



DATE: October 25, 2021

TO: Mayor Jerry L. Demings  
-AND-  
County Commissioners

FROM: *J. Ricardo Daye*  
J. Ricardo Daye, Director, Human Resources

SUBJECT: **Approval of the Third Amendment to Orange County Retiree Health Care Benefit Trust – November 16, 2021.**

Contact: Patrick Peters, Benefits and Wellness Administrator, (407) 836-5817

In 2007, The Board approved the establishment of the Orange County Retiree Health Care Benefit Trust (an irrevocable trust fund). Since then, the County has funded the trust annually at a level determined by an actuary. The trust fund was created due to governmental accounting standards, which imposed requirements for reporting and disclosing information about Other Post Employment Benefits (OPEB). In general, governments must account for and report the annual cost and future liability associated with OPEB, such as health insurance, in a manner similar to what is required for pension plans.

Benefits provided by Orange County Government that are subject to the OPEB accounting requirements have been determined to be:

1. The right of certain retired employees to continue in the County's health insurance plan at the same group rate as for active employees (as required per Florida State Statutes, Section 112.0801), and
2. Payment of a defined monthly Health Insurance Subsidy (HIS) to certain retirees who have met a specified combined term of service with the County and/or one or more of its constitutional officers, with the exception of the Clerk of Courts.

Since the inception of the benefit in 2007, the maximum HIS paid to qualified retirees is \$90 per month (\$3 for each year of service up to 30 years of service). In 2007, the cost of health insurance was substantially less than it is today. The table below reflects the 2021 monthly premiums retirees in the County's health insurance plan, under the age of 65, pay for health insurance.

Medical Plan Option	Single*	Retiree + Spouse	Retiree or Spouse + Child(ren)**	Retiree + Family
OrangePrime Plus (HDHP)	\$766.95	\$1,657.58	\$1,525.78	\$2,248.82
OrangePrime (LDHP)	\$841.63	\$1,767.42	\$1,639.49	\$2,394.13

\* Single rate will apply to either Retiree, spouse, or one child.

\*\* Retiree or Spouse + Child(ren) rate will also apply to coverage for two or more children only.

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The **Third Amendment to the Orange County Retiree Health Care Benefit Trust** would raise the maximum HIS from \$90 per month to \$150 per month. According to the AON actuaries, the total liability for employees not recognized under the International Association of Fire Fighters (I.A.F.F.), Local 2057 contracts for the plan would appear to increase around \$19 million with the proposed monthly subsidy increase from \$3 to \$5. It would roughly increase the liability by the amount of \$8.5M for current employees and \$10.5M for retirees. For GASB 75 accounting purposes, this would be a one-time charge that would be fully expensed when the change is made. For funding purposes, the actuarially determined contribution would increase around \$1.9M. This change is effective January 1, 2022.

On September 14, 2021, the Board approved and executed the Agreement between Orange County, Florida and the Orange County Fire Fighters Association, I.A.F.F., Local 2057 (*A-Unit*) for Fiscal Years 2021-22 through 2023-24. On September 28, 2021, the Board approved and executed the Agreement between Orange County, Florida and Orange County Fire Fighters Association, I.A.F.F., Local 2057 (*B-Unit*) for Fiscal Years 2021-22 through 2023-24. In these agreements, the HIS increases incrementally for fiscal year 2022-2023 from \$3 to \$4 per month for every year of service for a maximum of 30 years. Additionally, the HIS increases incrementally for fiscal year 2023-2024 from \$4 to \$5 per month for every year of service for a maximum of 30 years.

The tiered subsidy for employees recognized under the I.A.F.F., Local 2057 contracts for the plan would appear to increase the liability around \$3 million with the proposed monthly subsidy increase from \$3 to \$4 to \$5 in the 2022-2023 and 2023-2024 fiscal years respectively. It would roughly increase the liability by \$1.1M for current employees and \$1.9M for retirees. For GASB 75 accounting purposes, this would be a one-time charge that would be fully expensed when the change is made. For funding purposes, the actuarially determined contribution would increase around \$.3M.

