



# NORTHWEST FLORIDA STATE COLLEGE

## Memo

To: Board of Trustees

From: Dr. Cristie Kedroski, Interim President

Date: September 17, 2024

Re: State Health Insurance Plan – Single Employee Health Insurance Premiums

In August, the College provided an update that the Florida College System would enroll in the State Group Insurance Plan (SGIP), following 2024 statutory amendments. Each college anticipates assuming fiscal responsibility for paying employer premiums for at least the first partial fiscal year of joining the SGIP (January - June 2025). Our College expects the impact to our Fund 1 budget to be between \$254,000 and \$500,000 depending on the number of full-time employees who accept SGIP health insurance, which can be covered by the \$800,000 personnel contingency in this year’s College budget.

With open enrollment in October, the College is preparing for a substantive shift in its benefits as it moves to the state’s offerings along with the rest of the Florida College System. The College will be treated as a state employer, which applies to all aspects of our benefits ranging from health insurance to dental, vision, and life insurance, along with benefits such as health savings accounts and employee assistance programs. The College is excited to offer employees a wealth of choice and, in the case of family insurance coverage, lower cost employee premiums. However, moving to the state plan also includes changes to remove duplicate or inconsistent benefits to shift the College’s operations to match the state offerings. Both the College and the Department of Management Services will communicate with employees about any changes in the upcoming weeks before open enrollment. Enclosed is a table that summarizes the changes in the College’s benefits program.

In past years, the President would work with Finance and Human Resources to annually include any changes to the benefits program in the College budget, making decisions at an operational level on which plans and options to offer. During this transition period, however, the College has chosen to bring to the Board each of the changes for review and approval.

### Individual Employee Premiums

Employee premiums are processed differently under the SGIP and the College’s former health insurance plan. Under the FY2025 budget, an individual employee pays \$0 monthly for health insurance and may opt-in to pay for spouse or dependent coverage. Under the SGIP, each individual employee will pay a maximum of \$50 monthly for health insurance, again with the option to pay for spouse or dependent coverage. The SGIP will make a pre-tax deduction of the employee premium beginning in December 2024 for the January 2025 plan month. A table illustrating the differences is below.

	<b>Current Health Insurance Plan</b>	<b>State Group Insurance Plan</b>
	<i>Employee Monthly Premium</i>	<i>Employee Monthly Premium</i>
<b>Employee Only</b>	\$0.00	\$50.00
<b>Employee + Spouse</b>	Plan dependent - maximum \$664.00	\$180.00
<b>Employee + Child/Children</b>	Plan dependent - maximum \$569.00	\$180.00
<b>Family</b>	Plan dependent - maximum \$918.00	\$180.00
<b>Spouse Program</b> <i>(Married couple with each individual working for a qualifying state employer.)</i>	N/A	\$15.00 per person

To ensure that the College offers the benefits already budgeted for existing full-time employees for FY2025, the College proposes continuing to pay for *individual* full-time employee health insurance premiums of up to \$50 per month per employee for full-time College employees who choose SGIP health insurance as of the end of open enrollment on November 1, 2024. The allocation would be made through an up to \$50 per month stipend for six payroll periods (December 2024 – May 2025). For employees who join the College after November 1, 2024, the employee would pay the employee portion of the premium (which is up to \$50), and all other full-time employees would transition to paying the monthly premium at the beginning of FY2026.

If 100% of full-time employees opted in for SGIP health insurance (339, currently), the College would experience a \$101,700 impact for continuing the benefit for the remainder of the FY2025 fiscal year. This amount is already accounted for in the range provided above (\$254,000 - \$500,000) and thus can be covered by the budgeted personnel contingency. The College recommends this approach to remain committed to currently offered benefits while also planning for the future in which all employees will pay the employee-portion of the health insurance premium.

Fundamentally, this stipend allows the College to close out FY2025 offering the same benefit it offered at the beginning of FY2025. Beginning in FY2026, all employees in the SGIP health insurance plan will absorb the employee portion of the premium by paying the up to \$50 premium from their then-current FY2026 salary. In future years, the cost of health insurance could be considered along with all other relevant factors in the Board's regular annual assessment of any salary increases for all College employees during the budgeting process, at the Board's discretion.

### **Dental and Vision Coverage**

Generally, employees pay for dental and vision coverage at the College. The exception to that rule is, when an individual employee declines College health insurance coverage, the College currently offers the option for the College to pay the individual employee premium for dental and vision coverage. The College offers one dental plan and one vision plan.

