

# Proposal Brief: Health Insurance Buyout Adjustment

## Overview

The Town currently offers a health insurance buyout benefit for eligible employees who opt out of the Town-sponsored health insurance plan. This proposal recommends increasing the buyout amount to align with the employee portion of the Gold plan premium — the plan most utilized by Town employees.

Historically, municipalities have covered the majority of employee healthcare costs (on average 95%) as a core component of competitive compensation. Increasing the buyout ensures we remain competitive in today's labor market while promoting fairness for employees electing not to participate in the Town plan.

## Rationale

### Competitiveness & Retention

- Municipalities commonly use insurance buyouts to attract and retain qualified staff.
- Increasing the buyout strengthens our position in a competitive hiring environment.
- The proposal demonstrates cost savings to the Town while maintaining the Town's responsibility in supporting employee healthcare needs.

### Fairness & Equity

- Employees opting out of coverage should receive equitable compensation relative to the Town's investment in employee benefits.
- The Gold plan represents the standard level of coverage utilized among staff; aligning the buyout with the employee portion maintains consistency with historical practice.
- Review of the current Union contract for the Highway Department indicates employees are to be offered 50% of the 2-Person plan, effectively equal to the single plan premium amount.

### Fiscal Consideration

- Increasing the buyout may reduce healthcare expenditure by encouraging eligible employees to opt out of the Town plan.
- Reduced turnover and recruitment costs reinforce long-term financial benefits.
- **Current staffing:** 12 benefit-eligible employees (with potential for one additional Library FTE).
- **FY25 participation:** 8 employees enrolled, 4 used buyout.

- **FY26 projections:** 5 employees undecided — have expressed they may opt out if the Town contributes at least the employee portion toward buyout.
  - **Estimated FY26 total if 11 of 12 employees take Insurance coverage:** \$282,169
  - **If 5 undecided employees choose buyout under proposal:** FY26 cost = \$227,045, a savings of: \$55,125
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- **If no changes are made and participation remains constant:** Estimated FY26 cost = \$245,163 — still \$18,568 higher than under the proposed buyout structure.
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- **FY25 Budgeted Health Total:** \$292,733 (Health Participation \$258,733, Buyout \$34,000)

This proposal puts FY26 costs below both the FY25 budgeted/estimated costs and below the estimated FY26 cost if no changes occur.

Employees have expressed interest in this option, which demonstrates the Town's commitment to supporting employee healthcare needs. This structure benefits employees participating in a spouse/partner plan while producing cost savings to the Town.

## Proposal

Increase the health insurance buyout amount to cover the full employee (Single Plan Gold) in the amount of \$1,073 per month (the premium cost for single (employee) coverage).

**Goal:** Ensure our compensation package remains competitive, equitable, and fiscally responsible while continuing our history of supporting employee healthcare needs.

### FY26 MVP Plan Monthly Premiums

Plan	Single	2-Person	Family
Gold 3 QHDHP	\$1,073.74	\$2,147.48	\$3,017.21
Reflective Silver QHDHP	\$870.03	\$1,740.06	\$2,444.78
Platinum Standard MVP	\$1,216.19	\$2,432.38	\$3,417.49

## **FY26 Cost Comparison Summary**

### **Total Estimated FY26 Health Cost — No Changes**

- **Total Health Premium + HSA: \$211,613.67**
- **Current Buyout: \$34,000**
- **Total: \$245,613.67**

### **FY26 Estimated Cost Under Proposed Buyout (5 opt-out)**

- **Total Health Premium + H.S.A: \$149,736**
- **Insurance Buyout: \$77,309.28**
- **Total Cost: \$227,045.48**
- **Savings vs. no-change scenario: \$18,568**
- **Cost to Town FY 26 Health Plan full participation: \$36,555.**

### **FY26 Estimated Cost 11 of 12 employees opt into health insurance coverage**

- **Total Cost: \$282,169.57**

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## **Employee Participation Overview**

*(Detailed employee-by-employee cost tables preserved in working spreadsheet and available upon request for Selectboard review.)*

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## Appendix A: Clean Cost Comparison Tables

### FY26 Participation & Cost Scenarios

Scenario	Employees Enrolled in Town Health Plan	Employees Taking Buyout	Estimated FY26 Cost	Difference vs. Current Structure
Current structure (no changes)	8	4	\$245,613.67	—
Proposed — 5 undecided opt out	7	5	\$227,045.48	<b>-\$18,568</b>
Proposed — all eligible Part In Health Care Plan Coverage.	1	11	\$282,169.57	<b>+\$36,556</b>

### FY26 Plan Premiums

Plan	Single	2-Person	Family
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## Appendix B: Vermont Town Buyout Comparison (Illustrative)

Municipality	Employee Contribution Toward Premium	Buyout Amount	Notes
Town of Georgia (current)	5%	\$8,500	Does not cover employee portion of Gold plan
Town of Georgia (proposed)	5%	~\$12,885 (Gold plan employee share)	Aligns buyout with employee cost share
Milton	10%	\$11,500	Reviewed annually
Fairfield	5%	\$10,000	Matches majority of employee premium share
St. Albans Town	5%	\$12,000	Mirrors cost of single plan equivalent
Swanton	5%	\$9,500	Employees must show proof of insurance

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## **Conclusion**

This proposal ensures:

- Continued strong benefit offerings and employee support
- Fiscal responsibility and cost savings
- Competitiveness in recruiting and retaining municipal staff
- Alignment with historic municipal healthcare practices and union contract structure

The option provides savings to employees and the Town, reinforces healthcare support commitments, and positions the Town competitively in the municipal employment market.