



Fund Purpose

The Health Insurance Fund is an interest-bearing Internal Service Fund established to provide for and effectively manage the health benefits for County employees, elected officials, retirees, and dependents. This Fund consists of a self-funded active employee health insurance plan, a self-funded retired employee health insurance plan, the self-funded and fully-insured dental insurance plans, and an employee wellness program. The Health and Dental Insurance Fund is used to account for all claims and costs filed against and paid by the County's self-funded insurance, the premiums paid for these plans, and costs associated with the wellness programs. This Fund recovers its costs through charges to County departments, employees, retirees, and qualifying former employees for COBRA (Consolidated Omnibus Budget Reconciliation Act of 1985) benefits. This Fund provides budgetary protection by purchasing stop loss insurance coverage. A health insurance actuary is retained to assist with the determination of premium rates, insurance reserve levels and analyze effectiveness of wellness and health benefit changes to the total cost of the program.

Financial Summary	2008 Actual (a)	2009 Adopted Budget	2009 Estimate	2010 Budget (b)	Change From 2009 Adopted Budget	
					\$	%
Revenues						
General Government		\$0	\$0	\$0	\$0	N/A
Fine/Licenses		\$0	\$0	\$0	\$0	N/A
Charges for Services	\$2,759,000	\$2,612,250	\$2,782,000	\$2,782,000	\$23,000	0.8%
Interdepartmental	\$16,111,000	\$16,026,150	\$16,572,000	\$16,572,000	\$461,000	2.9%
Other Revenue	\$479,000	\$466,400	\$509,000	\$509,000	\$30,000	6.3%
Appr. Fund Balance (b)	\$2,014,600	\$155,000	\$483,000	\$483,000	(\$1,531,600)	-76.0%
County Tax Levy		\$0	\$0	\$0	\$0	N/A
Total Revenue Sources		\$21,363,600	\$19,259,800	\$20,346,000	(\$1,017,600)	-4.8%
Expenditures						
Personnel Costs		\$0	\$0	\$0	\$0	N/A
Operating Expenses	\$21,357,000	\$19,109,900	\$20,339,400	\$20,339,400	(\$1,017,600)	-4.8%
Interdept. Charges	\$6,600	\$5,000	\$6,600	\$6,600	\$0	0.0%
Fixed Assets	\$0	\$0	\$0	\$0	\$0	N/A
Total Expenditures		\$21,363,600	\$19,114,900	\$20,346,000	(\$1,017,600)	-4.8%
Operating Inc./(Loss)		-	\$144,900	-	-	N/A

Position Summary (FTE)

No positions are budgeted in this Fund.

- (a) Previously accounted for in 2008 and prior years in the General Fund, using balance sheet accounts. 2008 actual data is not readily comparable.
- (b) Appropriated Health and Dental Insurance Fund Balance, decreases by \$1,531,600 to \$483,000, mostly due to a \$1,479,100 decrease in loss reserve expenditures to \$161,000. Appropriated Health and Dental Insurance Fund Balance is mainly used to fund the Wellness Program and to provide sufficient appropriations for estimated cost variances, which may exceed actuarial cost estimates.

Major Departmental Strategic Outcomes and Objectives for 2010

County-Wide Key Strategic Outcome: A County that provides customers with quality programs and services

Objective 1: Reduce health insurance costs, or the rate of premium increases through effective design changes, education, wellness initiatives and data management.

Key Outcome Indicator: Keep health insurance plan increases from prior year estimate/actual lower than medical inflation rate.

Performance Measure:	2008 Actual	2009 Budget	2009 Estimate	2010 Budget
Health Plan cost increases	4%	3.7%	4%	≤ 2.7%
Medical Inflation Rate*	12.4%	12%	12.5%	12.5%

* Milliman's (County Health Insurance Actuary) expected annual trend assumptions

County-Wide Key Strategic Outcomes: Cost effective services delivered with competence and skill

Objective 2: Control Health Plan rate of cost increase (or reduce costs).

Key Outcome Indicator: The increase in plan costs from the prior year actual/estimate for the Choice Plus (Point of Service – POS) and Consumer Driven Health (with Health Savings Account feature – HSA) Plans component for the following year is contained to a single digit percentage point increase.

Performance Measures:

Choice Plus Plan	2008 Actual	2009 Budget	2009 Estimate	2010 Budget
Choice Plus Plan % increase	4%	3.7%	4%	≤ 2.7%
Average Monthly Plan Cost: Single	\$505	\$526	\$526	TBD*
Family	\$1,339	\$1,393	\$1,393	TBD*

HSA Plan	2008 Actual	2009 Budget (a)	2009 Estimate (a)	2010 Budget
HSA Plan % increase	3%	2%	3.7%	≤ 2.4%
Average Monthly Plan Cost: Single	\$392	\$407	\$407	TBD*
Family	\$1,041	\$1,080	\$1,080	TBD*

* Monthly costs per plan are determined just prior to the open enrollment period in November of each year.

