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Levy County adopts controversial plan to control health insurance costs

Some county workers lose \$5,000 in cash in one year



Levy County Finance Director Jared Blanton (right), CPA, speaks to the County Commission at a budget meeting on Thursday (Aug. 3). County Commissioner Mike Joyner is seen at the left of the photo and County Clerk Danny Shipp is in the middle (behind the screen).

Story and Photo

By Terry Witt, Senior Reporter © Aug. 5, 2017 at 2:27 p.m.

BRONSON -- The Levy County Board of County Commissioners approved one of the most gut-wrenching decisions they can remember when they voted 4-0 on July 18 to cap the amount of money they spend on health insurance at \$9,512 per full-time employee, a substantial decrease from the \$12,488 they had been spending.

The county was ranked fifth in the state in spending for employee health insurance behind Duval County, Hillsborough County, Palm Beach County and Collier County, according to a Florida Association Counties study of health insurance costs.

Forty seven counties participated in the study.

The study factored into the County Commission decision to reduce health insurance contributions for full-time employees.

“They (commissioners) realized how much they were paying for employee health care and they realized it wasn’t sustainable to keep absorbing those costs,” County Coordinator Wilbur Dean said.

As part of the new insurance plan, commissioners converted the \$544,733 in savings on health insurance to \$549,145 in pay raises for employees in an effort to soften the economic blow and give employees opportunities to invest their money in one of the better insurance plan options available to them, or to spend the increased pay as they

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saw fit in the community.

The health insurance changes have been unpopular with some county employees, especially those who will pay substantially higher premiums for family coverage. They said the county didn't consult them in advance of changes to the health care plan.

Many were embittered by the lack of advance notice. Both of the county's labor unions plan to file grievances challenging the changes to union member benefits. They say changes to benefits and pay for union members must be negotiated.

County Commission Chairman John Meeks visited the county road department early Thursday morning to answer questions about the health insurance changes and said he felt the wrath of employees.

"You should have been with me this morning when I faced 100 angry employees," Meeks said. "I know how Custer felt, except they didn't have tomahawks."

Meeks said he stands by his decision to give employees a pay raise using the savings from reduced county commission spending on health insurance, and he agrees the pay raises could be negotiated, but he also sounded a note of caution.

"I would say 'Yes.' I would agree with that, but insurance benefits? I don't know if that has to be negotiated. In the past we have offered additional family coverage for employees," Meeks said. "I'll tell you and them, I gave my people a raise and if the union people want to take that away then that's on them, it's not on me. That's probably not very politically correct but that's the way I feel about it."

The pay raise approved by the county commission during a budget hearing on July 18 has five tiers. The lowest paid tier of employees will receive the biggest raise while the highest paid employees get the least. Employees earning \$25,500 or less will receive a \$3,000 raise; those earning \$25,501 to \$32,000 will get a \$2,500 raise; those earning \$32,001 to \$50,000 an \$1,800 raise; those earning \$50,001 to \$80,000 a \$1,200 raise and those earning \$80,001 or higher a \$1,000 raise.

Employees say the increased costs of their family coverage wipes out the pay increases.

In fact, in some instances the loss is as much as almost a \$4,000 loss from an annual income of about \$27,000.

In one instance, an Emergency Medical Technician with Levy County is losing more than \$5,000 a year as a result of the increased insurance cost.

Jimmy Jones, an EMT for Levy County Fire Rescue said his insurance costs will rise \$5,200 annually even with his \$1,800 raise factored into the equation. He had been paying \$186 per paycheck twice a month. Under the new plan Jones will pay \$457 per paycheck twice a month, an increase of \$271 per paycheck. County employees are paid every two weeks.

That \$271 increase means he sees more than a 100 percent increase in that cost. And he is not the only county employee who is actually suffering a significant pay cut rather than an increase in pay this coming year, starting in October.

Jones said employees found out about the changes on July 5 and they will be forced make decisions on how to adjust their family budgets before the Aug. 21 enrollment period.

"It is what it is," Jones said. "I have to work somewhere."

Jimmy Willis, a union steward for the Northeast Florida Public Employees Local 630 at the road department said the coverage for him and his wife will rise from \$156 to \$423 per paycheck. He is paid twice a month like other employees. He said they didn't

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give Meeks a friendly greeting but they didn't tell him to go home either.

