



Atlantic County

Executive Office

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DL-154-22

Dennis Levinson
County Executive

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October 17, 2022

Atlantic County Board of Commissioners
201 S. Shore Road
Northfield, NJ 08225

Dear Commissioner:

Atlantic County government has participated in the State Health Benefits Program since 2003. For the past 18 years, the average annual rate increases have been less than 3%. The county has been successful in working with 20 of our 23 bargaining units to reduce costs by making DIRECT 2030 the base plan.

On September 14, 2022, the State Health Benefits Commission approved a rate increase for the 2023 local governments employer group of 22.8%. Keep in mind the SHBC contains no local government representation despite the fact it is responsible for making decisions that have a huge impact on local governments and their taxpayers.

To add salt to the wound, we later learned that the SHBC has been aware of the pending rate increases since February but withheld that information. We also learned the governor negotiated a deal with the state unions to limit their rate increase to 3%. Had local governments been aware of the circumstances, we may have also been able to negotiate. But when you only are notified in September and you are required to submit your 2023 budgets in mid-January, your options are extremely limited. Why weren't we given the same opportunity as the state unions?

With the information we have now, and the rates the state has finally posted to its website as of October 13, we project an overall increase of \$4.2 million in health benefit costs for Atlantic County in 2023 based on our existing employees, and an additional \$2 million should vacancies be filled. This includes an increase from \$27.7 million in 2022 to \$31.7 million in 2023 for active members and an increase from \$2.6 million in 2022 to \$2.8 million in 2023 for retired members. The contributions of active members will also increase from \$4.7 million to \$5.1 million.

If other savings cannot be realized, the \$4.2 million increase in health benefit costs equates to a 1.17-cent tax rate increase with current employees and a 1.77-cent tax rate increase with vacancies included. Atlantic County employees will not only be required to pay more in cost share contributions, but may also pay more in property taxes, thus taking it on the chin not once, but twice.

In addition to the state withholding information about the rate increases, it has also refused to release specific claims information to local governments which could help provide a better understanding of claims history and the reason for the exorbitant increases. The state's lack of transparency is inexcusable. There is no accountability for its actions. How are local employees less important than state employees? These increases must be shared across the board. The state is leaving local governments very few options, none of which are tolerable: raise taxes, lay-off workers, do not fill vacancies, and/or cut services.

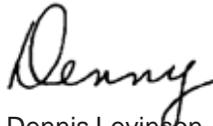
We must demand state legislation to provide local governments with a seat at the table as members of the SHBC. We must demand full transparency including claims information to help address rising costs. We must demand equal and fair treatment for both state and local government employees. We must demand relief now! I urge you to review Bill A4670 and its companion S3049 that propose to change how entities in the State Health Benefits Program can access their claims data.

- More -

I hope I can count on the support of the Board of County Commissioners and our state legislative teams to make this a priority. Atlantic County employees and taxpayers deserve better and it's our job to fight for them and what is right. Without question, what the state has done is wrong and the timing could not be worse as inflation continues to soar and we struggle to fill vacancies forcing many employees to take on the work of multiple positions. This unanticipated increase in employee cost share contributions will make it all the more difficult to attract qualified workers.

We all understand costs are rising but expecting local governments to absorb a more than 20% increase in one year is unfathomable, especially when it was only revealed in the eleventh hour. The State of New Jersey can and MUST do better!

Sincerely,

A handwritten signature in black ink, appearing to read "Denny".

Dennis Levinson
County Executive

c: State Legislators, District 1
State Legislators, District 2
State Legislators, District 8
State Legislators, District 9