

Case Study – Gerald R. Ford International Airport Authority



Municipality Profile

- 105 active employees
- 7 retirees

MERS Programs Used

- Health Care Savings Program
- MERS Defined Benefit Program
- MERS Hybrid Program

“When it comes to recruiting skilled workers, the quality of benefits offered makes a significant difference in our ability to attract and retain talent. The MERS Health Care Savings Program allows us to provide a meaningful, portable benefit that appeals to employees to all ages.”

– Lisa Belt, Human Resources Director,
Gerald R. Ford International Airport Authority

Results

The MERS Health Care Savings Program provides GFIAA with a completely portable benefit that supports their goal of attracting and retaining talent, without the possibility of developing future OPEB liability.

Recent retirees feel the MERS Health Care Savings Program delivers a superior value over the previous retiree healthcare benefit, while employees of all ages appreciate the portability and flexibility of their account, which allows them to:

- Access the account at any time after termination of employment
- Pay for spousal and dependent healthcare expenses
- Use it to pay premiums for COBRA benefits, Medicare supplemental policies, and options within the marketplace

Situation

The Gerald R. Ford International Airport Authority (GFIAA) prides themselves on the ability to attract top talent, which they credit in part to a competitive benefit package that includes an alternate option to retiree health insurance.

Prior to July 1, 2016, the airport was a department of Kent County. As part of a cooperative agreement with the county, GFIAA retirees were provided with a monthly stipend that could be used to purchase health insurance through the county's plan. Unfortunately, the closed stipend had several drawbacks. Retirees could not use the stipend to cover spousal benefits, and the stipend only covered a third of the average retiree's premium through the county's plan. Furthermore, because the retirees could only use the stipend to purchase insurance through the county's health insurance plan, many retirees chose not to use it at all. Moreover, the GFIAA's portion of the VEBA under the county was only 30% funded, which created an OPEB liability moving forward.

Process

GFIAA realized they needed to provide a more flexible benefit that could not only be used for spousal expenses, but allow retirees to choose the health insurance that best suited their needs. GFIAA also wanted to fund the program on an ongoing basis, so no OPEB liability would be incurred.

Strategy

Active employees were enrolled in the MERS Health Care Savings Program. GFIAA provided existing employees a one-time deposit based on years of employment, with ongoing deposits made into each employee's account. In addition, employees contribute 1% of their pay.