"There wasn't anybody in there that liked what was said. We weren't disrespectful. We don't agree with what they are doing," Willis said. "I asked John if they are as broke as they say they are, why are they buying four new graders and paving roads."

He said Meeks told the assembled group the county is financing purchase of the graders.

The study by the Florida Association of Counties in 2016 found that Levy County with its 212 full-time employees was ranked fifth in health insurance spending ahead of Monroe County with 1,170 employees that ranked sixth in health insurance spending at \$12,420 per employee.

Duval County ranked first with \$14,500 for each of its 8,099 full-time employees, Hillsborough County second with \$13,404 for each of its 5,475 full-time employees, Palm Beach third with \$13,260 for each of its 4,333 full-time employees, Collier County fourth with \$13,100 for each of its 13,100 employees.

Following are some other counties' limits of where they pay for employees' health insurance coverage:

- Citrus County \$6,628;
- Gilchrist County \$6,708;
- Alachua County \$9,618; and
- Marion County \$9,220.

Therefore, Citrus County and Marion County, which are larger counties with bigger tax bases, are below Levy County in per-employee limits of health insurance coverage assistance.

Dean said the Levy County Commission felt it didn't have the tax base to continue the higher level of spending on health insurance for employees.

Levy County paid most of the employee health insurance instead of giving the employees pay raises for many years. The County Commission absorbed increases in premium costs from Florida Blue Cross Blue Shield, the county's healthcare insurer. The practice of absorbing a big chunk of the health insurance costs was particularly helpful during the Great Recession when the board couldn't afford pay raises, Dean said.

Midway through the year 2016, Levy County Clerk of Circuit Court Danny Shipp hired Jared Blanton, a Certified Public Accountant who holds a Master's Degree in Business Administration to serve as finance director for the County Commission.

In addition to being the clerk for the circuit and Levy County Court, Shipp serves as the comptroller for the Levy County Board of County Commissioners, and his staff builds the County Commission budget in cooperation with board staff members and commissioners.

Blanton realized the board's health insurance costs were contributing to the County Commission's \$3 million in deficit spending annually for the previous three years before he took over as finance director. Deficit spending means the board was spending more tax revenue than it was receiving. The board was operating in the red and dipping into reserve funds to keep the county afloat.

Since the County Commission was reticent in increasing taxes to cover costs, Blanton hatched the idea of cutting health insurance expenditures and giving back some of the savings to employees in the form of pay raises.

Blanton said the early discussions were about simply cutting health care contributions to stabilize the budget, but he felt the cuts would have less impact if the

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savings were plowed back into raises.

Blanton said he realized there was no perfect solution, but he also recognized that if the board continued to spend its reserve cash every year to the tune of \$3 to \$4 million, the reserves would eventually disappear entirely, leaving the county vulnerable in emergencies or in economic downturns.

“They (the County Commission) have been held hostage by always paying for health insurance increases,” Blanton said. “We just want to balance the budget.”

He believes the county is on track to adopted balanced budgets by 2019.

The vote to approve the new health insurance plan came in a budget hearing following the July 18 board meeting. The board had originally planned to discuss the new health care plan on July 5 but decided to wait until the next board meeting.

The vote was 4-0.

Levy County Commissioner Mike Joyner left after the regular meeting ended and was unable to cast a vote for the health care plan in the budget hearing.

Joyner, who has been battling cancer, said he was sick and had to leave. He feared he might throw up if he didn't leave the meeting, but he said he won't ever leave again.

“I'll tell you, I'll have to be on my death bed before I leave another meeting. People said I didn't want to face the music. I was sick. That's why I left,” Joyner said.

The four who voted to approve the increased cost to county employees for health insurance were Chairman Meeks and commissioners Rock Meeks, Lilly Rooks and Matt Brooks.

A Facebook page named Spotlight on Levy County Government published a letter from Blanton explaining changes were coming to employee health insurance the day before the July 5 County Commission meeting.

That was the first time Katy Yanok, a Levy County paramedic and president of the International Association of Firefighters Local 4069, heard about the changes coming to employee health insurance.

Linda Cooper, former general manager of the Levy County Journal, which has closed, is administrator of the Facebook page.

Yanok said the union she represents has filed two grievances challenging the county's decision to change union member benefits and pay without negotiating the changes. She also didn't like the fact that the changes were made without giving adequate notice to employees.

