

SELF INSURANCE FUND (75)

INTERNAL SERVICE FUND

The City of Franklin is self insured for employee and retiree health and dental benefits. The fund captures the resources and expenditures for the active employee health benefits and active and retiree dental benefits. The program currently covers approximately 170 employees with approximately 120 employees electing family coverage. This does not include retirees as they are managed separately.

The fund resources consist principally of health and dental premiums. Employees contribute premiums via payroll deductions and the employer portion is contributed monthly. A rebate on Stop Loss premiums had added an element of resource the last few years; however, that is not likely for 2022. Income on accumulated reserves provides an additional resource.

Program costs include health and dental benefits, prescription drug benefit, claims processing costs, wellness program costs, stop loss insurance premiums, and flex plan administrative costs. Overall claims costs vary from year-to-year with some years exceeding resources. There is a sufficient Fund Balance in the Self-Insurance Fund to cover varying claim cycles.

A stop loss policy is acquired each year to act as a backstop for large claims at the individual participant level. That limit has changed over time and currently is \$80,000/year. In addition to the individual limit, there is a group deductible of \$75,000. Stop loss insurance recoveries are reductions to the benefit claims costs incurred. Annual costs include an estimate of the cost for incurred but not yet reported benefits. The claims administrator assists in estimating this amount annually. This service is currently out to bid due to the renewal rates that have been received.

In 2019, the City added a High Deductible plan option, thereby offering dual choice to employees and retirees. This had two significant impacts, a reduction in the number of participants electing coverage under the plan, and reduced plan benefit costs in total. With the addition of the High Deductible plan, the City began making contributions to Employee Health Savings Accounts.

In 2021, the plan offered lower out-of-pocket maximums, via the use of a Health Reimbursement Arrangement (HRA) provision; additional benefits with a mobile/in home service provider which has been very successful; and an added inducement for wellness activities.

For 2022, the offerings from 2021 are substantially the same, but there are a few administrative changes being made, all of which will be within the same cost parameters as the 2021 Budget. The first is the potential of a new third-party medical administrator (TPA) who retains the exact same network as the current TPA; provides expanded services; offers additional, integrated reporting including information from other benefit providers (i.e. pharmacy, stop loss, Nice, etc.); offers more flexibility for the future; integrates better with other providers; delivers better pricing, and is very strong from a customer service perspective. The second is a new third-party dental administrator who will bring overall improved network discounts allowing participants to obtain more services for their dental allowance, better pricing, and excellent customer service. This TPA provides a high match with the providers that employees are using today. And, the third is a new offering, a Benefit Resource Center; this includes: customer service representatives to assist with finding providers, obtaining detailed benefit information, assisting with the open enrollment process, and being able to answer just about any question posed in regard to the City's insurance benefits; a repository for the City's Plan Documents; and videos and tutorials that are available on demand for employees

