

# Self Insurance Fund

## DESCRIPTION

The Self Insurance Fund was established in December, 1997 to provide for fiscal management of the County and School Board health insurance premiums and flexible spending account fees and revenues. All health insurance premiums will continue to be budgeted in departmental budgets, but this internal services fund will serve in the payment of premiums, charging departments for health insurance costs incurred, accounting for employee health insurance deductions, and provide adequate reserves to mitigate rate spikes of possible future rate increases.

The revenue for the fund comes primarily from three sources: premiums, investment income, and prior year balance. Premiums are generated from both the County as a benefit to employees, and the actual employees participating in the health insurance program. The County funds departments \$3,988 for each participating employee. These funds are paid into the Self Insurance fund in full in July of each year. In addition, each employee pays a premium based on the level of coverage selected in the program. Because County departments pay in full at the beginning of each fiscal year, there are funds available for investing. The interest earned off the investments are used to pay for a portion of the overall program costs. Finally, as necessary, funds from prior years are used to support the program. There were 3,118 plan participants in FY06.

## OBJECTIVES

- To provide for fiscal management of health premiums.

## SERVICE LEVELS

The Self Insurance Fund will provide fiscal management for all County and School funds, including the Pamunkey Regional Jail and the Pamunkey Regional Library. The revenues received from departments and employee health insurance deductions will offset all expenditures of this fund.

Below is the premium structure for health insurance rates for the time period of October 1, 2005 through September 30, 2006. The County currently contracts with Anthem Blue Cross Blue Shield.

|                               | <b>Total<br/>Monthly<br/>Premium</b> | <b>Employer<br/>Monthly<br/>Share</b> | <b>Employee<br/>Premium</b> |
|-------------------------------|--------------------------------------|---------------------------------------|-----------------------------|
| <b>Healthkeepers 20</b>       |                                      |                                       |                             |
| Employee only                 | \$ 327.00                            | \$ 289.00                             | \$ 38.00                    |
| Employee/Child                | 458.00                               | \$ 289.00                             | 169.00                      |
| Employee/Spouse or 2 Children | 588.00                               | \$ 289.00                             | 299.00                      |
| Employee/Family               | 719.00                               | \$ 289.00                             | 430.00                      |
| <b>Key Care 15</b>            |                                      |                                       |                             |
| Employee only                 | \$ 827.00                            | \$ 289.00                             | \$ 538.00                   |
| Employee/Child                | 1,157.00                             | 289.00                                | 868.00                      |
| Employee/Spouse or 2 Children | 1,488.00                             | 289.00                                | 1,199.00                    |
| Employee/Family               | 1,818.00                             | 289.00                                | 1,529.00                    |

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|                                | <b>Total<br/>Monthly<br/>Premium</b> | <b>Employer<br/>Monthly<br/>Share</b> | <b>Employee<br/>Premium</b> |
|--------------------------------|--------------------------------------|---------------------------------------|-----------------------------|
| <b>Hkeepers Open Access 10</b> |                                      |                                       |                             |
| Employee only                  | \$ 335.00                            | \$ 289.00                             | \$ 46.00                    |
| Employee/Child                 | 469.00                               | 289.00                                | 180.00                      |
| Employee/Spouse or 2 Children  | 603.00                               | 289.00                                | 314.00                      |
| Employee/Family                | 737.00                               | 289.00                                | 448.00                      |

|                               | <b>Total<br/>Monthly<br/>Premium</b> | <b>Employer<br/>Monthly<br/>Share</b> | <b>Employee<br/>Premium</b> |
|-------------------------------|--------------------------------------|---------------------------------------|-----------------------------|
| <b>Healthkeepers 20/20</b>    |                                      |                                       |                             |
| Employee only                 | \$ 294.00                            | \$ 289.00                             | \$ 5.00                     |
| Employee/Child                | 363.00                               | 289.00                                | 74.00                       |
| Employee/Spouse or 2 Children | 456.00                               | 289.00                                | 167.00                      |
| Employee/Family               | 549.00                               | 289.00                                | 260.00                      |

## BUDGET HIGHLIGHTS

FY06

The increase in FY06 is based on projected costs.

FY07

The increase in FY07 is based on projected costs.

## BUDGET SUMMARY

| <b><u>Self Insurance:</u></b>     | <b><u>FY05<br/>Budget</u></b> | <b><u>FY05<br/>Actual</u></b> | <b><u>FY06<br/>Budget</u></b> | <b><u>FY07<br/>Budget</u></b> | <b><u>Percent<br/>Change</u></b> |
|-----------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|----------------------------------|
| Personnel Expenditures            | \$ 14,949,287                 | \$ 15,012,081                 | \$ 17,465,231                 | \$ 19,528,122                 | 11.8%                            |
| Operating Expenditures            | -                             | 62,991                        | -                             | -                             | 0.0%                             |
| <b>TOTAL, Self Insurance Fund</b> | <b>\$ 14,949,287</b>          | <b>\$ 15,075,072</b>          | <b>\$ 17,465,231</b>          | <b>\$ 19,528,122</b>          | <b>11.8%</b>                     |

| <b>Five-Year Financial Plan</b> |                |                |                |                |                |  |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|--|
| <b>FY2007 - FY2011</b>          |                |                |                |                |                |  |
|                                 | Year 1         | Year 2         | Year 3         | Year 4         | Year 5         |  |
|                                 | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> | <u>FY 2011</u> |  |
| <b>Revenues:</b>                |                |                |                |                |                |  |
| Employee                        | 7,113,015      | 7,415,760      | 8,779,680      | 10,386,102     | 12,277,626     |  |
| Employer                        | 12,287,554     | 14,389,337     | 17,075,177     | 20,243,008     | 23,976,998     |  |
| Investment, Inc.                | 108,160        | 1,192,239      | 1,366,863      | 1,567,719      | 1,798,453      |  |
| Transfer from General Fund      | -              | 112,486        | 116,986        | 121,665        | 126,532        |  |
| Subtotal                        | 19,508,729     | 23,109,822     | 27,338,705     | 32,318,494     | 38,179,609     |  |
| Other (FICA Savings)            | 19,393         | 20,169         | 20,976         | 21,815         | 22,687         |  |
| Total Revenues                  | 19,528,122     | 23,129,991     | 27,359,681     | 32,340,309     | 38,202,297     |  |
| <b>Expenditures:</b>            |                |                |                |                |                |  |
| Change in IBNR                  | 173,000        | 225,000        | 259,000        | 298,000        | 343,000        |  |
| Claims                          | 18,482,334     | 22,075,041     | 26,165,974     | 30,987,500     | 36,666,748     |  |
| New positions                   | 713,353        | 677,980        | 779,677        | 896,629        | 1,031,123      |  |
| Other (EAP, baby, flu)          | 109,000        | 101,970        | 105,029        | 108,180        | 111,425        |  |
| Reserve for contingencies       | 50,434         | 50,000         | 50,000         | 50,000         | 50,000         |  |
| Total Expenditures              | 19,528,122     | 23,129,991     | 27,359,681     | 32,340,309     | 38,202,297     |  |