



# Hanover County OPEB Plan Amendments

# Other Post Employment Benefits (OPEB) Plan

- ▶ Established in October 2007 as a requirement of GASB 45.
- ▶ Offers Hanover retirees the opportunity to maintain their medical benefits upon retirement.
- ▶ Open to County, School, Jail, and Library employees.
- ▶ Hanover maintains a separate investment trust account to help fund the Plan.
- ▶ Annual funding sources:
  - ▶ Retiree premiums
  - ▶ Investment Income
  - ▶ Hanover employer contributions
    - ▶ Subsidies on the retiree premiums for certain individuals
    - ▶ Additional required contribution amount determined by Plan actuaries

# Amendment 1 - Medicare Enrollment

## Section VII - Termination of Coverage and Subsidy Upon Medicare Eligibility

**Current Plan** - Grandfathered individuals are allowed to remain in the OPEB Plan past age 65 and are not required to sign up for Medicare as their primary insurer.

**Proposed Amendment** - Amend Plan so that any individuals who are eligible to remain in the Plan over age 65 must also apply for Medicare upon qualifying for it, generally in reaching age 65.

**Effective Date** - Upon Board approval, Amendment provides that if any existing post-65 retirees face penalties for late entry into Medicare, Hanover will pay the associated penalty fees.

**Impact** - Estimated reduction in Annual Required Contribution is \$240,000.

# Amendment 2 - Reducing Subsidies

## Section V - Subsidy

**Current Plan** - Individuals eligible for receiving a premium reduction can receive up to three subsidies, including themselves, their spouse, and one dependent.

**Proposed Amendment** - Limit the subsidies so that a retiree can only receive a subsidy for their own participation, but no additional subsidies for their spouses or dependents.

**Effective Date** - Amendment would only be effective for individuals retiring after the Board approval date and subsidies for existing retirees remains unchanged.

**Impact** - Estimated reduction in Annual Required Contribution is \$185,000.

**Total cost reduction by adopting both amendments = \$425,000 annually.**

# County Administrator's Recommended Motion

Motion to approve the proposed amendments  
to the OPEB Plan Document.