

**SELF-INSURANCE
INTERNAL SERVICE FUND
FUND 75**

The City of Franklin is self-insured for employee and retiree health and dental benefits. The fund captures the resources and expenditures for the active employee health benefits and active and retiree dental benefits. The program currently covers approximately 164 employees, with approximately 115 employees electing family coverage. This does not include retirees, as they are managed separately.

The fund resources consist principally of health and dental premiums. Employees contribute premiums via payroll deductions; the employer portion is paid monthly. Income on accumulated reserves provides additional revenues.

Program costs include health and dental benefits, prescription drug benefits, claims processing costs, wellness program costs, stop-loss insurance premiums, and flex plan administrative costs. Overall claims costs vary yearly, with some years exceeding resources. There is a sufficient Fund Balance in the Self-Insurance Fund to cover varying claim cycles.

Each year, a stop-loss policy is acquired as a backstop for large claims at the individual participant level. That limit has changed over time and currently is \$80,000/year. In addition to the individual limit, there is a group deductible of \$75,000. Stop-loss insurance recoveries are reductions to the benefit claims costs incurred. Annual costs include an estimated cost for incurred but not yet reported benefits. The claims administrator assists in estimating this amount annually. This service is currently out to bid due to the renewal rates received.

In 2019, the City added a High Deductible plan option, offering dual choice to employees and retirees. This had two significant impacts, a reduction in the number of participants electing coverage under the plan and reduced plan benefit costs. With the addition of the High Deductible plan, the City began contributing to Employee Health Savings Accounts.

In 2021, the plan offered lower out-of-pocket maximums via a Health Reimbursement Arrangement (HRA) provision; additional benefits with a mobile/in-home service provider, which has been very successful; and an added inducement for wellness activities.

In 2022, the offerings from 2021 were substantially the same, but a few administrative changes were made, all within the same cost parameters as the 2021 Budget. The first is a new third-party medical administrator (TPA) who retained the same network as the previous TPA; provided expanded services; and offered additional, integrated reporting, including information from other benefit providers (i.e., pharmacy, stop loss, Nice, etc.); offered more flexibility for the future; integrated better with other providers; delivers better pricing; and was very strong from a customer service perspective. The second was a new third-party dental administrator who brought improved network discounts allowing participants to obtain more services for their dental allowance, better pricing, and excellent customer service. This TPA provided a high match with the providers that employees were using in 2021. The third was a new offering, a Benefit Resource Center; this included: customer service representatives to assist with finding providers, obtaining detailed benefit information, assisting with the open enrollment process, and being able to answer just

City of Franklin, WI
2024 Self-Insurance

about any question posed regarding the City's insurance benefits; a repository for the City's Plan Documents; and videos and tutorials that are available on demand for employees.

For 2023, no substantial plan design changes were made, and no changes in funding for the Employer or the Employees. However, a required IRS change to the deductible for the qualified high-deductible health plan was required. The City moved to a primary care model requirement for the health insurance premium discount rather than remaining with the biometrics model.

For 2024 no substantial plan design changes will be made; however, IRS rules will require us to increase the deductible for the High-Deductible Health Plan. The wellness plan we had offered for the last few years, Go365, is discontinued by Humana effective 12/31/23. Due to higher-than-expected claims experienced in the past year, our premiums will need to be increased for 2024. These increases will be the first in five years and affect employee and city-funded contributions.