Under the SGIP, health insurance, dental insurance, and life insurance elections are made separately. The SGIP offers approximately fourteen dental plans with six carriers and one vision plan. The SGIP does not offer the option for the employer to pay dental and vision coverage as an alternative to paying for health insurance coverage. Any employee premium amount for dental or vision elections will be deducted on a pre-tax basis directly from the employee's paycheck.

With these differences between College and SGIP dental and vision coverage, the College working with DMS has not identified any approach through which to imbed the currently offered alternative benefit into its new participation in the SGIP. The College recommends moving solely to the SGIP benefit of employee-paid dental and vision coverage.

Additionally, switching to solely SGIP plans for dental and vision will have an impact on four retirees. Four retirees in the past chose to have a manual monthly deduction made by the Florida Retirement System to pay premiums for the existing College dental and vision plans. SGIP does not offer this option and so therefore retiree coverage under existing dental and vision plans is no longer available.

### **Life Insurance Maximum Coverage**

Life insurance coverage for employees differs under the College's current plan and the SGIP. Currently, the College pays the life insurance premium for employees of double their annual salary (capped at \$200,000 of coverage). Under the SGIP, an employee will receive \$25,000 worth of life insurance coverage without cost to the employee, and the employee may choose to pay for additional coverage.

Like individual employee premiums, absent moving to the SGIP, the College would continue paying for life insurance coverage for individual employees of double their annual salary (capped at \$200,000 of coverage). Through December 2025, the College proposes engaging in a more limited life insurance coverage agreement outside of the SGIP to continue offering employees the existing benefit for no cost in the current fiscal year. The cost to the College will be less than \$70,000 total and the rate is locked for the next three years, allowing the College flexibility in future years regarding whether to offer this benefit or switch solely to the SGIP-offered benefits.

### **Flexible Spending Account (FSA)**

In 2011, the College experienced both increased costs in employee health insurance and the Florida Retirement System required that all full-time employees contribute 3% of their salaries to their retirement account. As a result of these increased costs for employees, the President at that time determined to add \$400 to an FSA for each full-time employee then-employed at the College. An FSA is an account used to contribute money to pay for certain out-of-pocket health care costs. If an employee contributes to an FSA, they do not pay taxes on that money. Each employee may direct up to \$3,200 in the 2024 plan year to an FSA.

The College continued adding employees to this benefit through 2013, adding new employees in both 2012 and 2013 and contributing \$400 to an FSA for each employee. The College then stopped offering this benefit to new employees. As of September 2024, fifty-seven employees provided this benefit remain with the College. The College has annually contributed \$400 to each of these employees' FSAs. The next annual contribution would occur in January 2025, totaling \$22,800 for all participants. As of September, almost half of the remaining fifty-seven employees on the plan have not used the benefit.

With that context, we turn to the SGIP. As with individual employee premiums, any contribution to an FSA will be made by pre-tax deduction. Of the College's 339 current employees, less than 20% of employees receive a College-paid FSA contribution. Due to both lack of use and the inequity in continuing to offer this benefit to only a limited category of employees, the College proposes to end any College contribution to an employee FSA effective January 2025 for the 2025 plan year.

### **Employee Assistance Program**

Consistent with Board Policy HR 3.00, the College offers an employee assistance program to provide free counseling services to employees on a voluntary or mandatory basis. The College has engaged Pattison Professional Counseling as its EAP provider for several years, which is a local, in-person practice that offers services to the College for \$1,740 annually.

The SGIP also offers an EAP benefit free of charge to employees. The College proposes for the remainder of FY2025 to maintain its existing contracted provider along with the SGIP EAP, offering two options to employees. This approach will allow the College a transition period and the opportunity to assess whether the SGIP EAP will offer the same level of service to employees.

### **RECOMMENDATION:**

The Board of Trustees approves the College adjusting the FY2025 benefits program as presented, including:

1. Continuing to offer \$0 individual employee health insurance premiums for existing full-time employees who enroll in the SGIP through the conclusion of the open enrollment period by offering a stipend to cover the pre-tax deduction of up to \$50 per month for the pay periods from December 2024 to May 2025;
2. Retiring the alternative dental and vision College-paid premiums when an individual employee does not accept health insurance coverage and retiring dental and vision offerings for retirees;
3. Offering additional life insurance coverage at no cost to employees of double an employee's salary up to \$175,000, to retain life insurance coverage for employees at the current FY2025 rate;
4. Retiring the College-paid \$400 contribution to any individual employee's FSA in the 2025 plan year, effective January 2025; and
5. Offering both SGIP and the existing College paid EAP for the remainder of FY2025.