



STAFF REPORT

CITY OF GREEN COVE SPRINGS, FLORIDA

TO: Council Meeting MEETING DATE: January 16, 2024
 FROM: Dee Jones, Human Resources Director
 SUBJECT: Council Business Discussion - Review and Update Regarding City's Capability and Impact to Offer Medical Insurance to Law Enforcement Officers Eligible for Retirement up to age 65

BACKGROUND

In response to requests from Officer's Neal Newton & Josef Vanhof of the Green Cove Springs Police Department (GCSPD) and recent discussions with Mayor and City Council, a review has been conducted to determine the City's ability to offer medical insurance coverage to retirees eligible for retirement from Florida Municipal Pension Trust (FMPT), policy guidance and recommendations. Offering this retirement incentive as part of the GCSPD benefit's package may increase the GCSPD marketability to attract and retain highly qualified, experienced individuals to apply to the GCSPD increasing stability and continuity of service at the Agency. In addition, the ability to maintain medical insurance coverage adds to the quality of life for retired individuals.

This study involves reviewing the overall financial impact to add this benefit as an incentive for eligible full-time sworn law enforcement personnel that become eligible for normal retirement that are not yet eligible for Medicare.

Financial Impact (costs are estimates based on assumptions, 55 years of age combined with 15 years of Service or 25 years of credited):

Estimated cost as of 09/30/2024 – Employer Only

- **1- Year Employer Cost:** Currently 2 employees eligible for retirement - \$14,056.56 Annually (Employer Premium Cost to continue their medical insurance at their current rate and tier)
- **Total Cost up to age 65:** The total estimated cost up to age 65 for the 2 currently eligible employees – \$161,438.63

5 Year Projection - Estimated cost as of 01/01/2029 – Employer Only

- There are 4 employees that will become eligible for retirement from GCSPD within the next 5 years. – Estimated annual cost \$34,175.88
- **Total Cost up to age 65:** The total estimated cost up to age 65 for the 4 eligible employees – \$265,077.08

20 Year Projection - Estimated cost as of 01/01/2044 – Employer Only

- There are 19 employees that will become eligible for retirement from GCSPD within the next 20 years. – Estimated annual cost \$1,003,452.40

This is a cost analysis of Law Enforcement employees only that are qualified for retirement under FMPT and does not include all other employees.

RECOMMENDATION

Conclusion:

Based on our review, we have concluded that offering medical insurance coverage to those eligible individuals can be offered but with financial impact to the City. The participant may be responsible for continuing to pay their portion of the cost at the same rate offered at the time of retirement and any increase to the rates offered during

the City's annual open enrollment to all other employees. The City may continue to pay the employer's portion of the monthly premium.

Recommended Policy Guidelines

I recommended that the following requirements are followed for retirees to be eligible for continuation of medical insurance under this benefit.

- A minimum requirement of 15 years of full-time service to qualify for retiree medical insurance.
- Only Normal retirement eligible employees can participate. Retirees qualified for Early retirement are not eligible for continuation of medical insurance under this plan.
- Must be eligible for retirement under the Florida Municipal Pension Trust.
- Participants share the premium cost at the same rate paid at the time of retirement and any increase to the rates offered during the City's annual open enrollment offered to all other employees.

Options:

The city can continue to share the cost of retiree's coverage at the same rate as all other employees and retirees can remain on the medical insurance plan and monthly statements. The cost for retirees will be in addition to the cost of covering medical insurance for the new employee filling the position. The city can decide to budget the additional costs annually.

Purpose and Next Step to Implementation as Defined Above:

The purpose of tonight's discussion is to determine how the Council wants to move forward and the next course of action toward implementation. To implement the policy as defined above is as follows:

- Medical plan documents must be updated to reflect the change in premium contributions.
- Formalize the policy as an agenda item for the Council's approval.
- Include the additional expense to cover the potential employer cost in the Police Department Budget during the next budget cycle.