

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 165 employees with approximately 111 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. Income on accumulated reserves provides additional revenues.

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.

In 2022, the offerings from 2021 were substantially the same, but there are a few administrative changes that were made, all of which were within the same cost parameters as the 2021 Budget. The first is a new third-party medical administrator (TPA) who retained the exact same network as the previous TPA; provided expanded services; offered additional, integrated reporting including information from other benefit providers (i.e. pharmacy, stop loss, Nice, etc.); offered more flexibility for the future; integrated better with other providers, delivers better pricing; and was very strong from a customer service perspective. The second was a new third-party dental administrator who brought overall improved network discounts allowing participants to obtain more services for their dental allowance, better pricing, and excellent customer service. This TPA provided a high match with the providers that employees were using in 2021. And, the third was a new offering, a Benefit Resource Center; this included: 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.

For 2023, there are no substantial plan design changes anticipated and no changes in funding for the Employer or the Employees. However, there is a required IRS change to the deductible for the qualified high-deductible health plan. There is also consideration of moving to a primary care model requirement for the health insurance premium discount rather than remaining with the biometrics model. And, the ancillary services, including Nice Healthcare and Humana Go365, are being reviewed.

Projected 2023 Health Insurance Budget - Actives and Retirees

Expenditure Detail:		2022 Budget	2023 Budget	Revenue Detail:		2022 Budget	2023 Budget
Specific Stop Loss		\$736,000	\$690,900	City of Active Employees		\$2,293,400	\$2,289,200
Aggregate Stop Loss		\$19,400	\$22,400	Active Employees		\$468,900	\$475,000
Medical Admin		\$117,900	\$142,700	City of Retirees		\$352,500	\$557,600
Total:		\$873,300	\$856,000	Retirees		\$174,800	\$163,100
Claims Costs (Net of Stop Loss/NIce)		\$2,152,700	\$2,298,000	Total:		\$3,289,600	\$3,484,900
Total Fixed & Claims:		\$3,026,000	\$3,154,000				
Other Costs:							
Consulting Fee		\$40,000	\$40,000				
Annual CORI Fee		\$1,500	\$1,600				
Total Fixed/Claims/Other		\$3,067,500	\$3,195,600				
HSA Contributions (Single/Beneficiary)		\$152,300	\$154,500				
HRA Coverage		\$126,900	\$103,000	Other Sources:			
Miscellaneous Costs			\$21,100	Stop Loss Dividends		\$0	\$0
Health Plan Administration Cost		\$47,100	\$47,100	Pharmacy Rebate Credit		\$123,400	\$88,000
NIce Healthcare Plan Cost		\$79,400	\$97,000	Investment Income		\$8,000	\$15,000
Go See Plan (fees and rewards)		\$21,000	\$21,000	Planned Parenthood End Balance		\$73,200	\$51,400
Total Health Insurance Fund Expenditures		\$3,494,200	\$3,639,300	Total Health Insurance Fund Revenue:		\$3,494,200	\$3,639,300
Employee Average Annual Cost		\$17,737	\$17,666.50				\$0
*Cost if a waived employee returns to the plan							

2023 vs 2022 Comparison		Participants	Overall Expenditure Budget	Cost per Participant
2022		197	\$3,494,200	\$17,737
2023		206	\$3,639,300	\$17,667
Difference:		9	\$145,100	(\$70)