Of the 5,983 County retirees eligible to receive the State's HIS as of October 2021, 3,725 receive a monthly pension, the average of which is \$2,391.98. The State provides a monthly HIS (\$5 per month for each year of service); the average payment for our retirees is \$62.80 and the average County HIS is \$68.27 per month. If we total both the State and County HIS payments we come up with an average total HIS subsidy of \$154.84 to offset the health insurance premiums. The single monthly premium for the HDHP is \$766.95 and for the LDHP is \$841.63. In adding the average HISs to the average pension and look at the premium as a percentage, we see retirees are paying 30% and 34% respectively in health insurance premiums.

The Medical Plan Oversight Committee approved the recommendation to increase the HIS from \$3 to \$5 per month for each whole year of service, including service time as an FRS Deferred Retirement Option Plan (DROP) participant, up to a maximum of \$150 per month. The Office of Management and Budget (OMB) has verified that the medical benefits financial model supports the increase in the HIS benefit.

**Action Requested:**

**Approval of Third Amendment to Orange County Retiree Health Care Benefit Trust by and between Orange County, Florida and the Office of the Orange County Comptroller.**

c: Byron W. Brooks, AICP, County Administrator  
Darren Gray, Deputy County Administrator  
Medical Oversight Committee

BCC Mtg. Date: November 16, 2021

**THIRD AMENDMENT  
TO  
ORANGE COUNTY  
RETIREE HEALTH CARE BENEFIT TRUST**

**THIS THIRD AMENDMENT TO IRREVOCABLE TRUST AGREEMENT** ("Amendment") is made effective as of January 1, 2022 by and between Orange County, Florida, a charter county and political subdivision of the State of Florida (the "County") and the Office of the Orange County Comptroller, as trustee, (the "Trustee").

**WHEREAS**, on September 18, 2007, the County approved an Irrevocable Trust Agreement with the Orange County Comptroller, as Trustee creating the Orange County Retiree Health Care Benefit Trust (the "Trust"); and

**WHEREAS**, the Trust was established to provide funding for and payment of post-retirement health care and other post-retirement benefits to Beneficiaries; and

**WHEREAS**; on June 24, 2008, the County approved a first amendment to the Trust which clarified that eligibility for the health insurance subsidy benefit was payable only to employees who are retired from Orange County and no longer working in either a full-time or part-time position with the County or Eligible Officer; and

**WHEREAS**; on June 8, 2010, the County approved a second amendment to the Trust which streamlined the certification process and allowed the County to use the certification process done by the Florida Retirement System (FRS) for the similar HIS benefit offered by the state.

**WHEREAS**, the County now further desires to modify and clarify the eligibility and certification requirements for eligible retirees.

**NOW, THEREFORE**, in consideration of the premises and of the mutual covenants herein contained, it is hereby agreed between the County and Trustee as follows:

**Section 1. Recitals Incorporated.** The recitals hereof are true and correct, and are incorporated herein by reference and made a part of this Amendment.

**Section 2. Defined Terms.** All capitalized terms used herein shall have the meanings ascribed to such terms as set forth in the Trust.

**Section 3. Amendment to Trust.** The original Exhibit A to the Trust has been modified and restated in its entirety. The original Exhibit A is hereby replaced with new Exhibit A, which is incorporated herein by reference and hereby made a part of the Trust. The provisions of the new Exhibit A shall be applied prospectively from the effective date of this Third Amendment.

**Section 4. Other Terms of the Trust.** Except for those terms, conditions, rights and obligations specifically amended hereby, all terms, conditions, and respective rights and obligations of the County and Trustee arising from the Trust shall remain unaltered and in full force and effect.

**Section 5. Rights of Beneficiaries.** This Amendment shall not give any Beneficiary any right to be retained for employment by the County and/or any Eligible Officer, or any right or claim to any Benefits hereunder.

**IN WITNESS WHEREOF**, the County, pursuant to action of its Board of County Commissioners, and the Trustee have caused this Amendment to be executed in their name and on their behalf this November 16, 2021, by their representatives thereunto duly authorized.

**EXHIBIT A**  
**ORANGE COUNTY AND PARTICIPATING ELIGIBLE OFFICERS -**  
**POST-RETIREMENT HEALTH CARE BENEFITS AND OTHER POST-RETIREMENT**  
**BENEFIT PROGRAMS**

**1. Benefit Title: Health Insurance Subsidy (HIS)**

**Benefit Summary:** Retired employees of Orange County not recognized under the I.A.F.F., Local 2057 contracts and Participating Eligible Officers will receive a HIS increase effective January 1, 2022 from \$3.00 to \$5.00 per month for each whole year of service, including service time as a Florida Retirement System Deferred Retirement Option Program participant, up to a maximum payment of \$150.00 per month to assist with the cost of the retired employee's medical insurance.