BUDGET REPORT FOR CITY OF FRANKLIN
Fund 75 SELF-INSURANCE FUND

GL NUMBER	DESCRIPTION	2022 MAYOR RECOMMEND BUDGET	2022 DEPT REQUEST BUDGET	2021 PROJECTED ACTIVITY	2021 ORIGINAL BUDGET	2020 ACTIVITY	2019 ACTIVITY
Dept 0000 - GENERAL							
75-0000-4711	INTEREST ON INVESTMENTS	8,000	0	0	15,000	43,184	38,705
75-0000-4713	INVESTMENT GAINS/LOSSES	0	0	0	0	7,237	26,775
75-0000-4781	REFUNDS/REIMBURSEMENTS	0	0	0	59,650	0	0
NET OF REVENUES/APPROPRIATIONS - 0000 - GENERAL		8,000	0	0	74,650	50,421	65,480
Dept 0147 - ADMINISTRATION							
75-0147-5199 *	ALLOCATED PAYROLL COST	47,100	47,100	0	0	0	0
NET OF REVENUES/APPROPRIATIONS - 0147 - ADMINISTRA		(47,100)	(47,100)	0	0	0	0
Dept 5010 - MEDICAL INSURANCE							
75-5010-4701 *	GROUP HEALTH CHARGES-CITY	678,394	0	0	976,917	1,049,590	1,274,970
75-5010-4704	GROUP HEALTH CHG-MEDICAL-EMPLOYE	192,048	0	0	270,000	280,296	343,606
75-5010-4706	STOP LOSS PREMIUM REBATE	0	0	0	0	53,834	122,191
75-5010-4707	PHARMACY RX REBATES	123,400	0	0	85,150	70,683	56,131
75-5010-5424	MEMBERSHIPS/DUES	0	0	0	0	(702)	3,045
75-5010-5501	IncurMedClaimCurrentYrActive	708,726	0	0	859,723	706,315	682,795
75-5010-5502	PRESCRIPTION DRUG CLAIMS - ACTIV	0	0	0	0	124,756	163,735
75-5010-5503	CLAIM FEES - ACTIVE	0	0	0	48,031	91,606	119,003
75-5010-5504	MISC WELLNESS EXP - ACTIVE	79,533	0	0	79,533	20,386	72,500
75-5010-5505	STOP LOSS PREMIUMS - ACTIVE	191,334	0	0	236,592	222,583	332,966
75-5010-5506	REFUNDS-STOP LOSS COV - ACTIVE	0	0	0	0	(5,394)	22
75-5010-5507	SECTION 125-FLEX & MISC EXP - AC	0	0	0	0	19,919	(7,152)
75-5010-5509	INCURRED CLAIM-PR YR - ACTIVE	0	0	0	0	92,096	222,811
75-5010-5580	ACA TRANSITIONAL REINSURANCE FEE	0	0	0	0	1,257	1,338
75-5010-5589	TRANSFER TO OTHER FUNDS	0	0	0	0	0	(3,750)
NET OF REVENUES/APPROPRIATIONS - 5010 - MEDICAL IN		14,249	0	0	108,188	181,581	209,585
Dept 5011 - COBRA - TRADITIONAL PLAN							
75-5011-4703	COBRA- GROUP HEALTH CHARGES	0	0	0	0	0	1,634
75-5011-5501	COBRA-Incur Claim-Current Year	0	0	0	0	2,913	6,328
75-5011-5502	COBRA-PRESCRIPTION DRUG CLAIMS	0	0	0	0	5,421	7,828
75-5011-5509	COBRA-HEALTH-INCURRED CLAIM-PRIO	0	0	0	0	544	2,351
NET OF REVENUES/APPROPRIATIONS - 5011 - COBRA - TR		0	0	0	0	(8,878)	(14,873)
Dept 5012 - MEDICAL HIGH DEDUCTIBLE							
75-5012-4701 *	GROUP HEALTH CHARGES-CITY	1,616,885	0	0	1,236,452	1,375,909	1,162,710
75-5012-4704	GROUPHEALTH CHARGES-EMPLOYEE	274,929	0	0	208,630	214,408	183,146
75-5012-5162	EMPLOYER HSA CONTRIBUTION	152,250	0	0	224,650	180,281	98,125
75-5012-5501	INCURRED CLAIM-CURRENT YEAR	1,482,826	0	0	988,813	441,310	472,045
75-5012-5502	PRESCRIPTION DRUG CLAIMS	0	0	0	0	66,966	43,210
75-5012-5503	CLAIM FEES	0	0	0	59,010	53,004	40,834
75-5012-5504 *	MISC WELLNESS EXP	50,612	0	0	97,712	0	0
75-5012-5505	STOP LOSS PREMIUMS	455,611	0	0	304,018	291,722	220,927
75-5012-5509	INCURRED CLAIM-PRIOR YEAR	0	0	0	0	44,880	0
NET OF REVENUES/APPROPRIATIONS - 5012 - MEDICAL HI		(249,485)	0	0	(229,121)	512,154	470,715
Dept 5016 - COBRA - HIGH DEDCUTIBLE PLAN							
75-5016-5501	INCURRED CLAIM-CURRENT YEAR	0	0	0	0	0	2,102
75-5016-5502	PRESCRIPTION DRUG CLAIMS	0	0	0	0	0	13
NET OF REVENUES/APPROPRIATIONS - 5016 - COBRA - HI		0	0	0	0	0	(2,115)
Dept 5020 - DENTAL INSURANCE							
75-5020-4701	DENTAL CHARGES - CITY ACTIVE	115,000	0	0	112,000	119,661	111,844
75-5020-4703	GROUP HEALTH CHARGES-RETIREE	2,500	0	0	3,600	2,592	2,472
75-5020-4704	DENTAL - GRP HEALTH	55,000	0	0	60,000	57,295	57,150
75-5020-5501	Incur Dental Claim-Current Yr	165,000	0	0	165,000	125,318	139,419
75-5020-5503	DENTAL CLAIM FEES	14,000	0	0	14,000	14,496	14,117

