

ENROLLED ORDINANCE 173-054

MODIFY 2018 HEALTH AND DENTAL INSURANCE FUND BUDGET

WHEREAS, Waukesha County established the Health and Dental Insurance Fund in the 2009 budget as an internal service fund to account for all claims and costs filed against and paid by the county's self-insured insurance programs and the premiums and other revenues that fund these claims expenses; and

WHEREAS, this fund includes both an active employee health insurance program, which is funded mostly through a premium share between employees and the county, and a retired employee health insurance program, which is funded 100% by retiree premiums and related revenues; and

WHEREAS, to guard against higher-cost individual claims, the county purchases stop loss insurance, which reimburses the county for claims expenses above \$350,000; and

WHEREAS, during 2018 the active employee health insurance program is estimated to be about \$1.2 million over budget largely for higher-cost claims, and the retiree health insurance program is estimated to be approximately \$800,000 above budget due to higher-than-anticipated claims expenses; and

WHEREAS, these claims can be funded with a combination of above-budget stop loss insurance reimbursements, prescription drug rebate revenues, and fund balance generated from favorable program results over the years.

THE COUNTY BOARD OF SUPERVISORS OF THE COUNTY OF WAUKESHA ORDAINS that the 2018 Health and Dental Insurance Fund budget be modified by increasing operating expenses \$2,000,000, other revenues by \$1,200,000, and appropriated Health and Dental Insurance Fund balance by \$800,000 to fund estimated above budget claims expenses.

MODIFY 2018 HEALTH AND DENTAL INSURANCE FUND BUDGET

Presented by:
Finance Committee

Approved by:
Human Resources Committee


James A. Heinrich, Chair


Larry Nelson, Chair


Timothy Dondlinger



Michael A. Crowley


Tyler J. Foti


Joel R. Gaughan


Thomas A. Michalski


Thomas A. Michalski


Richard Morris


William A. Mitchell


Duane E. Paulson


Jeremy Walz


Ted Wysocki

Absent
Ted Wysocki

The foregoing legislation adopted by the County Board of Supervisors of Waukesha County, Wisconsin, was presented to the County Executive on:

Date: 10/28/18, 
Kathleen Novack, County Clerk

The foregoing legislation adopted by the County Board of Supervisors of Waukesha County, Wisconsin, is hereby:

Approved: X
Vetoed: _____

Date: 10/28/18, 
Paul Farrow, County Executive

FISCAL NOTE


MODIFY 2018 HEALTH AND DENTAL INSURANCE FUND BUDGET

This ordinance increases operating expense appropriations in the Health and Dental Insurance Fund Budget by \$2 million to fund projected above-budget health claims expenses, including \$1.2 million for the active employee health insurance program and \$800,000 in the retired employee health insurance program.

Projected above-budget claims expenses for the active employee program are largely due to higher-cost individual claims, for which the county receives a reimbursement from its stop loss insurance carrier for expenses above \$350,000. This ordinance appropriates \$1.1 million of estimated unbudgeted stop loss reimbursement revenues and \$100,000 of estimated above budget prescription drug reimbursement revenues to cover the additional needed expenditure authority. (The county does not budget for stop loss reimbursement revenues due to its unpredictability.)

For the retired employee program, there are no known stop loss eligible claims contributing to above budget costs. However, this program has relatively lower enrollment than the active employee program (89 retiree contracts versus 1,177 active contracts, as of July 2018), where a smaller number of participants can lead to claims expense volatility. The retiree program is 100% funded by retirees through premiums and related revenues. Prior-year favorable results from this program exceed \$800,000, which are available as fund balance for appropriation to cover these above-budget claims expenses. Retiree premium rates will increase 10% in 2019 reflecting higher recent claims experience. Retiree premium rates have not been increased for at least the last five years while the program was generating consistent favorable results.

This ordinance is funded with projected above-budget revenues and prior-year Health Insurance Fund balance and does not result in any direct impact on tax levy.


Norman A. Cummings
Director of Administration

10/1/2018

BPD

JE# 2018-00010801

D1 - Foti	AYE	D14 - Wood	AYE
D2 - Zimmermann	AYE	D15 - Mitchell	AYE
D3 - Morris	Absent	D16 - Crowley	AYE
D4 - Batzko	AYE	D17 - Paulson	AYE
D5 - Dondlinger	(2) AYE	D18 - Nelson	AYE
D6 - Walz	AYE	D19 - Cummings	AYE
D7 - Grant	AYE	D20 - Schellinger	AYE
D8 - Michalski	AYE	D21 - Gaughan	AYE
D9 - Heinrich	(M) AYE	D22 - Wysocki	AYE
D10 - Swan	AYE	D23 - Hammitt	AYE
D11 - Howard	AYE	D24 - Whittow	AYE
D12 - Wolff	AYE	D25 - Johnson	AYE
D13 - Decker	AYE		

173-0-054

Passed (24 Y - 0 N - 1 Absent)

17 YES Needed >