



Fund Purpose

The Health and Dental 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, a self-funded dental insurance plan, 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	2009	2010	2010	2011	Change From 2010	
	Actual	Adopted Budget	Estimate	Budget (a)	Adopted Budget \$	%
Revenues						
General Government	\$0	\$0	\$0	\$0	\$0	N/A
Fine/Licenses	\$0	\$0	\$0	\$0	\$0	N/A
Charges for Services	\$2,838,016	\$2,782,000	\$2,820,000	\$2,773,000	(\$9,000)	-0.3%
Interdepartmental	\$15,835,212	\$16,572,000	\$16,389,000	\$16,780,000	\$208,000	1.3%
Other Revenue	\$553,782	\$509,000	\$440,000	\$440,000	(\$69,000)	-13.6%
Appr. Fund Balance (a)	\$129,139	\$483,000	\$157,610	\$786,500	\$303,500	62.8%
County Tax Levy	\$0	\$0	\$0	\$0	\$0	N/A
Total Revenue Sources	\$19,356,149	\$20,346,000	\$19,806,610	\$20,779,500	\$433,500	2.1%
Expenditures						
Personnel Costs	\$0	\$0	\$0	\$0	\$0	N/A
Operating Expenses	\$18,845,014	\$20,339,400	\$19,637,510	\$20,772,900	\$433,500	2.1%
Interdept. Charges	\$125	\$6,600	\$4,100	\$6,600	\$0	0.0%
Fixed Assets	\$0	\$0	\$0	\$0	\$0	N/A
Total Expenditures	\$18,845,139	\$20,346,000	\$19,641,610	\$20,779,500	\$433,500	2.1%
Operating Inc./Loss	\$511,010	-	\$165,000	-	-	N/A

Position Summary (FTE)

No positions are budgeted in this Fund.

- (a) Appropriated Fund Balance from Health and Dental Insurance Fund Reserves for the 2011 Budget includes \$423,000 in the Active Employee Health Insurance Program, \$105,500 in the Retired Employee Health Insurance Program, \$35,000 in the Employee Dental Insurance Program and \$223,000 in the Wellness Program.

Major Departmental Strategic Outcomes and Objectives for 2011

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:	2009 Actual	2010 Budget	2010 Estimate	2011 Budget
Health Plan cost increases	3.7%	0% - 1.8%	0% - 1.8%	9.7%
Medical Inflation Rate*	12%	12.5%	11%	11%

* 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.

Performance Measures:

Choice Plus Plan	2009 Actual	2010 Budget	2010 Estimate	2011 Budget
Average Choice Plus Plan % increase	4.1%	0% - 1.8%	0% - 1.8%	9.7%
Average Monthly Plan Cost: Single	\$526	\$529	\$529	\$580
Family	\$1,393	\$1,398	\$1,398	\$1,532

HSA Plan	2009 Actual	2010 Budget	2010 Estimate	2011 Budget
HSA Plan % increase	3.7%	0%	0%	10%
Average Monthly Plan Cost: Single	\$407	\$407	\$407	\$448
Family	\$1,080	\$1,080	\$1,080	\$1,188

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 (during 2011, to be reported in the 2012 budget book).

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.

	2009 Actual	2010 Budget	2010 Estimate	2011 Budget	Budget Change
Staffing (FTE)	0.00	0.00	0.00	0.00	0.00
General Government	\$0	\$0	\$0	\$0	\$0
Fine/Licenses	\$0	\$0	\$0	\$0	\$0
Charges for Services	\$1,764,304	\$1,715,000	\$1,703,000	\$1,861,000	\$146,000
Interdepartmental	\$14,816,257	\$15,434,000	\$15,327,000	\$16,138,000	\$704,000
Other Revenues	\$513,499	\$464,000	\$414,000	\$414,000	(\$50,000)
Appr. Fund Balance	\$0	\$240,000	\$0	\$423,000	\$183,000
County Tax Levy	\$0	\$0	\$0	\$0	\$0
Total Revenues	\$17,094,060	\$17,853,000	\$17,444,000	\$18,836,000	\$983,000
Personnel Costs	\$0	\$0	\$0	\$0	\$0
Operating Expenses	\$16,767,350	\$17,851,400	\$17,280,400	\$18,834,400	\$983,000
Interdept. Charges	\$0	\$1,600	\$1,600	\$1,600	\$0
Fixed Assets	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$16,767,350	\$17,853,000	\$17,282,000	\$18,836,000	\$983,000
Operating Inc./(Loss)	\$326,710	-	\$162,000	-	-