“It was sprung on the employees at the last minute. They (commissioners and staff) were still crunching the numbers in the meeting where this was approved,” she said. “I think it was last minute and poorly thought out and hard on our employees.”

She said the purpose of employee labor unions is to ensure fairness and equality when it comes to benefits and pay. She said the unions were left out of the picture.

Meeks said it was odd that neither of the unions had made an effort to begin contract negotiations before the County Commission made the decision on health care spending. He concedes that employees received late notice of the impending changes, but Chairman Meeks said it wasn't the fault of the board.

“It's not as if we waited for the last minute. We were not provided with numbers from the insurance provider nor did we have the numbers from Oz (Levy County Property Appraiser Osborn Barker) about increases in land value. It came to our office late – not later than usual. It's just the time of year they calculate that stuff,” Meeks said. “This is the way it is every year in July and August when we have to make the tough decisions.”

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The County Commission funds its own budget as well as the budgets of the elected constitutional officers – the sheriff, tax collector, property appraiser, clerk of courts and supervisor of elections. The County Commission is the taxing authority for those constitutional offices.

The County Commission technically is funding the health insurance of the constitutional officers by funding those budgets. The sheriff is the only constitutional officer not on the County Commission's health insurance plan. The total budgeted amount for health insurance for all the county offices in 2016-17 was approximately \$4.2 million.

County commissioners budgeted \$2,485,181 for health insurance in the 2016-17 year; the Levy County Sheriff's Office \$1,068,888; the clerk's office \$332,909; the tax collector \$194,424; property appraiser \$133,453 and supervisor of elections \$43,000.

Most of the constitutional officers said their health insurance costs included life insurance, but the amount spent on life insurance was insignificant. The health insurance numbers included life insurance. They didn't break out health from life insurance costs.

The changes in the health insurance plan were largely endorsed by constitutional elected officials like Barker in the property appraiser's office.

"I think it's a step in the right direction to get control of healthcare costs," Property Appraiser Barker said. "It's going to be hard on some employees because they will have to adjust to the costs. But health care costs are way out of control. They had to do something."

Barker said the fact that Levy County was one of the top five spenders in the state on employee health insurance was not good for Levy County. Even with the reductions, he said the county remains in the top 15 counties for spending on health care insurance.

Levy County Tax Collector Linda Fugate said "family coverage is pretty darn expensive," but she said she is thankful the County Commission provided the higher level of contributions for as long as it did.

"We are blessed our county did this for us for many years," she said. "It's still a big benefit for the board to pay that much."

County commissioners and constitutionally elected officials on the new health plan won't receive the raises. They are not entitled to give themselves raises. The state is the entity that gives them elected officials pay raises.

Blanton told county commissioners at a budget meeting on Thursday (Aug. 3) that the county transferred \$5 million from excess debt fund reserves this year to the general operating budget to boost the amount of cash in reserves. He said the money wasn't needed to repay debt and the county had been using the debt reserve like it was part of the operating budget anyway. Blanton felt it was best to have a bigger reserve on hand in the operating budget. The operating reserves are \$8.7 million from recurring sources.

The county at one time had talked about using the debt reserve funds to repay the remaining debt, but given that deficit spending continues to be a problem, and that there is a relatively small amount of debt left on the books, Blanton felt it was best to move \$5 million of excess debt reserve funds to the general fund. There is ample money left to pay the yearly debt.

He told commissioners the deficit going into the 2017-18 budget year will be \$1.3 million, a considerable improvement over previous years, but nothing to brag about. The commission tentatively adopted a 9 mill property tax at the meeting. The proposed

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budget for the 2017-18 year is \$64.8 million.

Levy County's latest budget concern is beyond its control.

The Florida Legislature is talking about creating a third Homestead Exemption for homeowners. The state already has two \$25,000 Homestead Exemptions on the books, which means the first \$50,000 of a homesteaded home's value is exempt from taxation.

Adding a third Homestead Exemption would cost Levy County an additional \$600,000 next year but would mean homesteads would have \$75,000 in exemptions.

Therefore, if that came to be, a house and property with an appraised taxable value of \$100,000 would only be taxed on \$25,000 worth of that value if it was qualified for Homestead Exemption.

The increased insurance costs for employees starts in October, as do the raises that are planned to somewhat soften the significant financial impact these massive increases will have on county working families' budgets.

The proverbial bottom line for some number of families of Levy County workers is that they will have significantly less net revenue as a result of this action by the County Commission.