City of Franklin, WI
Self Insurance Fund - Fund 75

GL NUMBER	DESCRIPTION	2024 ORIGINAL BUDGET	2024 DEPT REQ BUDGET	2023 PROJECTED ACTIVITY	2023 AMENDED BUDGET	2022 ACTIVITY
INVESTMENT EARNINGS						
75-0000-4711	INTEREST ON INVESTMENTS	148,000	148,000	140,000	15,000	49,122
75-0000-4713	INVESTMENT GAINS/LOSSES					(11,235)
MISCELLANEOUS REVENUE						
75-0000-4781	REFUNDS/REIMBURSEMENTS			830		2,807
Dept 5010 - MEDICAL INSURANCE						
MISCELLANEOUS REVENUE						
75-5010-4701	GROUP HEALTH CHARGES-CITY	710,020	710,020	689,200	689,200	701,309
75-5010-4704	GROUP HEALTH CHG-MEDICAL-EMPLOYEE	167,795	167,795	180,000	180,000	181,879
CHARGES FOR SERVICES						
75-5010-4706	STOP LOSS PREMIUM REBATE			15,000		
75-5010-4707	PHARMACY RX REBATES	45,000	45,000	43,300	43,300	36,415
TOTAL MEDICAL INSURANCE		922,815	922,815	927,500	912,500	919,603
Dept 5011 - COBRA - TRADITIONAL PLAN						
MISCELLANEOUS REVENUE						
75-5011-4703	COBRA- GROUP HEALTH CHARGES			6,800		
TOTAL COBRA - TRADITIONAL PLAN				6,800		
Dept 5012 - MEDICAL HIGH DEDUCTIBLE						
MISCELLANEOUS REVENUE						
75-5012-4701	GROUP HEALTH CHARGES-CITY	2,575,120	2,575,120	1,600,000	1,600,000	1,656,153
75-5012-4704	GROUPHEALTH CHARGES-EMPLOYEE	370,010	370,010	295,000	295,000	259,594
CHARGES FOR SERVICES						
75-5012-4707	RX CLAIM REBATES			81,000	38,000	40,303
TOTAL MEDICAL HIGH DEDUCTIBLE		2,945,130	2,945,130	1,976,000	1,933,000	1,956,050
Dept 5016 - COBRA - HIGH DEDUCTIBLE PLAN						
MISCELLANEOUS REVENUE						
75-5016-4703	GRP HEALTH CHRGS -COBRA HIGH DEDUCT					2,488
TOTAL COBRA - HIGH DEDUCTIBLE PLAN						2,488
Dept 5020 - DENTAL INSURANCE						
MISCELLANEOUS REVENUE						
75-5020-4701	DENTAL CHARGES - CITY ACTIVE	145,000	145,000	87,455	122,400	98,798
75-5020-4703	GROUP HEALTH CHARGES-RETIREE	3,000	3,000	2,476	3,000	2,592
75-5020-4704	DENTAL - GRP HEALTH	70,000	70,000	47,032	60,000	51,252
TOTAL DENTAL INSURANCE		218,000	218,000	136,963	185,400	152,642
Dept 5021 - COBRA - DENTAL ACTIVE						
MISCELLANEOUS REVENUE						
75-5021-4703	COBRA-GROUP DENTAL CHARGES-ACTIVE			1,928		
TOTAL COBRA - DENTAL ACTIVE				1,928		
Dept 5025 - DENTAL - RETIREE						
MISCELLANEOUS REVENUE						
75-5025-4703	RETIREE DENTAL-RETIREE			1,113		1,266
TOTAL DENTAL - RETIREE				1,113		1,266
TOTAL REVENUES		4,233,945	4,233,945	3,191,134	3,045,900	3,072,743