Program Highlights

Based on actuarial recommendations, this fund estimates necessary premiums to cover the costs associated with anticipated claims to be paid in 2011 (described below). Charges for Service revenue include 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 decrease \$50,000 and include the removal of \$71,000 budgeted in 2010 for coordination of benefit reimbursement revenues, which are instead to be netted against claims expenditures (reducing claims costs) by the third party administrator. In addition, interest income declines by \$66,000 to \$47,000 to be more in-line with prior year actual and current year estimates. This is partially offset by an increase in prescription drug rebates by \$87,000 to \$367,000 to be more in-line with prior year actual and current year estimates. Appropriated Health and Dental Insurance Fund Balance from reserves of \$423,000 is budgeted mainly to limit and smooth out projected health claim cost increases to County departments and to cover adjustments to this program's loss reserve (to cover projected claims reported in future years). Operating expenditures increase \$983,000, mostly due to an increase claims costs by \$1.14 million, based on actuarial projection that claims costs will rise by approximately 9.7% from current year estimated levels, primarily due to rising medical inflation rates. This is partially offset by a decrease in third party administrator (TPA) charges by \$130,000 to \$705,000, mainly from a favorable Request for Proposal (RFP) for TPA services conducted during 2010.

Note: Based on actuarial recommendation, \$1.7 million (approximately 10% of the \$17,579,000 in estimated claims paid) is to be reserved in the Health and Dental Insurance Fund Balance Reserves to be available for appropriation by ordinance if claims exceed appropriations in 2011.

Activity	2009 Actual (a)	2010 Budget (b)	2010 Estimate (c)	2011 Budget (b)	Budget Change
# of Health Ins. Contracts					
POS Single	385	383	378	373	(10)
Family	842	847	865	862	15
Total	1,227	1,230	1,243	1,235	5
H.S.A. Single	9	9	12	14	5
Family	6	6	7	9	3
Total	15	15	19	23	8

(a) Enrollment as of March 2009.

(b) The 2010 Budget figures are restated for comparative purposes to reflect figures used in the Countywide salary and benefit projection for the 2010 Budget, less vacant employees, whose eventual choice of health plan coverage is uncertain. 2011 Budget figures also exclude vacant positions.

(c) Based on employee health plan enrollment counts in the Payroll system as of 8/16/2010. 2010 Estimate is higher than the 2010 Budget mainly due to the creation of 18 FTE positions in the Sheriff's Department as part of a new police services contract with the City of Pewaukee.

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.

	2009 Actual	2010 Budget	2010 Estimate	2011 Budget	Budget Change
Staffing (FTE)	0.00	0.00	0.00	0.00	0.00
General Government	\$0	\$0	\$0	\$0	\$0
Fine/Licenses	\$0	\$0	\$0	\$0	\$0
Charges for Services	\$731,531	\$825,000	\$776,000	\$841,000	\$16,000
Interdepartmental	\$0	\$0	\$0	\$0	\$0
Other Revenues	\$31,899	\$33,000	\$23,000	\$23,000	(\$10,000)
Appr. Fund Balance	\$0	\$0	\$11,000	\$105,500	\$105,500
County Tax Levy	\$0	\$0	\$0	\$0	\$0
Total Revenues	\$763,430	\$858,000	\$810,000	\$969,500	\$111,500
Personnel Costs	\$0	\$0	\$0	\$0	\$0
Operating Expenses	\$670,471	\$857,100	\$809,100	\$968,600	\$111,500
Interdept. Charges	\$0	\$900	\$900	\$900	\$0
Fixed Assets	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$670,471	\$858,000	\$810,000	\$969,500	\$111,500
Operating Inc./(Loss)	\$92,959	-	-	-	-