*Participants = employees, not total members



City of Franklin, WI
Self Insurance - Fund 75

GL NUMBER	DESCRIPTION	2023 ADOPTED BUDGET	2023 DEPT REQ BUDGET	2022 PROJECTED ACTIVITY	2022 AMENDED BUDGET	2021 ACTIVITY
INVESTMENT EARNINGS						
75-0000-4711	INTEREST ON INVESTMENTS	15 000	15 000	25 000	8 000	48 685
75-0000-4713	INVESTMENT GAINS/LOSSES	-	-	-	-	(49,445)
	Total	15 000	15 000	25 000	8 000	(760)
MISCELLANEOUS REVENUE						
75-0000-4781	REFUNDS/REIMBURSEMENTS	-	-	3,000	-	-
	Total	-	-	3 000	-	-
	Net Revenue(Expenditures)-General	15 000	15 000	28 000	8 000	(760)
	Dept 0147 - ADMINISTRATION					
EMPLOYEE BENEFITS						
75-0147-5199	ALLOCATED PAYROLL COST	47,100	47,100	47 100	47,100	47,100
	Total	(47 100)	(47 100)	(47 100)	(47 100)	(47 100)
	Dept 0151 - FINANCE					
SERVICES & CHARGES						
75-0151-5491	BANK FEES	2,700	2,700	2 700	-	-
	Total	(47 100)	(47 100)	(47 100)	(47 100)	(47 100)
	Dept 5010 - MEDICAL INSURANCE					
MISCELLANEOUS REVENUE						
75-5010-4701	GROUP HEALTH CHARGES-CITY	689 200	689 200	650 000	678 394	722,956
75-5010-4704	GROUP HEALTH CHG-MEDICAL EMPLOYEE	180,000	180 000	180 000	192,048	204,323
	Total	869 200	869 200	830 000	870 442	927 279
SERVICES & CHARGES						
75-5010-5501	IncurMedClaimCurrentYrActive	600 000	600,000	500 000	708 726	447 596
75-5010-5502	PRESCRIPTION DRUG CLAIMS - ACTIVE	180 000	180 000	150 000	-	93 116
75-5010-5503	CLAIM FEES - ACTIVE	85 000	85 000	85 000	-	85 479
75-5010-5504	MISC WELLNESS EXP - ACTIVE	34 000	34 000	34 000	79 533	28 299
75-5010-5505	STOP LOSS PREMIUMS - ACTIVE	180 000	180 000	150 000	191 334	175 676
75-5010-5507	SECTION 125-FLEX & MISC EXP - ACT	1 300	1 300	1 300	-	(4 527)
75-5010-5509	INCURRED CLAIM-PR YR - ACTIVE	100,000	100,000	100,000	-	160 353
	Total	(1 180 300)	(1 180 300)	(1 020 300)	(979 593)	(985 992)
CHARGES FOR SERVICES						
75-5010-4706	STOP LOSS PREMIUM REBATE	-	-	50 000	-	48 415
75-5010-4707	PHARMACY RX REBATES	43,300	43 300	43,300	123,400	43,303
	Total	43 300	43 300	93 300	123 400	91 718
CLAIMS CONTRIB AND AWARDS						
75-5010-5580	ACA TRANSITIONAL REINSURANCE FEES	1 100	1,100	900	-	1,311
	Total	(1 100)	(1 100)	(900)	-	(1,311)
	Total Medical Insurance	(268 900)	(268 900)	(97 900)	14 249	31 694
	Dept 5011 - COBRA - TRADITIONAL PLAN					
MISCELLANEOUS REVENUE						
75-5011-4703	COBRA- GROUP HEALTH CHARGES	-	-	-	-	196
	Total	-	-	-	-	196
SERVICES & CHARGES						
75-5011-5501	COBRA-Incur Claim-Current Year	-	-	-	-	6 842
75-5011-5502	COBRA-PRESCRIPTION DRUG CLAIMS	-	-	-	-	1 407
75-5011-5509	COBRA-HEALTH-INCURRED CLAIM-PRIOR YEAR	-	-	3,000	-	862
	Total	-	-	(3 000)	-	(9 111)
	Total COBRA-Traditional Pain	-	-	(3 000)	-	(8 915)
	Dept 5012 - MEDICAL HIGH DEDUCTIBLE					
MISCELLANEOUS REVENUE						
75-5012-4701	GROUP HEALTH CHARGES-CITY	1 600 000	1 600 000	1 525 000	1 616 885	1 441 871
75-5012-4704	GROUPHEALTH CHARGES-EMPLOYEE	295,000	295,000	265 000	274,929	245 614
	Total	1 895 000	1 895 000	1 790 000	1 891 814	1 687 485
EMPLOYEE BENEFITS						
75-5012-5162	EMPLOYER HSA CONTRIBUTION	154,500	154 500	154,500	152,250	135,625
	Total	(154 500)	(154 500)	(154 500)	(152 250)	(135 625)

