

Post Employment Health Plan Enhancement Program



Office of Management and Budget

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What is the Post Employment Health Plan Enhancement Program?

- Maricopa County employees who are eligible for normal retirement under their retirement plan may take advantage of a unique opportunity to receive an enhanced Post Employment Health Plan (PEHP) Benefit Contribution for accrued Family/Medical Leave (FML).
- Also known as the “Retirement Health Enhancement Program”.

Eligibility

- The employee must:
 - Elect to participate by April 30, 2009
 - Separate from County service on or before May 31, 2009
 - Be eligible for normal retirement benefits (as opposed to early retirement) under the employee's retirement plan, and the retirement plan must not prohibit participation in this Program
 - The employee must be a contributing member under ASRS, PSPRS, EORP, or CORP
- Over 1000 employees could participate

Incentive Benefit

- Participants will receive a one-time, lump-sum enhanced REHP Benefit Contribution (up to \$30,000) based on the employee's accrued Family/Medical Leave (FML) at his or her separation from service date.
- This contribution is calculated by multiplying the employee's base rate of pay by the employee's total accumulated Family/Medical Leave hours (up to 1,500 hours) and multiplying again by the applicable percentage below:
 - 20%, for fewer than 500 hours accumulated FML;
 - 25% for at least 500, but fewer than 750 hours accumulated FML;
 - 33% for at least 750, but fewer than 1,000 hours accumulated FML;
 - 50% for at least 1,000 and up to the maximum of 1,500 hours of accumulated FML.

Incentive Benefit - Example

- The one-time contribution for an employee with 700 accumulated FML hours making \$25.00/hour on separation from service would be calculated as follows:
 - $700 \text{ hrs} \times \$25.00/\text{hr} \times .25 = \$4,375$

Incentive Benefit

- The Retirement Health Enhancement Program is in addition to the County's current \$10,000 contribution under the Post Employment Health Plan (PEHP) for retirees who have at least 1,000 hours of accumulated FML at retirement.
- The \$30,000 cap applies only to the County's Retirement Health Enhancement Program contribution; the PEHP Benefit is not subject to the cap.

Incentive Benefit - Example

- The one time contribution for an employee with 1,800 accumulated FML hours making \$25.00/hour at the time of retirement would be calculated as follows:

- $(1,500 \text{ hrs} \times \$25.00/\text{hr} \times .50) + \$10,000 =$
 $\$18,750 + 10,000 = \$28,750$

Program Notes

- The one-time Retirement Health Enhancement Program Benefit Contribution is not subject to income or payroll taxes. Maricopa County will disburse the funds to Nationwide Retirement Solutions which in turn will establish an investment account under an Internal Revenue Code section 501(c)(9) VEBA trust.
- The one-time RHEP Benefit Contribution will be processed within 90 days of the employee's retirement.
- Employees will continue to receive a cash payment for their accrued Personal Leave (PTO) hours.

Participant Re-Employment

- Eligible for re-employment with Maricopa County after 30 days.
- Meet rules as specified in the employee's retirement system.
- The hire rate will be the minimum of the pay range, regardless of market range title or relevant experience.
- Leave Accrual rates will be set at the minimum level, regardless of past service.

Financial Responsibility & Budgeting

- Department budgets will be adjusted for the vacancies created through employee participation in the RHEP.
- Positions will be inactivated due to vacancies created through retirement.
- Departments may request a critical position be reactivated, a lower level position be created, or a re-organization that results in a reduction-in-force, and request funding for these positions. Justification will be sent to OMB for review, and final approval through a BOS action.

Financial Responsibility & Budgeting

- If a position is reestablished through Board approval, it must be recruited internal to the County for at least 10 business days.
- The recruiting range will be the minimum of the market range, with the maximum being either the mid-point of the market range or 10% below the position's prior incumbent's rate, whichever is less.
- The hiring rate of the successful candidate must be within the recruiting range.

Financial Responsibility & Budgeting

General Fund and Detention Fund Departments

- The Non-Departmental Non-Recurring budget will absorb the cost of the additional RHEP contribution.
- The Department will absorb the cost of any Personal Leave accrual payout and the established Post Employment Health Plan Benefit.
- If the Department's budget is unable to absorb the additional cost, the Department may request assistance from the Non-Departmental Budget through a request to OMB.

Financial Responsibility & Budgeting

Non-General Fund and Non-Detention Fund Departments

- The Department will absorb the cost of the additional RHEP Program, as well as the cost of any Personal Leave accrual payout and normal PEHP Benefit provided to the retiree.
- If the Department's budget and fund balance is unable to absorb the additional cost, the Department may request assistance from the Non-Departmental Budget through a request to OMB.

Communication Plan

- Website link to the “Retirement Health Enhancement Program” on the EBC
 - Program Details
 - Frequently Asked Questions
 - Participation Acknowledgment Form
 - Retirement System Links
- Memo to all departments for distribution to their employees
- Posters
- Flyers
- Contact Employee Compensation with questions

Projected Cost

- Projected cost: Up to \$20 Million*
- Potential savings: Up to \$77 Million*
- Cost & savings will be determined based on participation

*Based on All Funds



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