Program Highlights

Based on actuarial recommendation, this fund estimates necessary premiums to cover the costs associated with anticipated claims to be paid in 2011 (described below). Charges for Service revenues, which consist of health insurance premiums paid by retirees (retirees pay 100% of premium costs), are budgeted to increase slightly by \$16,000 to \$841,000 to be more in-line with projected claims costs, mentioned below. Other revenues decrease by \$10,000, mainly due to a reduction prescription drug rebates by \$11,000 to \$19,000 to be more in-line with current year projections. Appropriated Health and Dental Insurance Fund Balance from reserves increases by \$105,500, mostly to cover the loss reserve adjustment, and to help cover potential claims costs that may exceed actuarial recommendation, mentioned below.

Operating expenditures increase by \$111,500, mostly due to an increase in estimated claims to be paid out by \$60,200 to \$830,200, based on actuarial projections that claims costs will rise by approximately 5% from the current year estimated levels. In addition, loss reserve expenditures (for projected claims to be reported in future years) increases by \$50,000 to \$61,000 in 2011, also based on actuarial recommendation.

Note: Based on actuarial recommendation, \$83,000 (approximately 10% of the \$830,200 in estimated claims paid) is to be reserved in the Health and Dental Insurance Fund Balance Reserves to be available for appropriation by ordinance if claims exceed appropriations in 2011.

Activity	2009 Actuals	2010 Budget	2010 Estimate	2011 Budget	Budget Change (b)
# of POS Retiree Health Ins. Contracts (a)					
Pre-Medicare					
Single	52	52	44	44	(8)
Family	5	7	10	10	3
Total	57	59	54	54	(5)
Medicare					
Single	20	19	14	14	(5)
Family	11	9	6	6	(3)
Total	31	28	20	20	(8)

- (a) Contract figures and the budget exclude retiree enrollment in the fully-insured Humana healthcare plan, which includes 218 participants in 2010.
- (b) Despite an estimated decrease in retiree enrollment, claims paid are estimated to increase, based on actuarial analysis, by approximately 5% from 2010 estimated levels.

Employee Dental Insurance

Program Description

This program area accounts for all costs associated with the operation of the self-funded Employee Dental Insurance program. This includes dental claims 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.

	2009 Actual	2010 Budget	2010 Estimate	2011 Budget	Budget Change
Staffing (FTE)	0.00	0.00	0.00	0.00	0.00
General Government	\$0	\$0	\$0	\$0	\$0
Fine/Licenses	\$0	\$0	\$0	\$0	\$0
Charges for Services	\$342,181	\$242,000	\$341,000	\$71,000	(\$171,000)
Interdepartmental	\$1,018,955	\$1,138,000	\$1,062,000	\$642,000	(\$496,000)
Other Revenue	\$8,384	\$12,000	\$3,000	\$3,000	(\$9,000)
Appr. Fund Balance	\$0	\$50,000	\$0	\$35,000	(\$15,000)
County Tax Levy	\$0	\$0	\$0	\$0	\$0
Total Revenues	\$1,369,520	\$1,442,000	\$1,406,000	\$751,000	(\$691,000)
Personnel Costs	\$0	\$0	\$0	\$0	\$0
Operating Expenses	\$1,278,179	\$1,440,400	\$1,401,400	\$749,400	(\$691,000)
Interdept. Charges	\$0	\$1,600	\$1,600	\$1,600	\$0
Fixed Assets	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$1,278,179	\$1,442,000	\$1,403,000	\$751,000	(\$691,000)
Operating Inc./(Loss)	\$91,341	-	\$3,000	-	-



Program Highlights

Charges for Service revenue, which consist of the employees' share (10%) of dental premiums, decreases by \$171,000, mostly due to the removal of the County's fully-insured dental plan (DentaCare) from this internal service fund budget, so that this Fund more consistently reports and budgets only self-insured plans (e.g., Guardian). Interdepartmental Revenues, which consists of the County's share of dental premiums paid for by County departments (90%), decreases by \$496,000, also mainly due to the removal of DentaCare from the budget. Other revenues consist of interest income, which decreases by \$9,000 to be more in-line with current year estimates. Appropriated Health and Dental Insurance Fund Balance from reserves is budgeted mainly to cover a loss reserve adjustment (to cover claims reported in the future budget years).