City of Franklin, WI
Self Insurance - Fund 75

GL NUMBER	DESCRIPTION	2023 ADOPTED BUDGET	2023 DEPT REQ BUDGET	2022 PROJECTED ACTIVITY	2022 AMENDED BUDGET	2021 ACTIVITY
SERVICES & CHARGES						
75-5012-5501	INCURRED CLAIM-CURRENT YEAR	1 140 000	1 140 000	950 000	1 482 826	971 770
75-5012-5502	PRESCRIPTION DRUG CLAIMS	198 000	198 000	198 000	-	108 875
75-5012-5503	CLAIM FEES	102 000	102 000	102 000	-	101 349
75-5012-5504	MISC WELLNESS EXP	-	-	-	50 612	-
75-5012-5505	STOP LOSS PREMIUMS	370 000	370 000	352 000	455 611	357 647
75-5012-5506	REFUNDS-STOP LOSS COVERAGE	-	-	-	-	(99 496)
75-5012-5509	INCURRED CLAIM-PRIOR YEAR	125,000	125,000	125,000	-	131 447
	Total	(1 935 000)	(1 935 000)	(1 727 000)	(1 989 049)	(1 571 592)
CHARGES FOR SERVICES						
75-5012-4707	RX CLAIM REBATES	38 000	38,000	28 000	-	15,806
	Total	38 000	38 000	28 000	-	15 806
	Total Medical High Deductible	(156 500)	(156 500)	(63 500)	(249 485)	(3 926)
Dept 5016 - COBRA - HIGH DEDUCTIBLE PLAN						
MISCELLANEOUS REVENUE						
75-5016-4703	GRP HEALTH CHRGS -COBRA HIGH DEDUCT	-	-	2,500	-	1,759
	Total	-	-	2 500	-	1 759
SERVICES & CHARGES						
75-5016-5501	INCURRED CLAIM-CURRENT YEAR	-	-	-	-	482
75-5016-5509	INCURRED CLAIM-PRIOR YEAR	1,000	1,000	1,000	-	-
	Total	(1 000)	(1 000)	(1 000)	-	(482)
	Total COBRA High Deductible	(1 000)	(1 000)	1 500	-	1 277
Dept 5020 - DENTAL INSURANCE						
MISCELLANEOUS REVENUE						
75-5020-4701	DENTAL CHARGES - CITY ACTIVE	122 400	122 400	102 000	115 000	118 882
75-5020-4703	GROUP HEALTH CHARGES-RETIREE	3 000	3 000	3 000	2 500	2 592
75-5020-4704	DENTAL - GRP HEALTH	60,000	60,000	55,000	55,000	54 455
	Total	185 400	185 400	160 000	172 500	175 929
SERVICES & CHARGES						
75-5020-5501	Incur Dental Claim-Current Yr	140 000	140 000	135 000	165 000	154 470
75-5020-5503	DENTAL CLAIM FEES	8 500	8 500	7 500	14 000	14 461
75-5020-5509	DENTAL-INCURRED CLAIM-PRIOR YEAR	9,000	9,000	9 000	10 000	13,162
	Total	(157 500)	(157 500)	(151 500)	(189 000)	(182 093)
	Total Dental Insurance	27 900	27 900	8 500	(16 500)	(6 164)
Dept 5021 - COBRA - DENTAL ACTIVE						
MISCELLANEOUS REVENUE						
75-5021-4703	COBRA-GROUP DENTAL CHARGES-ACTIVE	-	-	-	-	196
	Total	-	-	-	-	196
SERVICES & CHARGES						
75-5021-5501	COBRA-DentalIncurClaimCurYr	-	-	5 000	-	4 416
75-5021-5503	COBRA-DENTAL-CLAIM FEES	-	-	100	-	-
75-5021-5509	COBRA-DENTAL-INCURRED CLAIM-PRIOR YEAR	-	-	400	-	601
	Total	-	-	(5 500)	-	(5 017)
	Total COBRA Dental Active	-	-	(5 500)	-	(4 821)
Dept 5025 - DENTAL - RETIREE						
SERVICES & CHARGES						
75-5025-5501	Dental-Retree-IncurClaim-CurYr	-	-	5 000	4 500	7 248
75-5025-5503	DENTAL CLAIM FEES-RETIREE-CURRENT YEAR	-	-	100	200	145
75-5025-5509	DENTAL CLAIMS -PRIOR YEAR- RETIREE	-	-	-	-	128
	Total	-	-	(5 100)	(4 700)	(7 521)
	Total Dental Retiree	-	-	(5 100)	(4 700)	(7 521)

City of Franklin, WI
Self Insurance - Fund 75

GL NUMBER	DESCRIPTION	2023 ADOPTED BUDGET	2023 DEPT REQ BUDGET	2022 PROJECTED ACTIVITY	2022 AMENDED BUDGET	2021 ACTIVITY
	Dept 5026 - COBRA - DENTAL - RETIREE					
MISCELLANEOUS REVENUE						
75-5026-4703	COBRA-RETIREE DENTAL CHARGES-RETIREE	-	-	-	-	239
	Total	-	-	-	-	239
	Total COBRA Dental Retiree	-	-	-	-	239
	ESTIMATED REVENUES - FUND 75	3 045 900	3 045 900	2 931 800	3 066 156	2 899 847
	EXPENDITURES - FUND 75	3 479 200	3 479 200	3 118 600	3 361 692	2 945 844
	NET OF REVENUES/EXPENDITURES - FUND 75	(433,300)	(433,300)	(186,800)	(295,536)	(45,997)
	BEGINNING FUND BALANCE	3,010,833	3 010,833	3 197,633	3,197 633	3 243,631
	ENDING FUND BALANCE	2,577,533	2,577,533	3,010,833	2,902,097	3,197,634