Retired employees of Orange County recognized under the I.A.F.F., Local 2057 contracts will receive a tiered HIS increase effective October 1, 2022 from \$3 to \$4 per month for each whole year of service, including service time as a Florida Retirement System Deferred Retirement Option Program participant, up to a maximum payment of \$120.00 per month to assist with the cost of the retired employee's medical insurance. Additionally, effective October 1, 2023 retired employees of Orange County recognized under the I.A.F.F., Local 2057 contracts will receive a HIS increase from \$4 to \$5 per month for each whole year of service, including service time as a Florida Retirement System Deferred Retirement Option Program participant, up to a maximum payment of \$150.00 per month to assist with the cost of the retired employee's medical insurance.

**Benefit Eligibility:** In order to qualify for this benefit, the employee must be currently receiving a health insurance subsidy, consistent with and as described in the Benefit Summary above, as of September 18, 2007 or the employee must meet the criteria stated in either (A) or (B) below depending upon their employment status at the time of retirement. Retired employees are subject to discontinuation of this benefit as described in (C) below.

A. An employee must meet the service requirements set forth in (i.) below and be an active employee at the time of retirement with the County or one of the Participating Eligible Officers, as defined in (ii.) below, unless the employee is separated due to a medical disability. If the employee is separated due to a medical disability, the employee must meet the service requirements set forth in (i.) below and meet the requirements of (ii.) below within a two-year period, measured from the time the employee separates employment with the County or Participating Eligible Officer.

- i. Non-bargaining unit employees, and employees that are covered under collective bargaining agreements between the County and The Florida State Lodge Fraternal Order of Police (Lieutenants), between the County and the Florida Public Employees' Council 79, which is a Council Affiliate of the American Federation of State, County and Municipal Employees, AFL-CIO, between the County and the Laborers' International Union of North America, Local 517, and between the County and the Charles E. Brookfield Lodge #86 of the Fraternal Order of Police must have completed a total of at least ten years of service that can be combined under one or more of the following Orange County agencies:

Board of County Commissioners, Office of the Comptroller, Office of the Sheriff, Property Appraiser's Office, Tax Collector's Office, Supervisor of Elections and/or County paid positions in the Court Administrator's Office. Employees that are covered under the collective bargaining agreements between the County and the Local 2057, International Association of Fire Fighters and between the County and the Local 2057, International Association of Fire Fighters (Battalion Chiefs), must meet the requirements of (ii) below. Persons holding the

office of Orange County Mayor, County Commissioner, and/or an Orange County elected constitutional officer must have served in elected office for at least eight years.

- ii. An active employee must be retired. An active employee is considered retired if he or she is not currently working in either a regular full-time or part-time position with the Board of County Commissioners or any Eligible Officer, and qualifies for and begins to receive the health insurance subsidy from the Florida Retirement System.

B. An employee who at the time of his or her retirement does not meet the criteria as an active employee with the County or one of the Participating Eligible Officers as described in (A) above is deemed to be a non-active employee and must meet the service requirements set forth in (i) below and must be retired as defined in (ii) below.

- i. Non-active employees must have completed a total of at least twenty years of service that can be combined under one or more of the following Orange County agencies: Board of County Commissioners, Office of the Comptroller, Office of the Sheriff, Property Appraiser's Office, Tax Collector's Office, Supervisor of Elections and/or County paid positions in the Court Administrator's Office and must not have been terminated due to misconduct.
- ii. A non-active employee must be retired. A non-active employee is considered retired if he or she is not currently working in either a regular full-time or part-time position with the Board of County Commissioners or any Eligible Officer, and qualifies for and begins to receive the health insurance subsidy from the Florida Retirement System.

C. A retired active or non-active employee who has qualified for and is receiving this benefit in accordance with (A.) or (B.) above is subject to having this benefit discontinued under any of the following criteria.

