



Yocelyn Galiano, ICMA-CM
Village Manager
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MEMORANDUM
Office of the Village Manager

DATE: January 4, 2023
TO: Yocelyn Galiano, Village Manager
FROM: Mayra R. Sauleda, Human Resources Manager *MS*
RE: Employee Benefits

This year the Village was faced with a much greater than expected premium increase from our healthcare carrier. Premium increases of this magnitude are based on several factors; the most impactful of which is attributed to claims paid throughout the plan year. Unfortunately, during 2022, the Village had several large and costly claims some of which are continuing into 2023. As a result, the carrier experienced a loss ratio of 119% which simply means the carrier paid out more in claims than it collected in premiums. This shortage resulted in a 25% increase in premiums for Plan Year 2023.

After careful internal discussions, it was decided that another premium increase could not be borne by employees especially given the current state of the economy. We then came to the conclusion that the Village would need to revert to monies set aside for this very purpose back in 2020 and use approximately 300K in order to absorb the increase in premiums for 2023. This analysis however, was made prior to the open enrollment period.

Fortunately, following the completion of the open enrollment period, we found that the great majority of employees were enrolled on an employee only basis and therefore, not using the entirety of the budgeted \$1200 per month/per employee stipend. This allowed for the Village to increase the stipend for the other "dependent" tiers thus reducing the impact of the increase for those employees with dependent coverage.

In the end the Village was able to reallocate the monthly stipend for those tiers with dependent coverage without needing to use the monies in reserve:

EE Only: \$1200
EE/SP: \$1500
EE/CH: \$1350
EE/FAM: \$1700

