COUNTY OF HORRY)
)
STATE OF SOUTH CAROLINA)

RESOLUTION 89-12

A RESOLUTION TO CONSOLIDATE AND ADOPT RETIREE HEALTH INSURANCE GUIDELINES.

WHEREAS, Horry County Council resolved to contribute to retiree health insurance since 1990; and

WHEREAS, Horry County Council has resolved to amend the guidelines for administering retiree health contributions five times since its inception; and

WHEREAS, Horry County Council desires to have consolidated guidelines to capture all the necessary procedures for administering retiree health insurance contributions; and

NOW THEREFORE BE IT RESOLVED THAT the Horry County Council resolves to adopt retiree health insurance guidelines as set forth below.

AND IT IS SO RESOLVED

Dated this 18th day of December, 2012

HORRY COUNTY COUNCIL

H. Tom Rice, Chairman

Harold G. Worley, District 1

Brent J. Schulz, District 2

Marion D. Foxworth, III, District 3

Gary Loftus, District 4

Paul D. Price, Jr., District 5

Robert P. Grabowski, District 6

James R. Frazier, District 7

Carl H. Schwartzkopf, District 8

W. Paul Prince, District 9

Jody Prince, District 10

Al Allen, District 11

ATTEST:

Patricia S. Hartley, Clerk to Council

Horry County
Committed to Excellence

County Council Decision Memorandum
Horry County, South Carolina

Date:	December 10, 2012
From:	Anne Wright, Assistant County Administrator
Cleared By:	Chris Eldridge, County Administrator
	Patrick Owens, Human Resources Director
Re:	Retiree Health Insurance Plan

ISSUE:
Retiree Health Insurance Plan updated for recent modifications.

BACKGROUND:

The Retiree Health Insurance Plan has been modified numerous times since its inception. The initial Retiree Health Insurance Benefit Plan was approved by County Council as documented in Council meeting minutes on May 24,1994, and amended by Resolution R-107-00 dated September 5, 2000, Resolution R-29-02 dated March 12, 2002, Resolution R-121-10 dated December 14, 2010, Resolution R-49-12 dated June 19, 2012, and by a motion approved by County Council on November 16, 2012. Attached is a draft document that states the **current** benefits, as modified by County Council, being offered under this plan. The attached Resolution and document reflects the changes previously approved by County Council, and is intended to provide clarification of the current plan.

The attached document also includes the following excerpt to provide further clarification that it is possible that there may need to be further changes in the future regarding this benefit.

"Horry County offers retiree health insurance as a benefit to employees who were hired prior to July 1, 2011 and have been employed with the County for fifteen years or longer. However rising costs and legislative changes have resulted in changes to this plan, such as the discontinuance of the plan for employees hired subsequent to June 30, 2011, and may in the future affect the County's ability to continue this benefit. This plan as presented is subject to change and the County's ability to fund this benefit can be impacted by budget challenges. Due to the risk of unknown circumstances, this plan as described herein may be deemed non-sustainable at some future time. The Retiree Health Insurance Guidelines do not create any express or implied contract of this benefit being provided in the future. No past practices or procedures, promises or assurances, whether written or oral, form any express or implied agreement to continue such practices or procedures."

RECOMMENDATION:

The Administration Committee reviewed the attached guidelines and recommends them Council's approval.

Horry County Government
Retiree Health Insurance Guidelines

Horry County offers certain retiree health insurance benefits to those retirees with a hire date prior to July 1, 2011, and who meet the criteria specified below. This plan as presented is subject to change and the County's ability to fund this benefit can be impacted by fiscal challenges and legislative changes. Due to the risk of unknown circumstances, this plan as described herein may be deemed non-sustainable at some future time. The Retiree Health Insurance Guidelines do not create any express or implied contract of this benefit being provided in the future. No past practices or procedures, promises or assurances, whether written or oral, form any express or implied agreement to continue such practices or procedures.

Employees hired after June 30, 2011 will be eligible to participate in the retiree health insurance plan upon their retirement; however, the County will **not** pay any portion of their retiree health insurance premiums and they will **not** be eligible to receive any County subsidy for the purposes of retiree health insurance.

As a result of changes that have been approved throughout the years, several eligibility criteria are applicable as specified below in the various groups of covered individuals. Those employees who separate from County employment for any reason other than retirement and are then rehired after June 30, 2011 will be eligible to participate in the retiree health insurance plan upon their retirement; however, the County will **not** pay any portion of their retiree health insurance premiums and they will **not** be eligible to receive any County subsidy for the purposes of retiree health insurance.

Horry County Government began contributing to retiree insurance on the behalf of employees on June 30, 1990. Several amendments to the County's guidelines have occurred since that time; however nothing in these prior amendments permits or affords grandfathering for any individual other than those outlined explicity in these current guidelines. For all groups identified in these guidelines only actual Horry County service is considered for the purposes of determining contribution percentages by Horry County. No purchased service time of any kind will be considered for any group.

