

## EMPLOYEE HEALTH BENEFITS

Employee Health Benefits account for the costs associated with medical benefits, dental benefits, and short term disability for County employees. The cost of these self-insured benefits are funded through an internal service fund established for the purpose of administering the County's comprehensive coverage for employees. The Employee Life and Health Benefits Fund is administered by the Personnel Department.

### 0606 Employee Health Benefits

#### Department Revenues by Fund

	FY07 Budget	FY08 Request	Variance	%
0606 INTERNAL SERVICES CHARGES	32,781,850	32,344,020	-437,830	-1.3%
CHARGE FOR SVC-OTHER	11,768,810	11,711,210	-57,600	-0.5%
INTEREST EARNINGS	617,500	855,000	237,500	38.5%
REIMBURSEMENTS	0	1,000	1,000	N/A
OTHER MISCELLANEOUS REVENUES	380,000	1,000	-379,000	-99.7%
BEGINNING FUND BALANCE	20,887,080	24,293,200	3,406,120	16.3%
<b>TOTAL REVENUES</b>	<b>66,435,240</b>	<b>69,205,430</b>	<b>2,770,190</b>	<b>4.2%</b>

#### Department Expenditures by Fund/Cost Center

	FY07 Budget	FY08 Request	Variance	%
0606 5402000 PERSONNEL--EMPLOYEE HEALTH BENEFITS	45,064,460	44,411,130	-653,330	-1.4%
Subtotal Expenditures	45,064,460	44,411,130	-653,330	-1.4%
RESERVES	21,370,780	24,794,300	3,423,520	16.0%
<b>TOTAL EXPENDITURES</b>	<b>66,435,240</b>	<b>69,205,430</b>	<b>2,770,190</b>	<b>4.2%</b>
Less: Reserves	-21,370,780	-24,794,300	-3,423,520	
<b>TOTAL EXPENDITURES W/O RESERVES</b>	<b>45,064,460</b>	<b>44,411,130</b>	<b>-653,330</b>	<b>-1.4%</b>

### SUMMARY OF OPEB SCENARIOS (OTHER POST-EMPLOYMENT BENEFITS)

Annual Expenditures needed to satisfy the Annual Required Contribution (ARC) to fund the OPEB liability (source: Buck Consultants)

Funded Plan for UPS participants--Current Benefit Design	17,616,000
Funded Plan for Sheriff participants--Current Benefit Design	14,563,000
<b>Total Funded Plan--Current Benefit Design</b>	<b>32,179,000 Annually</b>

If 20% of the Post-65 Retirees choose the Medicare Advantage Plan instead of the current plan:

Funded Plan for UPS participants	15,558,100
Funded Plan for Sheriff participants	12,861,670
<b>Total Funded Plan--20% Shift to Medicare Advantage Plan</b>	<b>28,419,770 Annually</b>

Note: The General Fund bears 54% of the UPS participant cost

#### Personnel Summary

	FY07 Budget	FY08 Request	Variance
Total Permanent Positions	0	0	0

## Pinellas County FY08 Budget Development

### Budget Summary Analysis

#### **SFA: Effective Government**

#### **Department: Personnel–Employee Health Benefits**

#### **Fund 0606 – Employee Health Benefits Fund**

- Excluding Reserves, the FY08 Request reflects a decrease of \$653,330 or 1.4% under the FY07 Revised Budget.
  - The Personal Services Budget request reflects a decrease of \$1,066,310 or -2.5% due to lower short-term disability payments, a modest 6.5% increase in health claims experience, and slower growth in enrollment in the health plans than in previous years. The FY07 budget included \$2,000,000 to absorb expected growth in health plan enrollment, which has not occurred. The FY08 health plan budget assumes no enrollment growth.
  - The Operating Expenses Budget request increases by \$412,980 or 12.8% due to additional costs for actuarial valuations for the Other Post-Employment Benefits (OPEB) liability and additional charges for disease state management.
  - Reserves increased \$3,423,520 or 16.0%, due to a higher Beginning Fund Balance in FY08 than in FY07. Since the County is self-insured for health, dental, and short-term disability benefits; the fund is required by F.S. 112.08 to maintain a reserve sufficient to pay two months of claims, which is approximately \$6 million. The remaining reserves are available for use to fund an initial OPEB contribution to partially fund the first year of OPEB contributions. OPEB contributions in future years must come from another source of funds.
- Excluding Fund Balance, the FY08 revenues generated by the Employee Health Benefits Fund are decreasing by \$635,930 or 1.4% under the FY07 Revised Budget.
  - The revenue decrease in both Internal Service Charges and Charges for Service-Other is due to slower enrollment growth. The FY07 revenue budget assumed a 10% enrollment growth from new positions and back-filling retirees. The FY08 revenue budget assumes no enrollment growth above the current amount. Internal Service Charges are the employer contributions to the benefit plans. The Charges for Service-Other are the employee and retiree contributions to the benefit plans.

## Pinellas County FY08 Budget Development

### Budget Summary Analysis

- Interest Income is increasing as the size of the fund balance increases.
- Reimbursements and Other Miscellaneous Revenues are budgeted lower in FY08 and in FY07 due to the unpredictability of these income streams.
- Beginning Fund Balance is increasing \$3,406,120 or 16.3% from FY07 to FY08 due to lower cost trends in FY07 for health and dental benefits claims.

## Pinellas County FY08 Budget Development - Growth Trends - 5-Year History

### Employee Health Benefits

Year	Budget *	Increase (Decrease) from Previous Year	Percent Change from Previous Year	Positions	Increase (Decrease) from Previous Year	Percent Staff Change From Previous Year
2002	\$39,886,940			0		
2003	\$50,011,530	\$10,124,590	25.4%	0	0	N/A
2004	\$55,714,030	\$5,702,500	11.4%	0	0	N/A
2005	\$60,852,880	\$5,138,850	9.2%	0	0	N/A
2006**	\$38,804,190	(\$22,048,690)	-36.2%	0	0	N/A
2007	\$45,064,460	\$6,260,270	16.1%	0	0	N/A

\*Excluding Reserves.

\*\*Sheriff left this fund and formed their own health fund.

**Employee Health Benefits Budget 2002 - 2007**

