

# Self-Insurance Internal Service Fund-Dental

## General Government

Ted Cwiek, Human Resources Director

Internal Service Fund	2017-2018 Actual	2018-2019 Adjusted	2019-2020 Requested	2019-2020 Recommended	Increase/ (Decrease)
<b>Expenditures</b>					
Services & Supplies	\$113,751	\$160,494	\$141,870	\$141,870	(\$18,624)
Centrally-Budgeted Expenses	30,001	18,064	(3,246)	(3,246)	(21,310)
Medical And Dental Insur ISF Ex	5,541,983	6,154,000	6,149,000	6,149,000	(5,000)
<b>Total Appropriations</b>	<b>\$5,685,735</b>	<b>\$6,332,558</b>	<b>\$6,287,624</b>	<b>\$6,287,624</b>	<b>(\$44,934)</b>
<b>Earned Revenues By Source</b>					
Interest/Rents	\$56,750	\$20,000	\$75,000	\$75,000	\$55,000
Self-Insurance Revenue	5,493,867	5,370,000	5,370,000	5,370,000	0
<b>Total Revenues</b>	<b>\$5,550,617</b>	<b>\$5,390,000</b>	<b>\$5,445,000</b>	<b>\$5,445,000</b>	<b>\$55,000</b>
<b>Revenues Over/(Under) Expenses</b>	<b>\$135,118</b>	<b>\$942,558</b>	<b>\$842,624</b>	<b>\$842,624</b>	<b>(\$99,934)</b>

- Medical and Dental Insurance ISF Expenses includes self-insurance claims paid by the Dental Insurance budget.

## Purpose

The Dental Insurance (#8592600000) budget provides for the centralized administration of the County's self-funded employee dental benefit program.

The County's self-funded insurance programs are designed to provide quality, cost-effective benefits to eligible members. In addition to the self-funded dental plan, the County also offers a fully-funded dental plan which is not addressed in this budget.

## Major Budget Changes

### Services & Supplies

- (\$18,624) Decrease in administrative expenses.

### Centrally-Budgeted Expenses

- (\$5,000) Decrease in administrative fee costs.

### Revenues

- \$55,000 Increase in interest income reflecting actual experience.

## Program Discussion

The 2019-2020 recommended budget for the self-funded dental insurance program is \$6,287,624, which is a decrease of \$44,934 from the 2018-2019 adjusted budget.

The County offers dental plans through two vendors: United Healthcare and Delta Dental. The majority of employees are enrolled in Delta Dental due to a larger network of providers. The fully-insured United Healthcare plan covers 500 employees (9%). The Delta Dental self-insured plan covers 5,143 employees (91%).

The County will be adding two additional plan designs through Delta Dental this year: A core plan and a buy-up plan and will also maintain the current standard plan. These plans all provide different plan designs, which will provide options to employees and their families. All increased costs will be borne by the employee, so there is no financial impact to the County. The County will introduce the new plan options to unrepresented employees this open enrollment period.

The self-insured plans are administered through the California State Association of Counties Excess Insurance Authority. In December 2018, an actuarial report was completed. Major findings and recommendations are as follows:

- As of March 31, 2019, the program has a cash balance of \$4,413,566.
- Industry best practices dictate a reserve equal to four months of actual claims expenses, which is

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approximately \$2.0 million. Therefore, the County will not implement the actuary's recommended rate increase of 5.38% for 2019-2020, but instead will be providing a rate pass in order to gradually and responsibly draw down excess reserves in the dental fund.

- Based on a comprehensive review of all dental plan expenditures, staff anticipates reducing the reserve fund balance by \$911,248 with the anticipation of bringing down the year-end fund balance to approximately \$3.5 million.