Summary Benefit Plan Description
County paid health insurance coverage is provided under the County's health insurance plan to qualifying retirees as stated below under Section I up to the point in time when the retiree becomes Medicare eligible, at which time the County will begin to contribute a maximum of $150 (2013 amount) each month into a Retiree Health Reimbursement Arrangement (RHRA) account for the retiree to purchase a Medicare supplemental insurance plan, or to use for payment of out-of-pocket qualifying medical expenses. This monthly contribution is pro-rated according to the retiree's years of service with the County as explained below and will increase annually by the lower of CPI-U (the Consumer Price Index All Urban Consumers on a September over September basis) of 3% per year. A transition provision relating to the RHRA account impacts a limited number of retirees as defined in the Group C description.

Due to changes in this benefit during past years, as well as grandfathering provisions as changes were approved, the criteria defining covered individuals relating to this benefit is presented by groups.

Section I: Covered Individuals – Health Insurance Premium Amounts Coverage Until Retiree is Medicare Eligible

Group A-1 Covered Individuals – see Group C for a transition provision relating to becoming Medicare eligible that may apply to retirees that fall into this group. In addition, this group includes five (5) retirees who received either a 50% or 100% County contribution prior to May 24, 1994.

This group includes individuals who retired or left employment with Horry County Government when they were retiree eligible, after May 23, 1994 and before September 5, 2000. At that time, an employee in the Regular retirement system could retire after 30 years of service and the County's plan offered the 50% tier and the 100% tier. The County will pay for the cost of County health insurance coverage for the retiree based on the charts shown below. Retirees can opt out of this coverage, and then opt back in at a later date.

Group A-1 Covered Individuals – see Group C for a transition provision relating to becoming Medicare eligible that may apply to retirees that fall into this group (continued)

Premium Amounts Covered Until Medicare Eligible:

Regular Retirees – Years of Horry County Service	Percentage of Premiums Covered
15 -29	50%
30 or greater	100%

Police Retirees – Years of Horry County Service	Percentage of Premiums Covered
15 -24	50%
25 or greater	100%

Group A-2 Covered Individuals – see Group C for a transition provision relating to becoming Medicare eligible that may apply to retirees that fall into this group

This group includes individuals who retired or left employment with Horry County Government when they were retiree eligible, during the period of September 6, 2000 to March 11, 2002. During this time period, an employee in the Regular retirement system could retire after 28 years of service, and the County's plan offered the 50% tier and the 100% tier. The County will pay for the cost of County health insurance coverage for the retiree based on the charts shown below. Retirees can opt out of this coverage, and then opt back in at a later date.

Premium Amounts Covered Until Medicare Eligible:

Regular Retirees – Years of Horry County Service	Percentage of Premiums Covered
15 -27	50%
28 or greater	100%

Police Retirees – Years of Horry County Service	Percentage of Premiums Covered
15 -24	50%
25 or greater	100%

Group A-3 Covered Individuals – see Group C for a transition provision relating to becoming Medicare eligible that may apply to retirees that fall into this group

This group includes individuals who retired after March 11, 2002 and before December 31, 2012, or as of December 31, 2012 were retiree eligible employees, or as of December 31, 2012 were retiree eligible

past employees, or active employees who are either 62 years of age or have 23 years of Horry County service as of December 31, 2012. During this time period, an employee in the Regular retirement system could retire after 28 years of service, and the County's plan offered the 50% tier, the 75% tier and the 100% tier.

The County will pay for the cost of County health insurance coverage for the retiree based on the charts shown below. Retirees can opt out of this coverage, and then opt back in at a later date.

Premium Amounts Covered Until Medicare Eligible:

Regular Retirees – Years of Horry County Service	Percentage of Premiums Covered
15 -22	50%
23 – 27	75%
28 or greater	100%

Police Retirees – Years of Horry County Service	Percentage of Premiums Covered
15-20	50%
21-24	75%
25 or greater	100%

Group B Covered Individuals

For individuals not covered in Group A-1,A-2,and A-3 and who have a hire date prior to July 1, 2011, the County benefit is as follows:

a. The County subsidy of the cost of retiree health insurance will begin at **age 62**. (Employees can still retire before that age if they are eligible, but the County will not pay the health insurance premiums until age 62.) The retiree can stay on the County plan and pay the total premiums personally, or opt-out of the plan and obtain coverage elsewhere, then opt-back in to the plan at age 62 to receive the County funded benefit.

b. The 75% tier is eliminated. Employees are eligible for the County payment of 50% of the premiums, at 15 years of County service, and 100% coverage at 28 or 25 years of service, as amended by the next modification.

c. The amount of the County subsidy will not increase by more than 3% over the amount paid by the County in the prior calendar year. Any increase in cost above 3% will be absorbed by the retiree.