Objective 3: Establish a framework and baseline for future return on investment (ROI) analysis. This baseline will include an analysis of both direct and indirect costs such as health insurance claims, employee reported risk factors through the health risk assessment, biometric measures, and absenteeism. Since measurable benefits are expected to materialize over multiple years, the Department anticipates that it will begin reporting ROI measurement in the third year of the program (2011).

Active Employee Health Insurance

Program Description

This program area accounts for all costs associated with the operation of the Active Employee Health Insurance program. This includes medical, pharmacy, and vision claims payments; and administrative expenses, stop loss insurance premiums, consulting fees and other program-related services/expenses that may arise. This program area recovers its costs through premium charges to internal departments, employees, retirees, and COBRA participants. This program area also carries an actuarially determined Incurred But Not Reported reserve balance (outstanding claims paid in next fiscal year) as required for internal service fund accounting. A self-funded Point of Service (POS) plan (Choice Plus) is available to all active employees and elected officials. An optional plan, a Consumer Driven health plan with a Health Savings Account (HSA) feature, is available to all non-represented employees, full-time elected officials and unions that permit it to be available to its County employee members.

	2008 Actual (a)	2009 Budget	2009 Estimate	2010 Budget	Budget Change
Staffing (FTE)		0.00	0.00	0.00	0.00
General Government		\$0	\$0	\$0	\$0
Fine/Licenses		\$0	\$0	\$0	\$0
Charges for Services		\$1,673,000	\$1,661,000	\$1,715,000	\$42,000
Interdepartmental		\$15,046,000	\$14,943,000	\$15,434,000	\$388,000
Other Revenues		\$430,000	\$421,400	\$464,000	\$34,000
Appr. Fund Balance		\$1,544,600	\$0	\$240,000	(\$1,304,600)
County Tax Levy		\$0	\$0	\$0	\$0
Total Revenues		\$18,693,600	\$17,025,400	\$17,853,000	(\$840,600)
Personnel Costs		\$0	\$0	\$0	\$0
Operating Expenses		\$18,692,000	\$16,878,900	\$17,851,400	(\$840,600)
Interdept. Charges		\$1,600	\$1,600	\$1,600	\$0
Fixed Assets		\$0	\$0	\$0	\$0
Total Expenditures		\$18,693,600	\$16,880,500	\$17,853,000	(\$840,600)
Operating Inc./Loss		-	\$144,900	-	-

(a) Previously accounted for in 2008 and prior years in the General Fund, using balance sheet accounts. 2008 actual data is not readily comparable.



Program Highlights

Based on actuarial recommendations, this fund estimates necessary premiums to cover the costs associated with anticipated claims to be paid in 2010 (described below). Charges for Service revenue includes the employees' share (10%) of estimated premiums. Interdepartmental Charge revenues include the County's share (90%) of estimated premiums charged to County departments. Other Revenues are budgeted to increase by \$34,000 to \$464,000, mostly due to an increase in coordination of benefit reimbursements by \$21,000 to \$71,000 and an increase by \$20,000 for prescription drug rebates to \$280,000. This is partially offset by a decrease in budgeted interest income by \$7,000 to \$113,000. Appropriated Health and Dental Insurance Fund Balance decreases by \$1,304,600 to \$240,000, mostly due to a reduction in estimated loss reserves in 2010, discussed below.

Operating expenditures decrease by \$840,600 to \$17,851,400, mostly due to a decrease in the expenditures estimated to be needed to cover future changes in this program's loss reserve estimate by \$1,215,100 to \$125,000. This fund was started in 2009 and the higher budget was needed to establish a loss reserve to cover future claims. Stop loss insurance costs decrease by \$70,000, due to a favorable change to another insurance carrier. These decreases in operating expenditures are offset by an increase in estimated health claims payments by \$430,000 to \$16,440,000.

Note: Based on actuarial recommendation, an amount totaling approximately 10% of claims payments (\$1.6 million), estimated at \$16,440,000 is to be reserved in the Health Insurance Fund Balance to be available for appropriation by ordinance if claims exceed appropriations in 2010.

Activity	2009 Bud.	2010 Bud.
<u># of Health Ins. Contracts</u>		
POS		
Single	395	387
Family	855	842
Total	1,250	1,229
HSA		
Single	6	10
Family	5	6
Total	11	16
Claims \$	\$16,010,000	\$16,440,000

Retired Employee Health Insurance

Program Description

This program area accounts for all costs associated with the operation of the Retired Employee Health Insurance program. This includes medical, pharmacy and vision claims payments; and administrative expenses, stop loss insurance premiums, consulting fees and other program-related services/expenses that may arise. This program area recovers its costs through premium charges to retirees. Retirees pay 100% of the premium cost. Two self-funded, separately rated from active employees, retiree plan options are available to retirees under a Dual Option Point of Service (POS) plan.