BUDGET REPORT FOR CITY OF FRANKLIN

Fund: 75 SELF-INSURANCE FUND

GL NUMBER	DESCRIPTION	2022 MAYOR RECOMMEND BUDGET	2022 DEPT REQUEST BUDGET	2021 PROJECTED ACTIVITY	2021 ORIGINAL BUDGET	2020 ACTIVITY	2019 ACTIVITY
Dept 5020 - DENTAL INSURANCE							
75-5020-5509	DENTAL-INCURRED CLAIM-PRIOR YEAR	10,000	0	0	0	13,841	10,759
NET OF REVENUES/APPROPRIATIONS - 5020 - DENTAL INS		(16,500)	0	0	(3,400)	25,893	7,171
Dept 5021 - COBRA - DENTAL ACTIVE							
75-5021-5501	COBRA-DentalIncurClaimCurYr	0	0	0	0	188	2,890
75-5021-5509	COBRA-DENTAL-INCURRED CLAIM-PRIO	0	0	0	0	0	1,254
NET OF REVENUES/APPROPRIATIONS - 5021 - COBRA - DE		0	0	0	0	(188)	(4,144)
Dept 5025 - DENTAL - RETIREE							
75-5025-5501	Dental-Retiree-IncurClaim-CurrYr	4,500	0	0	5,500	5,720	3,318
75-5025-5503	DENTAL CLAIM FEES-RETIREE-CURREN	200	0	0	200	153	148
NET OF REVENUES/APPROPRIATIONS - 5025 - DENTAL - R		(4,700)	0	0	(5,700)	(5,873)	(3,466)
ESTIMATED REVENUES - FUND 75		3,066,156	0	0	3,027,399	3,274,689	3,381,334
APPROPRIATIONS - FUND 75		3,361,692	47,100	0	3,082,782	2,519,579	2,652,981
NET OF REVENUES/APPROPRIATIONS - FUND 75		(295,536)	(47,100)	0	(55,383)	755,110	728,353
BEGINNING FUND BALANCE		3,243,631	3,243,631	3,243,631	3,243,631	2,488,521	1,760,168
ENDING FUND BALANCE		2,948,095	3,196,531	3,243,631	3,188,248	3,243,631	2,488,521
DEPARTMENT 0147 ADMINISTRATION							
5199	ALLOCATED PAYROLL COST						
350	FOOTNOTE AMOUNTS:	0	47,100	0			
	From allocations worksheet						
	DEPT '0147' TOTAL		47,100				
DEPARTMENT 5010 MEDICAL INSURANCE							
4701	GROUP HEALTH CHARGES-CITY						
	FOOTNOTE AMOUNTS:	753,794	0	0			
	Regular employer premiums						
	FOOTNOTE AMOUNTS:	(75,400)	0	0			
	Less reduciton of employer premiums						
	DEPT '5010' TOTAL	678,394					
DEPARTMENT 5012 MEDICAL HIGH DEDUCTIBLE							
4701	GROUP HEALTH CHARGES-CITY						
	FOOTNOTE AMOUNTS:	1,767,398	0	0			
	Regular Employer premiums						
	FOOTNOTE AMOUNTS	(150,513)	0	0			
	Less employer reduction						
	ACCOUNT '4701' TOTAL	2,295,279					
5504	MISC WELLNESS EXP						
	FOOTNOTE AMOUNTS.	97,712	0	0			
	Dept Req						
	FOOTNOTE AMOUNTS.	(47,100)	0	0			
	Less Allocation from Gen Fund						
	ACCOUNT '5504' TOTAL	50,612					
	DEPT '5012' TOTAL	1,667,497					