective June 28, 2011.
- Health Benefit Contribution is amount an employee or retiree contributes toward premium for health benefits.
- The amount of contribution is the higher of 1.5% of base salary (Chapter 2) or Chapter 78, s.39.
- Chapter 78 contribution is based on Coverage (Single, Family, H/W and P/C) and level of salary
- Retirees are exempt based on conditions - 20 or more years of service on June 28, 2011.
- Other retirees contribute based on post retirement income.

Prior to 2010/2011 Employee Contributions as follows:

DPW:

- 2009 and thereafter - Township will pay 90% of the insurance premium, and employee will pay 10% not to exceed \$900.
- Retirees get medical/dental benefits without any contribution from employee.

Clerical:

- 2009 and thereafter - Township will pay 90% of the insurance premium, and employee will pay 10% not to exceed \$900.
- Township will continue to pay an amount equal to 100% of single coverage insurance premium.
- Retirees get medical/dental benefits without any contribution from employee.

PBA:

- Effective January 1, 2007 - employer will deduct a contribution of \$1,000 toward health benefits.
- Retirees get medical/dental benefits without any contribution from employee.

Medicare:

- Employees must apply for full federal health care benefits at the earliest opportunity. The Township provides 'wrap around' coverage, if available, in lieu of the standard benefits after eligibility for federal health benefits is established.
- Medicare Explained: There are four main "parts" of Medicare insurance: Part A, Part B, Part C, and Part D. Medicare Part A (hospital insurance) and Medicare Part B (medical insurance) together make up Original Medicare. Medicare Part C, also known as Medicare Advantage, and Medicare Part D (prescription drug coverage) programs that let you get Medicare plans through private insurance companies that contract with Medicare.
- Employees are required to apply for Medicare Part A and Medicare Part B that are eligible for health benefits in retirement.

Admin: Township shall reimburse the retiree for Part B Medicare costs, provided the premium savings for Medicare eligible employees equals or exceeds the cost of Part B coverage.

Union Employees, governed by Collective Bargaining Agreements:

DPW and Clerical: The Township shall reimburse the retiree for Part B Medicare costs provided the premium savings for Medicare eligible employees equals or exceeds the cost of Part B coverage.

PBA: No reimbursement for Medicare Part B costs.

- **Medicare Advantage (Covering Part A and B) - Effective March 1, 2014**
- **Medicare Advantage (Covering Part D - prescription) - Effective January 1, 2017**

See Document that Explains Medicare Advantage Plans.

Group Insurance:

- The 2017 obligation for Group insurance is \$1,632,434.
- Public Law 2011, Chapter 78 was effective June 28, 2011 that increased the share of health benefits coverage paid by public employees and retirees who receive employer paid health benefits. Highlights of the law that impact employees of Byram Township are as follows:
 - Byram Township is a non-SHBP Employer and under the law it requires that the cost of coverage shall include all health care benefits, medical, prescription drugs, dental, and vision.
 - Percentage of contribution (derived from salary and type of coverage tables) is multiplied by the total premium due for each employee and deducted from base salary.
 - All active employees receiving health benefits will contribute to the cost of health benefits.
- The Group Insurance budget includes medical insurance, prescription drugs, dental, Medicare reimbursements, payment for waiver of medical benefits, life insurance, and long term disability which is assessed based on each employee’s salary.
- The blended rate increase for health insurance, prescription drugs and dental for 2017 is 1.71%.
- In 2017 there are a total of thirteen employees that are waiving health benefits at a total cost of \$75,279.76. This is an increase of six employees from 2016. This is an annual savings of \$290,326 after considering cost of waivers.

Employee Group	Total Cost: (Health, Dental & RX)	Employee Contributions	Total Net Cost to Township
Clerical Active	\$0.00	\$0.00	\$0.00
Clerical Retired	\$55,368.00	\$503.28	\$54,864.72
DPW Active	\$269,448.00	\$62,049.84	\$207,398.16
DPW Retired	\$158,928.00	\$0.00	\$158,928.00
Police Active	\$268,500.00	\$93,008.88	\$175,491.12
Police Retired	\$432,048.00	\$0.00	\$432,048.00
All Other Active	\$131,172.00	\$28,692.36	\$102,479.64
All Other Retired	\$83,628.00	\$1,978.20	\$81,649.80
Medicare Reimbursements	\$13,680.00	\$0.00	\$13,680.00
Waivers	\$75,279.76	\$0.00	\$75,279.76
TOTALS:	\$1,488,051.76	\$186,232.56	\$1,301,819.20