

To: Loudon County Commissioners
From: Nancy Marcus
Re.: County Employee Insurance
Date: 5/19/08

Dear Fellow Commissioners,

I am writing you because we will, again, soon be faced with making a decision regarding the amount of tax dollars spent for the county's portion of the employees' insurance. Even though I am on the budget committee, and I agreed to recommend an eight-cent increase in taxes for education, I will not vote for this budget if the employees are not required to accept more of the financial responsibility for their health insurance. I feel that there is simply no way to justify spending over \$200,000.00, over and above what it cost to pay 75% of the insurance, for 198 employees. I do not consider this to be fair to thousands of taxpayers in our county, and over 30,000 people who voted us into this office to be good stewards of their money. I will not vote to continue increasing the county's portion, while the employees pay only \$34 and \$98 per month for insurance, for the following reasons:

- ❖ Loudon County needs to designate every possible tax dollar to improve the Loudon County and Lenoir City School Systems, and to build and renovate school buildings.
- ❖ It would be very difficult to justify raising property taxes for our school systems and continue paying 90%, or more, of the employees' health insurance.
- ❖ Most surrounding counties and industries pay approximately 75%, or less, of the cost of their employees' insurance premiums; and when the rates increase, part, if not all, of this expense is passed on to the employees.
- ❖ Most Loudon County taxpayers pay at least 25% of the cost of their own health insurance premiums, and some are not even offered insurance coverage.
- ❖ Many Loudon County taxpayers are on fixed incomes, with limited insurance coverage, and they certainly can not afford to pay more taxes for schools and be required to continue paying 90% of the county employees' insurance.
- ❖ The personnel in the Loudon County School System currently pay from \$327 to \$433/month for their family health insurance premiums (list of salaries enclosed).

I feel that there are also additional reasons to discontinue this 15 or 16-year practice, and they address some of the benefits that the county currently pays for the employees. These reasons are:

- ❖ The salaries of Loudon County employees have been addressed and are now very competitive with surrounding counties, and even the private sector (list enclosed). A 2% salary increase and a 1% bonus have been recommended for 2008-09.
- ❖ Employees have 12 paid holidays per year, sick days and workman's comp.
- ❖ Loudon County pays into the employees' Tennessee Con. Retirement System.
- ❖ Employees have a maximum of 4 weeks paid vacation per year.
- ❖ Most employees work 40 hrs/week; and if they work more, they qualify for overtime pay or comp time.
- ❖ Some employees are provided with a county vehicle, other equipment and supplies.
- ❖ Because the county has absorbed the increases in the insurance premiums for several years, this has been better than a salary increase for the employees, because they have not had to pay taxes or any other deductions from this benefit.

Current Payments

- ❖ The following chart states the amount of each premium (Single, Emp+1 and Family) paid by the employees and Loudon County for the current fiscal year:

The current payments for 2007-2008 are as follows:							
	SINGLE	%of pmt.	x 70 Emp.		EMP.+ 1	%of pmt.	x 40 Emp.
	Per Month		Per Month		Per Month		Per Month
Employee	\$34.00	9%	\$2,380	Employee	\$98.00	14%	\$3,920
County	\$328.88	91%	\$23,021.60	County	\$627.12	86%	\$25,084.80
TOTAL	\$362.88	100%	\$25,401.60	TOTAL	\$725.12	100%	\$29,004.80
	FAMILY	%of pmt.	x 78 Emp.		TOTAL/MO		TOTAL/YR
	Per Month		Per Month		188 Emp.		188 Emp.
Employee	\$98.00	10%	\$7,644	Employees	\$13,944 x 12 mos		\$167,328
County	\$911.24	90%	\$71,076.72	County	\$119,183 x 12 mos		\$1,430,197
TOTAL	\$1,009.24	100%	\$78,720.72	TOTAL	\$133,127 x 12 mos		\$1,597,525

- ❖ Based on the information in this chart, it is important to consider the amount of property taxes being spent by the county for this benefit.
- ❖ If the employees were paying 15% of the Single coverage and 25% of the Emp+1 and the Family coverage for 2007-2008, the amount saved would be the following:
 $\$368,899.44 =$ Amount that would have been paid by employees at 15% and 25%
 $- \$167,328.00 =$ Amount actually paid by 188 employees at approximately 10%
 $\$201,571.44 =$ Additional amount paid by the county over 75%. I feel that this amount should go to education.
- ❖ The latest numbers available indicate that there will be from a 5% to a 9% increase in the insurance premiums for 2008-09. Based on a 9% increase, the amount of money the county would save if the employees were paying 15% and 25%, is shown below:
 $\$411,823.91 =$ Amount that would be paid by employees at 15% and 25%
 $- \$172,176.00 =$ Amount that will be paid by 198 employees at approximately 9%
 $\$239,647.91 =$ Additional amount paid by the county over 75%. I feel that this amount should go to education.
- ❖ The most important consideration is this: since the cost of health insurance will probably continue to increase, when is the county going to require 198 employees to take more financial responsibility for the cost of their coverage? How long will the employees be allowed to continue paying \$34.00 and \$98.00/month, and tax dollars, from thousands of property owners, continue to be spent to pay the remainder of the premiums, regardless of the expense incurred? How is this fair to the taxpayers who don't work for the county and have to pay 25% or more, for their own health insurance premiums? I definitely believe that we were elected to represent over 30,000 voters and spend the tax money of our county wisely and fairly. I think paying 75% of the health insurance is wise and fair.
- ❖ In summary: the rising cost of health care has affected every business, organization and person. Our county should not be expected to continue paying the yearly increases. It is only right that our employees are treated the same as others, and some of this cost is passed on to them. No one likes it, but the cost of insurance dictates this action. Consider everyone in the county when you vote.