

# Financial Policy – Health Insurance Management

Resolution Number 2024- Effective for the FY25 Budget 10-01-2024

This Financial Policy supersedes and replaces any previous versions

## HEALTH INSURANCE MANAGEMENT

**Purpose:** The Health Insurance Fund is an Internal Service Fund, created by Chapter 28 of the Alachua County Code, to account for health insurance transactions of the County where the County retains risk. The fund accounts for Health, Wellness, Prescriptions, Dental and Vision insurance coverage for employees and retirees of the County, Library, and Constitutional Officers. This document serves to establish the framework for the fund.

**Policy:** To show the citizens, elected officials, employees, unions, actuarial providers, health care providers and prospective investors (bond buyers) the County's commitment to sound financial management and fiscal integrity related to maintaining the County's health-insurance fund. To improve the County's fiscal stability by helping County officials plan fiscal strategy in a consistent manner.

**Background:** The County self-insures for the following employee benefits: health, primary care clinic, wellness program, and prescriptions. The County offers "off the shelf" policies for dental and vision. The County pays the premiums for the benefits as provided for in the union contracts and Board adopted shared rates. The employees pay a portion of the related costs and have the option to select and pay for additional benefits. Retirees and former employees and dependents covered by Consolidated Omnibus Budget Reconciliation Act (COBRA) may also purchase these benefits.

### **Procedure:**

#### **1) Financial Goals**

- a) To maintain the financial viability of the Fund in order to ensure adequate levels to support the employee benefit.
- b) To maintain financial flexibility in order to continually adapt to claims and economic changes.
- c) To maintain and enhance appropriate levels of reserve to provide for the health, safety and welfare of the County's employees participating in the health plans.
- d) The Health Insurance Fund will be maintained at a level that will, together with purchased insurance policies, adequately fund medical claims risk in accordance with Chapter 28 of the Alachua County Code.
- e) A qualified actuarial firm shall be retained on an annual basis in order to recommend appropriate funding levels.

- f) The Health Insurance Fund shall be analyzed as part of the annual budget process.

## **2) Premiums**

- a) Annually, the Risk Management Division shall recommend premium rates for each type of health benefit for single, employee+1, and family coverage. The rate shall be determined using current market data and the County's claims history.
- b) The Self Insurance Fund premiums charged to the various funds and departments will be the illustrated rate for the benefits selected by the employees assigned to them.
- c) Various credits and savings may be offered to offset premiums and employee cost, such as, wellness programs, vaccination programs, and HRA's for high deductible plans.
- d) Alachua County, Florida - Code of Ordinances Chapter 28 – Self-Insurance Programs Sec. 28.02(b)(2) – includes the administration of a health insurance supplement for employees retiring from Alachua County and participating governmental entities. Effective October 1, 2023, the supplement will match the State of Florida retiree health insurance supplement amount for the years of service with the County. Adjustments made by Florida legislative action that affect the retiree health insurance supplement rate will be incorporated into the County's plan and included in the budget pursuant to their effective date. All participants will follow the County's administrative procedures.

## **3) Reserve Funds**

- a) The Florida Office of Insurance Regulation strongly encourages at least 60 days of anticipated claims, as set by an actuary. An actuarial best practice is to establish 120 days of anticipated claims as a reserve, and as such will be the requirement for the fund.
- b) No additional premiums will be charged to establish the reserve without County Commission approval.
- c) An annual evaluation will be made during the annual budget process to identify health insurance industry trends and projections to develop long range planning to fund reserves and premium costs to adequately support the funds claims and expenditures.

- d) In any fiscal year where the County is unable to maintain the minimum reserve as required in this section, Risk Management will present a strategy to comply within two (2) fiscal years.

**4) Consultant Reviews**

- a) An actuary will be retained to evaluate the position of the funds and project future costs to assist in establishing premium rates.
- b) The County may retain health consultants to review plan details, evaluate cost of changes, review programs such as the clinic or wellness efforts, notify and recommend changes based on industry activity, and assist with acquiring excess coverage or specialty insurances.

**5) Reporting and Audits**

- a) Balanced revenue and expenditure forecasts will be prepared to examine the County's ability to maintain health insurance benefits and control premium increases.
- b) The financial accounting of the fund will be included with the Annual Comprehensive Financial Report of the County and will be a part of the annual audit.
- c) Annual budget and actual reports will be presented to the Self-Insurance Review Committee (SIRC) to assist the committee in making recommendations to the Board of County Commissioners.
- d) As a part of the annual budget process, the County Manager will recommend appropriate premiums and funding levels to the Board of County Commissioners in conjunction with SIRC's recommendations.

**AS ADOPTED BY THE BOARD OF COUNTY COMMISSIONERS**

History:

Resolution 22-06 Dated 01/25/2022

Resolution 23-08 Dated 02/28/2023

Resolution 23-52 Dated 08/01/2023