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GL NUMBER	DESCRIPTION	2024 ORIGINAL BUDGET	2024 DEPT REQ BUDGET	2023 PROJECTED ACTIVITY	2023 AMENDED BUDGET	2022 ACTIVITY
Dept 0147 - ADMINISTRATION						
EMPLOYEE BENEFITS						
75-0147-5199	ALLOCATED PAYROLL COST	48,515	48,515	47,100	47,100	47,100
TOTAL ADMINISTRATION		48,515	48,515	47,100	47,100	47,100
Dept 0151 - FINANCE						
SERVICES & CHARGES						
75-0151-5491	BANK FEES	2,700	2,700	2,700	2,700	2,393
TOTAL FINANCE		2,700	2,700	2,700	2,700	2,393
Dept 5010 - MEDICAL INSURANCE						
SERVICES & CHARGES						
75-5010-5501	IncurMedClaimCurrentYrActive	700,000	700,000	600,000	600,000	163,461
75-5010-5502	PRESCRIPTION DRUG CLAIMS - ACTIVE			180,000	180,000	149,889
75-5010-5503	CLAIM FEES - ACTIVE	45,000	45,000	75,672	85,000	75,609
75-5010-5504	MISC WELLNESS EXP - ACTIVE			34,004	34,000	35,566
75-5010-5505	STOP LOSS PREMIUMS - ACTIVE	140,000	140,000	129,466	180,000	146,195
75-5010-5506	REFUNDS-STOP LOSS COV - ACTIVE			(7,644)		
75-5010-5507	SECTION 125-FLEX & MISC EXP - ACT			(350)	1,300	1,746
75-5010-5509	INCURRED CLAIM-PR YR - ACTIVE	100,000	100,000	113,799	100,000	68,860
CLAIMS, CONTRIB. AND AWARDS						
75-5010-5580	ACA TRANSITIONAL REINSURANCE FEES	1,100	1,100	1,598	1,100	865
TOTAL MEDICAL INSURANCE		986,100	986,100	1,126,545	1,181,400	642,191
Dept 5011 - COBRA - TRADITIONAL PLAN						
SERVICES & CHARGES						
75-5011-5501	COBRA-Incur Claim-Current Year					458
75-5011-5509	COBRA-HEALTH-INCURRED CLAIM-PRIOR YEAR					2,159
TOTAL COBRA - TRADITIONAL PLAN						2,617
Dept 5012 - MEDICAL HIGH DEDUCTIBLE						
EMPLOYEE BENEFITS						
75-5012-5162	EMPLOYER HSA CONTRIBUTION	177,000	177,000	131,255	154,500	140,625
SERVICES & CHARGES						
75-5012-5501	INCURRED CLAIM-CURRENT YEAR	2,232,000	2,232,000	1,359,297	1,140,000	1,250,225
75-5012-5502	PRESCRIPTION DRUG CLAIMS	490,000	490,000	232,667	198,000	203,180
75-5012-5503	CLAIM FEES	102,000	102,000	97,165	102,000	95,146
75-5012-5505	STOP LOSS PREMIUMS	503,000	503,000	393,773	370,000	349,305
75-5012-5506	REFUNDS-STOP LOSS COVERAGE			(140,155)		(21,045)
75-5012-5509	INCURRED CLAIM-PRIOR YEAR	125,000	125,000	290,428	125,000	118,084
TOTAL MEDICAL HIGH DEDUCTIBLE		3,629,000	3,629,000	2,364,430	2,089,500	2,135,520
Dept 5016 - COBRA - HIGH DEDCUTIBLE PLAN						
SERVICES & CHARGES						
75-5016-5509	INCURRED CLAIM-PRIOR YEAR				1,000	454
TOTAL COBRA - HIGH DEDCUTIBLE PLAN					1,000	454
Dept 5020 - DENTAL INSURANCE						
SERVICES & CHARGES						
75-5020-5501	Incur Dental Claim-Current Yr	175,000	175,000	170,000	140,000	140,495
75-5020-5503	DENTAL CLAIM FEES	11,462	11,462	11,462	8,500	5,378
75-5020-5509	DENTAL-INCURRED CLAIM-PRIOR YEAR	10,000	10,000	9,000	9,000	7,477
TOTAL DENTAL INSURANCE		196,462	196,462	190,462	157,500	153,350

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	Dept 5021 - COBRA - DENTAL ACTIVE					
SERVICES & CHARGES						
75-5021-5501	COBRA-DentalIncurClaimCurYr			3,000		3,803
75-5021-5503	COBRA-DENTAL-CLAIM FEES			35		43
75-5021-5509	COBRA-DENTAL-INCURRED CLAIM-PRIOR YEAR					286
	TOTAL COBRA - DENTAL ACTIVE			3,035		4,132
	Dept 5025 - DENTAL - RETIREE					
SERVICES & CHARGES						
75-5025-5501	Dental-Retiree-IncurClaim-CurrYr			2,000		4,636
75-5025-5503	DENTAL CLAIM FEES-RETIREE-CURRENT YEAR			10		72
	TOTAL DENTAL - RETIREE			2,010		4,708
	TOTAL APPROPRIATIONS	4,862,777	4,862,777	3,736,282	3,479,200	2,992,465
ESTIMATED REVENUES - FUND 75		4,233,945	4,233,945	3,191,134	3,045,900	3,072,743
APPROPRIATIONS - FUND 75		4,862,777	4,862,777	3,736,282	3,479,200	2,992,465
	NET REVENUES (EXPENDITURES)	(628,832)	(628,832)	(545,148)	(433,300)	80,278
BEGINNING FUND BALANCE		2,732,763	2,732,763	3,277,911	3,277,911	3,197,633
ENDING FUND BALANCE		2,103,931	2,103,931	2,732,763	2,844,611	3,277,911

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