

Health and Dental Self Insurance Fund

Sources of funds	Fiscal 2013 Actual	Fiscal 2014 Approved	Fiscal 2014 Actual		Fiscal 2015 Approved	Fiscal 2015 Est Supt		Fiscal 2016 Supt.	
Beginning Fund Balance	\$16,342,111	\$5,876,234	\$12,527,992	2	\$11,239,052	\$13,031,657	A	\$4,057,134	
Employee withholdings	\$15,473,026	\$17,162,260	\$16,117,036	5	\$16,507,140	\$16,507,140	B	\$17,868,440	I.
Use of Fund Balance									
Retiree payments	\$4,057,534	\$4,200,000	\$4,826,278	5	\$4,538,000	\$5,100,000	B	\$5,700,000	
COBRA, leave, etc	\$276,546	\$200,000	\$332,808	5	\$280,000	\$300,000	B	\$300,000	
Investment income			\$0						
Expo/Fitness Revenue			\$0						
Payment from Food Services	\$1,953,328	\$2,007,000	\$1,988,380	6	\$2,007,000	\$2,007,000	E	\$2,020,000	
Payment from Transportation	\$636,048	\$600,000	\$689,303	6	\$670,000	\$690,000	E	\$691,000	
Payment from Gen. Fund	\$67,277,160	\$75,877,910	\$75,877,910		\$76,000,000	\$78,000,000		\$84,000,000	II
Additional GF Contribution			\$5,297,316	3	\$2,000,000	\$0		\$0	
Year End Transfer	\$2,802,148		\$3,000,000	3	\$1,000,000	\$500,000	C	\$1,500,000	II.
Medicare Part D rebate	\$2,177,107	\$500,000	\$3,485,476	4	\$2,300,000	\$3,500,000	D	\$3,800,000	
Other Misc. Rev.	\$7,779,243	\$140,000	\$97,035	6	\$1,001,597	\$100,000	E	\$100,000	
Payment from Grants	\$1,456,892	\$1,200,000	\$1,705,952	6	\$1,500,000	\$1,600,000	E	\$1,700,000	
Subtotal user charges	\$103,889,032	\$101,887,170	\$113,417,494		\$107,803,737	\$108,304,140		\$117,679,440	
Total Funding	\$120,231,143	\$107,763,404	\$125,945,486		\$119,042,789	\$121,335,797		\$121,736,574	
Uses of funds									
Payroll Cash									
Non-Election Benefits	\$3,733,383	\$3,853,830	\$3,801,381		\$3,920,000	\$3,900,000		\$3,920,000	
Admin. Fees	\$5,731,247	\$5,939,190	\$5,703,887		\$6,140,150	\$6,188,690		\$7,356,550	III.
Claims payments	\$95,305,378	\$104,008,194	\$100,468,746	7	\$106,053,957	\$103,125,633	F	\$106,281,060	IV.
Increase to reserve		\$877,666		8					
PPACA Fees			\$55,288		\$929,370	\$929,370		\$647,830	
Flex Spending	\$0								
Wellness Program	\$1,762,715		\$1,758,676		\$2,026,500	\$2,033,450		\$1,991,110	
Other Expense	\$969,238	\$2,536,320	\$942,120		\$963,010	\$921,990		\$1,066,177	
Payment to Tech Fund	\$182,890	\$182,890	\$182,890		\$178,090	\$178,090		\$262,194	
Payment to Printing Fund	\$18,300	\$840	\$840		\$1,440	\$1,440		\$1,964	
Subtotal Uses	\$107,703,151	\$117,398,930	\$112,913,828	7	\$120,212,517	\$117,278,663		\$121,526,885	
Ending Fund Balance	\$12,527,992	(\$9,635,526)	\$13,031,658	1	(\$1,169,728)	\$4,057,134	G	\$209,689	VIII.

Fiscal 2014

1. In fiscal 2014, the school system's budget predicted that the Health Fund would end the year with a negative (\$9.6 million) fund balance — a deficit. In reality, the Fund ended with a \$13.0 million balance — a surplus. Items 2-6 show some of the reasons why:

2. Fiscal 2013 ended with a fund balance that was much higher than forecast: \$12.5 million rather than \$5.9 million. This rolled over to the start of fiscal 2014. For an explanation of what happened in fiscal 2013, see the Fiscal 2013 notes at the end of this report.
3. The school system made an additional \$5.3 million contribution to the Health Fund in fiscal 2014 and added \$3 million more via a year-end transfer. By comparison, in fiscal 2013 the school system added \$2.8 million to the Health Fund via year end transfers.
4. Medicare Part D rebates were budgeted at just \$0.5 million, but the school system received \$3.5 million in fiscal 2014. The virtually repeated what happened in fiscal 2013: school system budgeted \$0.5 million, but received \$2.2 million in Part D rebates.
5. Participant contributions were close to estimated: budgeted at \$21.6 million versus actual \$21.3 million.
6. All other revenues combined were budgeted at \$3.9 million, but came in at \$4.5 million.
7. Claims were \$3.5 million lower than projected: budgeted at \$104 million, but actual claims were actually \$100.5 million.
8. The school system did not appear to make a contribution to the previously-shown separate claims reserve. **Possible question:** what is the status of this claims reserve — last shown in the fiscal 2014 approved budget as Accrued Reserves (set aside) \$9,724,342?