The decrease in operating expenditures by \$691,000 is also mostly due to the removal of the County's fully-insured dental plan (DentaCare) from this internal service fund budget, so that this Fund more consistently reports and budgets only self-insured plans (e.g., Guardian).

Activity	2009 Actual (a)	2010 Budget (b)	2010 Est. (c)	2011 Budget (b)	Budget Change
# of Dental Ins. Contracts					
Guardian					
Single	210	226	205	219	(7)
Family	495	510	522	524	14
Total	705	736	727	743	7
DentaCare ❖					
Single	162	157	151	156	(1)
Family	348	359	356	359	0
Total	510	516	507	515	(1)

❖ DentaCare is a fully-insured dental insurance plan that is removed in this 2011 Internal Service Fund Budget, and is budgeted at the lowest cost plan amount in departmental budgets and accounted for in General Fund Balance Sheet Accounts.

(a) Enrollment as of March 2009.

(b) The 2010 Budget figures are restated for comparative purposes to reflect figures used in the Countywide salary and benefit projection for the 2010 Budget, less vacant employees, whose eventual choice of dental plan coverage is uncertain. 2011 Budget figures also exclude vacant positions.

(c) Based on employee plan enrollment counts in the Payroll system as of 8/16/2010.

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.

	2009 Actual	2010 Budget	2010 Estimate	2011 Budget	Budget Change
Staffing (FTE)	0.00	0.00	0.00	0.00	0.00
General Government	\$0	\$0	\$0	\$0	\$0
Charges for Services	\$0	\$0	\$0	\$0	\$0
Interdepartmental	\$0	\$0	\$0	\$0	\$0
Other Revenue	\$0	\$0	\$0	\$0	\$0
Appr. Fund Balance	\$129,139	\$193,000	\$146,610	\$223,000	\$30,000
County Tax Levy	\$0	\$0	\$0	\$0	\$0
Total Revenues	\$129,139	\$193,000	\$146,610	\$223,000	\$30,000
Personnel Costs	\$0	\$0	\$0	\$0	\$0
Operating Expenses	\$129,014	\$190,500	\$146,610	\$220,500	\$30,000
Interdept. Charges	\$125	\$2,500	\$0	\$2,500	\$0
Fixed Assets	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$129,139	\$193,000	\$146,610	\$223,000	\$30,000

Operating Inc./(Loss)	-	-	-	-	-
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Program Highlights

Appropriated Health and Dental Insurance Fund Balance from reserves is increasing by \$30,000 to cover budgeted program increases described below.

Operating expenditures increase by \$30,000, mainly due to a projected increase in participation in the Health Assessment Program by both employees and spouses from 625 in the 2010 budget to 700 (600 employees, 100 spouses) in the 2011 budget. This includes an increase in contract costs for a firm to administer this program, by \$17,000 to \$140,000. Higher participation is estimated to increase program incentive costs, designed to encourage employees to participate, by \$4,500 to \$54,500. Other operating expenses increase by \$8,500, largely to extend programming to offsite work locations (e.g., the County's highway operations facility and the Communications Center) to further encourage participation among County employees, as well as expanding the smoking cessation program to employee spouses in 2011. Interdepartmental charge expenditures include \$2,500 for postage related to program mailings.

Activity	2009 Actual	2010 Budget	2010 Estimate	2011 Budget (a)	Budget Change
Health Assessment Participation					
# Participating	497	625	525	700	75
% of Work Force	35%	46%	36%	43%	-3%
Smoking Cessation Prog. Participation (a)					
# Participating	18	20	11	22	2
% of Work Force	1%	1%	1%	1%	0%
Weight Mgt. Prog. Participation					
# Participating	116	120	148	165	45
% of Work Force	8%	9%	11%	12%	3%
Fitness Activity Participation					
# Participating	325	350	407	550	200
% of Work Force	23%	26%	29%	39%	13%