	2008 Actual (a)	2009 Budget	2009 Estimate	2010 Budget	Budget Change
Staffing (FTE)		0.00	0.00	0.00	0.00
General Government		\$0	\$0	\$0	\$0
Fine/Licenses		\$0	\$0	\$0	\$0
Charges for Services		\$970,000	\$717,000	\$825,000	(\$145,000)
Interdepartmental		\$0	\$0	\$0	\$0
Other Revenues		\$37,000	\$33,000	\$33,000	(\$4,000)
Appr. Fund Balance		\$150,000	\$0	\$0	(\$150,000)
County Tax Levy		\$0	\$0	\$0	\$0
Total Revenues		\$1,157,000	\$750,000	\$858,000	(\$299,000)
Personnel Costs		\$0	\$0	\$0	\$0
Operating Expenses		\$1,156,100	\$749,100	\$857,100	(\$299,000)
Interdept. Charges		\$900	\$900	\$900	\$0
Fixed Assets		\$0	\$0	\$0	\$0
Total Expenditures		\$1,157,000	\$750,000	\$858,000	(\$299,000)
Operating Inc./(Loss)		-	-	-	-

(a) Previously accounted for in 2008 and prior years in the General Fund, using balance sheet accounts. 2008 actual data is not readily comparable.



Program Highlights

Based on actuarial recommendation, this fund estimates necessary premiums to cover the costs associated with anticipated claims to be paid in 2010 (described below). Charges for Service revenues, which consist of health insurance premiums paid by retirees (retirees pay 100% of premium costs), are budgeted to decrease by \$145,000 to \$825,000, based on lower actuarial estimated health claims and related costs from the prior year, discussed below. Other Revenues decrease by \$4,000 to \$33,000, mostly due to a decrease in estimated prescription drug rebates. Appropriated Health and Dental Insurance Fund Balance of \$150,000 is removed in the 2010 budget, mostly due to a decrease in budgeted expenditures, discussed below.

Operating expenditures are budgeted to decrease by \$299,000 to \$857,100, mostly due to a decrease in estimated retiree claim payments by \$140,000 to \$770,000 and a decrease in loss reserve expenditures by \$139,000 to \$11,000 after the initial loss reserve balance was established in 2009, as discussed previously in the Active Employee Health Insurance program. Further, third party administration costs and stop loss insurance decrease by \$11,000 and \$9,000, respectively.

Note: Based on actuarial recommendation, an amount totaling approximately 10% of claims payments (\$80,000), estimated at \$770,000 is to be reserved in the Health Insurance Fund Balance to be available for appropriation by ordinance if claims exceed appropriated revenues in 2010.

Activity	2009 Bud.	2010 Bud.
# of POS Retiree Health Ins. Contracts*		
Pre-Medicare		
Single	54	52
Family	9	7
Total	63	59
Medicare		
Single	20	19
Family	13	9
Total	33	28
Claims \$	\$910,000	\$770,000

*Contract figures and the budget exclude retiree enrollment in the fully-insured Humana health care plan, which includes 222 participants in 2009.

Employee Dental Insurance

Program Description

This program area accounts for all costs associated with the operation of the self-funded and fully-insured Employee Dental Insurance programs. This includes dental claims payments, insurance premium payments, administrative expenses and other program-related services/expenses that may arise. This program area recovers its costs through premium charges to internal departments, employees and COBRA participants.

	2008 Actual (a)	2009 Budget	2009 Estimate	2010 Budget	Budget Change
Staffing (FTE)		0.00	0.00	0.00	0.00
General Government		\$0	\$0	\$0	\$0
Fine/Licenses		\$0	\$0	\$0	\$0
Charges for Services		\$116,000	\$234,250	\$242,000	\$126,000
Interdepartmental		\$1,065,000	\$1,083,150	\$1,138,000	\$73,000
Other Revenue		\$12,000	\$12,000	\$12,000	\$0
Appr. Fund Balance		\$142,000	\$0	\$50,000	(\$92,000)
County Tax Levy		\$0	\$0	\$0	\$0
Total Revenues		\$1,335,000	\$1,329,400	\$1,442,000	\$107,000
Personnel Costs		\$0	\$0	\$0	\$0
Operating Expenses		\$1,333,400	\$1,329,400	\$1,440,400	\$107,000
Interdept. Charges		\$1,600	\$0	\$1,600	\$0
Fixed Assets		\$0	\$0	\$0	\$0
Total Expenditures		\$1,335,000	\$1,329,400	\$1,442,000	\$107,000
Operating Inc./(Loss)		-	-	-	-

(a) Previously accounted for in 2008 and prior years in the General Fund, using balance sheet accounts. 2008 actual data is not readily comparable.