Premium Amounts Covered - Beginning at Age 62 and Ending at Medicare Eligibility (Age 65):

Regular Retirees – Years of Horry County Service	Percentage of Premiums covered, capped at a maximum annual increase of 3%
15-29	50%
30 or greater	100%

Police Retirees – Years of Horry County Service	Percentage of Premiums Covered, capped at a maximum annual increase of 3%
15 -24	50%
25 or greater	100%

Section II: Monthly Contribution to a Retiree Health Reimbursement Arrangement Account once Retiree becomes Medicare Eligible (generally at age 65)

When the retiree becomes Medicare eligible, at which time Medicare is the retiree's primary insurance coverage, the County will cease payment of the County health insurance premium and will begin to contribute up to a maximum of $150 (2013 amount) on the first banking day of each month in to a Retiree Health Reimbursement Arrangement (RHRA) account for the retiree to purchase a Medicare supplemental insurance plan, or to use for payment of out-of-pocket qualifying medical expenses.

Monthly Contribution to RHRA Applicable to Retirees in Group A-1:

Regular Retirees – Years of Horry County Service	Percentage of Subsidy Provided by the County	Monthly Amount Provided by the County for 2013*
15 -29	50%	$75
30 or greater	100%	$150

Police Retirees – Years of Horry County Service	Percentage of Subsidy Provided by the County	Monthly Amount Provided by the County for 2013*
15 -24	50%	$75
25 or greater	100%	$150

Monthly Contribution to RHRA Applicable to Retirees in Group A-2:

Regular Retirees – Years of Horry County Service	Percentage of Subsidy Provided by the County	Monthly Amount Provided by the County for 2013*
15 -27	50%	$75
28 or greater	100%	$150

Police Retirees – Years of Horry County Service	Percentage of Subsidy Provided by the County	Monthly Amount Provided by the County for 2013*
15 -24	50%	$75
25 or greater	100%	$150

Monthly Contribution to RHRA Applicable to Retirees in Group A-3:

Regular Retirees – Years of Horry County Service	Percentage of Subsidy Provided by the County	Monthly Amount Provided by the County for 2013*
15-22	50%	$75
23-27	75%	$112.50
28 or greater	100%	$150

Police Retirees – Years of Horry County Service	Percentage of Subsidy Provided by the County	Monthly Amount Provided by the County for 2013*
15-20	50%	$75
21 – 24	75%	$112.50
25 or greater	100%	$150

Monthly Contribution to RHRA Applicable to Retirees in Group B:

Regular Retirees – Years of Horry County Service	Percentage of Subsidy Provided by the County	Monthly Amount Provided by the County for 2013*
15 -27	50%	$75
28 or greater	100%	$150

**The amount of $150 is for calendar year 2013 and will increase by the lower of the CPI-U (Consumer Price Index for All Urban Consumers on a September-to-September basis) or 3% per year.*

Monthly Contribution to RHRA Applicable to Retirees in Group B (continued):

Police Retirees – Years of Horry County Service	Percentage of Subsidy Provided by the County	Monthly Amount Provided by the County for 2013*
15 -24	50%	$75
25 or greater	100%	$150

**The amount of $150 is for calendar year 2013 and will increase by the lower of the CPI-U (Consumer Price Index for All Urban Consumers on a September-to-September basis) or 3% per year.*

Group C Covered Individuals - Special transition provision applicable only to certain retirees as of November 16, 2012 in Group A-1, A-2, and A-3.

Individuals from Group A-1, A-2 and A-3 who are retired and no longer working at Horry County as of November 16, 2012, **and** who will be 65 years of age or older at or before December 31, 2013, **and** who have 30 or more years of Regular service with the County for Group A-1, or 28 or more years of Regular service with the County for Group A-2 and A-3, or 25 or more years of Police service with the County, are eligible to receive the following monthly contribution to a Retiree Health Reimbursement Arrangement (RHRA) account based on the coverage election that they select as shown below.

Monthly Subsidy options for Group C at age 65 or older

Coverage Election	Total Amount of Monthly Subsidy Provided by the County*
Medicare Supplement	100% of the premium amount of the Medicare supplement Plan F, applicable Part D prescription plan, State of SC Basic Dental plan and administrative fee.
State Health Plan	$150 (2013 amount)

*The amount of $150 will increase by the lower of the CPI-U (Consumer Price Index for All Urban Consumers on a September-to-September basis) or 3% per year.

Section III – Plan Sustainability

Horry County offers retiree health insurance as a benefit to employees who were hired prior to July 1, 2011 and have been employed with the County for fifteen years or longer. However rising costs and legislative changes have resulted in changes to this plan, such as the discontinuance of the plan for employees hired subsequent to June 30, 2011, and may in the future affect the County's ability to continue this benefit. This plan as presented is subject to change and the County's ability to fund this

benefit can be impacted by budget challenges. Due to the risk of unknown circumstances, this plan as described herein may be deemed non-sustainable at some future time. The Retiree Health Insurance Guidelines do not create any express or implied contract of this benefit being provided in the future. No past practices or procedures, promises or assurances, whether written or oral, form any express or implied agreement to continue such practices or procedures.

***Guidelines based on Council Action as follows**: Retiree Health Insurance Benefit Plan as approved by County Council May 24, 1994, and amended by: Resolution R-107-00 dated September 5, 2000, Resolution R-29-02 dated March 12, 2002, Resolution R-121-10 dated December 14, 2010, Resolution R-49-12 dated June 19, 2012, and by motion approved by County Council on November 16, 2012.*