

Response to Questions on the FY 2008 Advertised Budget Plan

Request By: Supervisor Gross

Question: Summarize what Police retirees get in terms of health benefits.

Response:

Fairfax County provides monthly subsidy payments to eligible retirees of the County to help pay for health insurance. All eligible County retirees are subject to the same subsidy structure regardless of the retirement system (i.e., Uniformed, Employees', or Police) in which the employee participates. The current monthly subsidy, approved in FY 2006, commences at age 55 and varies by length of service as detailed in the following table.

Retiree Health Benefit Subsidy	
Years of Service at Retirement	Monthly Subsidy
5 to 9	\$30
10 to 14	\$65
15 to 19	\$155
20 to 24	\$190
25 or more	\$220

The current structure became effective January 1, 2006 and includes a 25 percent increase to the retiree health benefit subsidy approved by the Board of Supervisors to make the County's self-insured health insurance plan actuarially equivalent to the new Medicare Part D prescription drug benefit for individuals covered by Medicare. By increasing the subsidy, the County qualified to receive federal reimbursement from the Centers for Medicare and Medicaid Services to offset the cost of the increase. County staff are working to develop a long-term County strategy for Medicare Part D, which may include elimination of the 25 percent increase in the subsidy. Final recommendations regarding Medicare Part D options will be presented to the Board of Supervisors upon a further maturation of the market for Medicare Part D products.

Furthermore, effective July 1, 2006, the County began providing the maximum retiree health benefit subsidy of \$220 per month to those Police Officers who were hired before July 1, 1981 and retired or will retire with full retirement benefits with 20, but less than 25, years of service. These Police Officers previously received a subsidy of \$190 per month.

It should be noted that in addition to the monthly subsidy payments, retirees also receive the benefit of a blended premium for health insurance, whereby retirees are included in the same insurance pool as active employees. Because retirees are included in the same insurance pool, they pay a lower premium than they otherwise would if they were in a separate pool from actives.