

Response to Questions on the *FY 2013 Carryover Review*

Request By: Supervisor Herrity

Question: How did the recent increases in health benefits premiums impact employee take home pay?

Response: January 2013 premium increases for the County's four health plans ranged from 6.8 percent to 13.6 percent. The impact of these premium increases on employee take home pay varies based on the employee's plan selection and whether the employee has opted for individual, two party, or family coverage. The increased cost on a monthly basis ranges from \$5.49 for an individual in the Carefirst POS plan to \$58.46 for a family in the Cigna OAP High plan. Based on current employee health benefit elections, the weighted average impact on take home pay for employees who have elected coverage under one of the County health plans is approximately \$26.38 per month.

In addition to health insurance premium increases, the temporary reduction in the Social Security tax rate expired at the end of calendar year 2012. The Social Security tax rate paid by employees was 6.2 percent in calendar year 2010 and prior years. In 2011 and 2012, the rate was temporarily reduced to 4.2 percent. Beginning in 2013, the rate has returned to the previous level of 6.2 percent, resulting in a 2 percent reduction in take home pay that offset. As members of the Police Officers Retirement System do not participate in Social Security, their take home pay was not impacted by this change.

It should be noted that compensation adjustments in FY 2013 had a positive impact on employee take home pay. These compensation adjustments included a 2.18 percent market rate adjustment effective July 2012, a 2.50 percent performance-based scale and salary increase for non-uniformed employees effective January 2013, and merit and longevity increases for uniformed employees.