- i. This benefit will terminate effective with the month immediately following the month in which the retired employee has died.
- ii. Retired employees who are subsequently reemployed in a regular full-time or part-time position by the Board of County Commissioners or any Eligible Officer, regardless of whether they participated in the Florida Deferred Retirement Option Program (DROP), are subject to discontinuance of this benefit for all months in which either of the following two conditions are present:
  - a. the Florida Retirement System has suspended payment of its health insurance subsidy due to the retiree being reemployed less than twelve months after retirement or DROP termination; or,
  - b. the subsequently reemployed retiree is eligible to participate in Orange County's or any Eligible Officer's health insurance plan as an active employee following a prescribed initial waiting period, if any.
- iii. Whenever payments have been made by the Trustee in excess of the amounts for which a retiree is eligible, the Trustee shall have the right to recover such payments pursuant to Article XXX of the Trust Agreement.

## 2. **Benefit Title:** Group Health Insurance; Participation by Retired Employees

**Benefit Summary:** Retired employees and their eligible dependents shall have the option, at their expense, of continuing to participate in the County's group health insurance plan or self-insurance plan as required by Section 112.0801, Florida Statutes. The Board of County Commissioners will annually establish coverage levels, co-pay amounts, deductible amounts, group premium rates, and other issues related to the group health insurance plan.

**Benefit Eligibility:** In order to qualify for this benefit, the employee must meet all of the following criteria:

- A. The employee must be an active employee with the County or one of the Participating Eligible Officers at the time they retire as defined in (B) below.
- B. An employee must be retired. An employee is considered retired if he or she qualifies for and begins to receive a retirement pension under the Florida Retirement System. An employee who retires under the Public Employee Optional Retirement Program (Investment Plan) established under the Florida Retirement System shall be considered "retired" if he or she:
  - i. Meets the age and service requirements to qualify for normal retirement under the Florida Retirement System as set forth in Section 121.021(29), Florida Statutes; or
  - ii. Has reached the age of 59 and a half, the age specified by s. 72(t)(2)(A)(i) of the Internal Revenue Code and has six years of creditable service (hired before July 1, 2011) or has eight years of credible service (hired after June 30, 2011) under the Florida Retirement System; or
  - iii. Becomes disabled as defined by the Florida Retirement System.
- C. The employee must elect to participate in the County's group health insurance plan at the time of retirement and pay the required premiums. Further, once the retired employee terminates their participation in the County's group health insurance plans, they and their eligible dependents are precluded from future participation in the County's group health insurance plans. Retirees are however allowed to re-enroll into the County sponsored Medicare plans irrespective of their prior enrollment status in the County's group health insurance plans (under 65 health plans).

Notwithstanding the preceding sentence, if a retiree has maintained continuous participation in the County's group health insurance as a dependent on their spouse's County group health plan, they may continue participation in their own right upon the spouse's own termination of participation or upon being deleted as a dependent by the spouse.

3. **Benefit Title:** Participation in Group Health Insurance for In-Line-of-Duty Death

**Benefit Summary:** Surviving dependents of deceased employees may continue their group health insurance coverage.

**Benefit Eligibility:** Upon the in-line-of-duty death of an employee, the surviving dependents shall receive medical coverage at no cost until such time as the surviving spouse remarries, an unmarried child reaches age 26. Additionally, the surviving dependents of employees, except for members of the Local 2057, International Association of Fire Fighters, may continue vision and dental coverage premium free for a period of one year provided certain conditions are satisfied in accordance with the County's insurance policy. Surviving dependents of members of the Local 2057, International Association of Fire Fighters, may continue vision and dental coverage premium free provided certain conditions are satisfied in accordance with the County's insurance policy.

4. **Benefit Title:** Participation in Group Health Insurance for Catastrophic In-Line-of-Duty Injury

**Benefit Summary:** Upon a catastrophic in-line-of-duty injury, certain employees, their spouses and their dependent children may continue their group health insurance coverage at no cost.

**Benefit Eligibility:** This benefit applies to full-time firefighters in accordance with the collective bargaining agreement and Section 112.191, Florida Statutes, and this benefit applies to Law Enforcement, Correctional and Correctional Probation Officers in accordance with Section 112.19, Florida Statutes.

Note: Pursuant to Article III(g) of the Trust Agreement, the County Administrator may approve in writing, benefits for Participating Eligible Officers that are materially consistent, but not identical, with the County's approved benefits set forth in this Exhibit A.