

SELF INSURANCE FUND (75)

INTERNAL SERVICE FUND

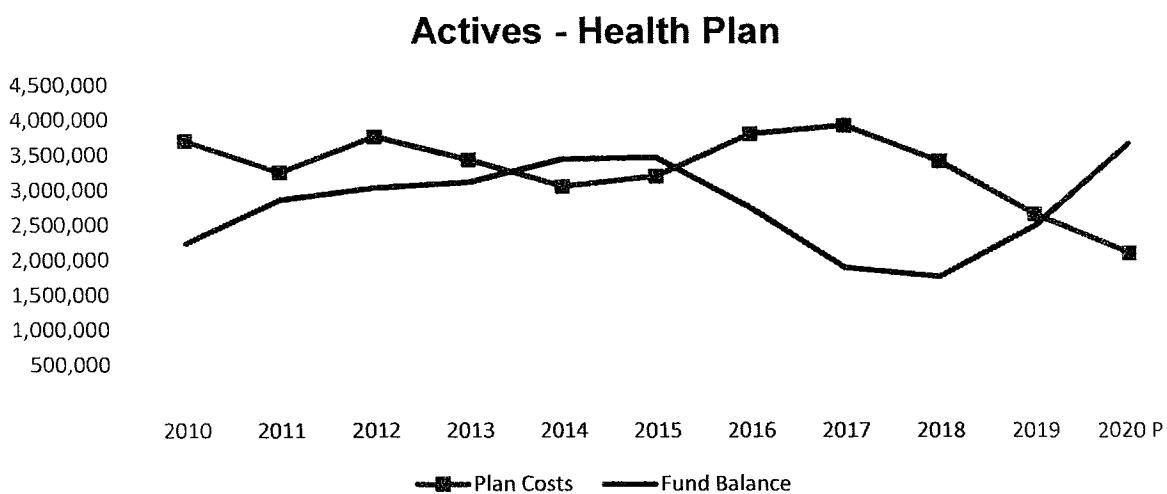
The City of Franklin is self insured for employee & retiree health and dental benefits. The fund captures the resources and expenditures for the Active Employee health benefits and active and retiree dental benefits. The program currently covers approximately 170 employees with 130 of that electing family coverage. This does not include any retirees.

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. 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. 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.

In 2019, the City added a High Deductible option. 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 is making contributions to Employee Health Savings Accounts.

In 2021, the Plan will offer lower out of pocket maximums, via the use of a Health Reimbursement provision, additional benefits in home service provider, and added inducement for wellness activities. Lastly, a Family Savings Plan provision to shift risk to other plan providers.



The program is administered thru United Health Insurance Company, who acts as the Third-Party Administrator for benefit payments, and provides benefit plan networks.

A Stop Loss Insurance policy is acquired each year to act as a shock absorber 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.

Claims costs vary from year to year with some years exceeding resources.