Program Highlights

Charges for Service revenues, which consist of the employee share of dental premiums, increases by \$126,000 to \$242,000, mostly due to expenditure increases, discussed below. Interdepartmental Revenues, which consist of the County's share of dental premiums, charged to County departments, increases by \$73,000 to \$1,138,000, also mostly due to expenditure increases, described below. (The County pays 90% of the lowest cost dental plan available, and employees pay the remaining premium, depending on the cost of the plan chosen.) Other Revenues of \$12,000 reflect interest income earnings allocation to this program, based on an estimated quarterly average of invested cash balances. Appropriated Health and Dental Insurance Fund Balance, decreases by \$92,000 to \$50,000, mostly due to a decrease in budgeted loss reserve expenditures, discussed below.

Operating expenditures increase by \$107,000 to \$1,440,400, mostly due to an estimated increase in premiums for claims expenses paid to the administrator of the County's fully-insured plan (DentaCare) by \$131,000 to \$690,000, mostly because the 2009 budget inadvertently did not include the full premium costs for these plans. Claims costs in the County's self-insured plan (Guardian) are budgeted to increase by \$98,000 to \$690,000, mostly due to the anticipation that employees will shift their enrollment from DentaCare to Guardian, due to large increases in the DentaCare premium. These increases are partially offset by a decrease in budgeted loss reserve expenditures, of \$125,000 to \$25,000, as discussed previously.

Activity	2009 Bud.	2010 Bud.
# of Dental Ins. Contracts		
Guardian		
Single	230	236
Family	444	500
Total	674	736
Annual Claims \$	\$592,000	\$690,000
Dentacare		
Single	179	167
Family	417	355
Total	596	522

Wellness Initiative

Program Description

This program area accounts for all costs associated with the operation of the Wellness Initiative program. This program is designed to improve the health and well-being of County employees' lives through health education and activities that will support positive lifestyle change, thereby resulting in improved employee productivity, morale and healthcare cost savings for the County and the employees. Program components include biometric screenings, health risk assessments, program marketing and communications, health coaching, data analysis to include return on investment and an interactive website.

Approximately 70% of the County's health plan contracts are family coverage. In an effort to engage employee spouses in wellness-related activities to identify risk factors, spouses are invited to participate in the "3 Steps to Success" (biometric screening, health risk assessment and nurse review call), beginning in 2010.

	2008 Actual (a)	2009 Budget	2009 Estimate	2010 Budget	Budget Change
Staffing (FTE)		0.00	0.00	0.00	0.00
General Government		\$0	\$0	\$0	\$0
Charges for Services		\$0	\$0	\$0	\$0
Interdepartmental		\$0	\$0	\$0	\$0
Other Revenue		\$0	\$0	\$0	\$0
Appr. Fund Balance		\$178,000	\$155,000	\$193,000	\$15,000
County Tax Levy		\$0	\$0	\$0	\$0
Total Revenues		\$178,000	\$155,000	\$193,000	\$15,000
Personnel Costs		\$0	\$0	\$0	\$0
Operating Expenses		\$175,500	\$152,500	\$190,500	\$15,000
Interdept. Charges		\$2,500	\$2,500	\$2,500	\$0
Fixed Assets		\$0	\$0	\$0	\$0
Total Expenditures		\$178,000	\$155,000	\$193,000	\$15,000
Operating Inc./(Loss)		-	-	-	-

(a) Previously budgeted and accounted for in Department of Administration-Employee Benefits/Labor Relations program.



Program Highlights

Appropriated Health and Dental Insurance Fund Balance is increasing by \$15,000 to \$193,000 to cover budgeted program cost increases described below.

Operating expenditures increase by \$15,000 to \$190,500, mostly due to estimated contract costs for a firm to administer the County's Health Advancement Program by \$19,000 to \$123,000. This increase is based on a projected increase in employee participation by 75 to 600. In addition, this budget assumes participation from 25 spouses of employees, when the program becomes available to these individuals in 2010, for a total estimated participation of 625 people. Program incentives, designed to encourage employees to participate, remain at the 2009 budget level of \$50,000. Interdepartmental charges expenditures include \$2,500 for postage related to mailings.

Activity	2009 Budget	2009 Estimate	2010 Budget
Health Assessment Participation			
# Participating	525	510	625
% of Work Force	37%	37%	46%
Smoking Cessation Prog. Participation			
# Participating	25	18	20
% of Work Force	2%	1%	1%
Weight Mgt. Prog. Participation			
# Participating	100	100	120
% of Work Force	7%	7%	9%
Fitness Activity Participation			
# Participating	525	300	350
% of Work Force	37%	22%	26%