

SECTION X

GROUP INSURANCE FUND

Budget Administrator:
Budget Supervisor:

Lawrence Lilly
Mona Bernard

Group Insurance Fund

The Group Insurance Fund is used to account for monies accumulated to provide for the payment of benefits by the School Board's Self-Insurance Fund. Both Life, Dental and Health Care benefits are offered. Employer and employee contributions are used to purchase insurance, pay claims and pay for administration of the program.

**Lafayette Parish School Board
Group Insurance Program Fund Budget
Fiscal Year 2003/2004**

	Revised Budget 2002/2003	Actual July 1, 2002 through March 31, 2003	Adopted Budget 2003/2004	Notes
Projected Enrollment	4,342	4,440	4,430	1
Beginning Fund Balance	397,098	397,098	2,424,113	
Revenues				
Health Premiums--LPSB	16,198,262	12,406,920	16,198,262	2
Health Premiums--Members	7,209,641	5,463,511	7,209,641	
Life Premiums--LPSB	385,056	282,421	385,056	
Life Premiums--Members	664,512	476,282	664,512	
Dental Premiums	72,473	56,112	72,473	
Interest Income	67,783	46,894	65,000	
Refunds & Recovery	30,000	42,564	25,000	
Transfers from General Fund	6,500	0	6,550	3
Total Revenues	24,634,227	18,774,704	24,626,494	
Expenses				
Health Claims	19,905,875	13,959,375	22,294,580	2
Wellness Program/EAP	55,908	42,051	62,000	4
PPO Network Fees	162,825	125,177	179,415	5
Flexible Spending Account	6,500	4,725	6,550	
Specific Stop Loss Premium	635,857	475,554	763,525	6
Claim Processing	566,631	434,974	697,725	7
Life Insurance Premiums	1,049,568	758,705	1,049,568	
Dental Claims	72,473	56,112	72,473	
Consulting	25,000	16,050	25,000	
Auditing	3,000	0	3,750	
Bank Service Charges	0	0	0	
Administration	123,575	90,039	125,437	8
Total Expenses	22,607,212	15,962,762	25,280,023	
Net Profit	2,027,015	2,811,942	-653,529	
Transfers to other fund(s)	0	0	-1,500,000	
Ending Fund Balance	2,424,113	3,209,040	270,584	

Full Time Positions:

Administrative/Professional	0.5	0.5	0.5
Classified	2	2	2
Total Positions	2.5	2.5	2.5

**GROUP INSURANCE PROGRAM FUND
FY 2003/2004**

EXPLANATORY NOTES

Note 1. We have arrived at our projected enrollment for 2003/2004 by calculating our average monthly enrollment during Plan Year 2002. The census can be broken down into the following categories:

active employees	2,935		
retirees	1,417	singles	2,379
COBRAs	<u>78</u>	families	<u>2,051</u>
TOTAL	4,430	TOTAL	4,430

Note 2. In order to determine the revenue needed for the coming fiscal year, we have secured data from several sources on what our projected claims costs will be as well as our plan's fixed administrative costs. Blue Cross Blue Shield's actuaries, as well as independent consultants, have examined several factors including our plan members' utilization patterns; our large claims (those which exceed \$50,000); inflation and market trends; negotiated provider contracts; and, plan amendments during the past year. Medical inflation is expected to be from 9% to 12%, while prescription drug costs are expected to rise between 20% and 22%. All factors considered, we have applied a 12% increase in claims costs for FY 2004 as compared with FY 2003.

This budget is being prepared during the third quarter of FY 2003, and at this time we expect that the Group Health Fund will have a healthy fund balance as of June 30, 2003. We expect this fund balance to cover any increases in claims costs which may materialize in FY 2004; therefore, we have not budgeted an increase in premium revenue. We will, however, re-evaluate our claims costs and revenue needs after September 30, 2003, during the annual financial audit of the Group Insurance Fund. By the end of the first quarter of FY 2004, we will have a much clearer picture of those claims for FY 2003 which are incurred but not reported (IBNR) as of June 30, 2003. At that time we will evaluate whether or not a premium increase might be warranted in January, 2004.

Note 3. The General Fund reimburses the Group Health Fund for the cost of administering the flexible spending account benefit.

Note 4. Since the Group Health Plan contains wellness benefits for plan participants, we have found that the traditional wellness program was a duplication of benefits offered. This budget proposes that the funds previously used to pay for a stand-alone wellness benefit be re-allocated to pay 50% of the cost of the Employee Assistance Program, funds for which are provided in part by the General Fund.

Note 5. PPO network access fees are paid to Blue Cross Blue Shield for access to the Preferred Care and Key Physician networks. The fees are \$3.25 per member per month for July, 2003, through December, 2003, and \$3.50 per member per month for January, 2004, through June, 2004.

Note 6. Our current stop-loss insurance rates are \$6.41 per month for single plan subscribers and \$20.77 per month for each family enrolled in the plan. We have assumed a 20% rate increase at the renewal of our contract on January 1, 2004.

Note 7. Our administrative fee paid to Blue Cross Blue Shield for claim processing for the period July through December, 2003, is \$11.75 per member per month. For the period January, 2004, through June, 2004, the rate has been fixed at \$14.50 per member per month.

Note 8. Administration costs consist of the following:

Salaries	
Professional salary (.5 position)	\$29,071
Clerical (2 positions)	\$50,314
Sub wages (ULL intern)	\$ 2,100
Employee Benefits	
Group insurance	\$ 11,442
Retirement	\$ 10,399
Other (Medicare, FICA)	\$ 1,311
Other costs	
Travel (in-parish)	\$ 300
Training/Seminars/Conference Fees	\$ 3,000
Subscriptions and dues	\$ 2,000
Supplies and materials	\$ 4,500
Equipment (copier and imaging system)	\$ 5,000
Printing	<u>\$ 6,000</u>
TOTAL ADMINISTRATION	\$ 125,437