Fiscal 2015

- A. Based upon fiscal 2014 actuals, the fiscal 2015 fund balance began at \$13 million instead of \$11.2 million – \$1.8 million higher than the fiscal 2015 approved budget.
- B. Participant contributions are now estimated to be \$21.9 million instead of the budgeted \$21.3 million – a difference of almost \$0.6 million.
- C. The school system now estimates a \$0.5 million year-end transfer into this fund instead of the \$1.0 million previously estimated. **Comment:** While year-end transfers into this fund are historically likely, it seems poor policy to build a budget that relies in part on leftover year-end funds — no other program or function is treated in this manner.
- D. Anticipates receiving \$1.2 million more in Medicare Part D rebates than budgeted. Note: fiscal 2016 budget includes a more realistic Part D rebate estimate.
- E. All other revenues are estimated to be \$4.4 million; about \$0.8 million lower than originally budgeted.
- F. Claims payments are projected to be almost \$3 million lower than originally budgeted. Possible question: Explain why have claims were over-estimated in fiscal 2014 and are now projected to be over-estimated in fiscal 2015.
- G. The ending fund balance is now projected to be a positive \$4 million versus the negative (\$1.2 million) originally budgeted.

Fiscal 2016

- I. Employee contributions increase by \$1.3 million **Possible question:** How much of this increase is due to new positions requested for fiscal 2016? For each new position, what amounts are added to the Health Fund for employee withholding and for payment of claims?
- II. Includes a significant additional payment from the General Fund in fiscal 2016. Note: Continues to partially rely on year-end transfers to fund this budget (see item D above).

	Fiscal 2014	Fiscal 2015 est	Fiscal 2016
Regular GF contrib	\$75,877,910	\$78,000,000	\$84,000,000

Additional contrib.	\$5,297,316	\$0	\$0
Year-end transf.	\$3,000,000	\$500,000	\$1,500,000
<i>Total</i>	<i>\$84,175,226</i>	<i>\$78,500,000</i>	<i>\$85,500,000</i>

The total General Fund contribution in fiscal 2016 is \$1.3 million higher than fiscal 2014. Comment: This somewhat indicates just how under-funded the fiscal 2015 contribution was.

II. Administrative costs increase by nearly \$1.2 million in fiscal 2016 – in part due to implementation of a new benefits administration system. Possible question: what is the cost/benefit analysis justifying the new system, particularly given the overall funding situation for the Health Fund?

IV. Anticipates claims costs rising by just \$3.1 million or about 3%. Some of this is due to new positions requested in the budget, so underlying claims assumptions are lower than 3%. **Possible questions:** What is the health claims inflation factor used in preparation of the fiscal 2016 budget? Are fiscal 2015 claims estimates still too high?

VIII. Predicts a tiny fund balance. **Comment:** given past history, a \$0.2 million balance is probably vastly underestimated.

Fund balances in past years:

Higher-than-budgeted fund balances are consistent with past history:

	Budget	Actual
Fiscal 2008	\$905,383	\$21,172,832
Fiscal 2009	\$1,307,856	\$18,038,570
Fiscal 2010	\$2,729,193	\$11,537,540
Fiscal 2011	\$0	\$21,642,934
Fiscal 2012	\$166,640	\$16,342,109
Fiscal 2013	\$3,864,674	\$12,527,992
Fiscal 2014	(\$9,635,526)	\$13,031,658
Fiscal 2015 est.	(\$1,169,728)	\$4,057,134
Fiscal 2016 supt.	\$209,689	-

Notes: Fiscal 2013 history

1. In fiscal 2013, the school system's budget predicted that the Health Fund would end the year with a \$3.9 million fund balance. In reality, the Fund ended with a \$12.5 million balance. Items 2-6 show some of the reasons why:

- 2.** A year end transfer increased the General Fund's contribution to the Health Fund by \$1.8 million
- 3.** The school system received \$2.1 million in reimbursements that were not originally budgeted.
- 4.** The fiscal 2013 actual figures show \$7.8 million in miscellaneous revenue that were not budgeted
- 5.** Claims (and other costs) were \$2.6 higher than budgeted