



Legislation Text

File #: 13-1247, **Version:** 4

Chief Administrative Office, Risk Management Division, recommending the Board approve and authorize the Chair to sign Budget Transfer increasing appropriations and use of fund balance in the Health Fund by \$5,958,968 for the disbursement of excess Health funds. (Refer 11/5/13, Item 7) (4/5 vote required)

FUNDING: Health Fund.

Fiscal Impact

The attached Budget Transfer increases appropriations and use of Health Fund balance by \$5,958,968. The Budget Transfer will allow \$4,493,760 to be returned to departments and will provide funding for \$1,465,208 returned to employees.

Background

In July 2011, the County transitioned from a self-insured program for the Blue Shield plan into a fully insured program as part of the California State Association of Counties Excess Insurance Authority (CSAC EIA). As a result of this transition, actuarial reserve funds need to be returned to County departments, employees, and retirees.

On November 5, 2013 the Board approved the issuance of a one-time return of funds. The return of funds consists of two portions: funds due to County departments and funds due to employees and retirees who were enrolled in County health plans as of June 30, 2012. Staff is currently implementing the return of funds and the following actions have been completed:

- Active Employees - Enrollees eligible for a return of funds who are active County employees received their portion of funds as an addition to their regular paychecks. The disbursement took place in pay period 24 on November 22, 2013. The total funds disbursed were \$1,046,961.01.
- Separated Employees - Eligible employees who were in active employment on June 30, 2012, but who have since separated from County service have received checks for the disbursement of funds. The total funds disbursed were \$146,553.52.
- Retirees - Retirees who participated in a County retiree health plan on June 30, 2012, and are still enrolled in a health plan have received their return of funds in the form of a billing account credit applied to the December 2013 bill. The total amount of funds returned via account credits is \$15,667.43. Those retirees who have since ended their participation in retiree health plans have received their return of funds by check. The total of checks sent is \$1,895.14. Together, the total retiree portion is \$17,562.60.

- Outside Agencies - Outside Agencies which participate in the County's Health Plans are eligible for the return of both the employee and employer (agency) portion of the return of funds. Funds have been returned to eligible Outside Agencies by check in a total amount of \$219,159.34.

Additional payments will continue to be made to eligible retirees and separated employees who have not yet responded to Risk Management providing current information. Funds totaling \$34,971.86 have been reserved for these payments.

Items remaining to be completed:

- Disbursement of funds due to County departments.
- Reimbursements of payments made by departments to employees - Payments to active and separated employees were paid by County departments. These payments will be reimbursed by the Health Fund.

These items require a Budget Transfer to appropriate funds prior to completion.

Recommendation

Staff recommends the approval of a Budget Transfer increasing appropriations and use of fund balance in the Health Fund by \$5,958,968. These funds are either to be paid directly to eligible employees/retirees or returned to the departments. The expenditures from the Health Fund need to be authorized by Budget Transfer. The appropriations consist of:

- Employer portion of \$4,493,760 to be returned to departments.
- Employee portion of \$1,465,208 to be returned to employees / retirees and to refund departments for payments made to employees / retirees through payroll.

Action(s) to be taken following Board approval

The Chair will sign Budget Transfer and forward to Auditor/Controller for processing.

Chief Administrative Office and Risk Management staff, in coordination with the Auditor-Controller's Office, will complete and finalize the disbursement of excess funds.