

**Lafayette Parish School Board
Group Insurance Program Fund Budget
Fiscal Year 2002/2003**

	Revised Budget <u>2001/2002</u>	Actual July 1, 2001 through Dec 31, 2001	Adopted Budget <u>2002/2003</u>	Notes
Projected Enrollment	4,324	4,342	4,342	1
Beginning Fund Balance	769,814	769,814	567,924	
Revenues				
Health Premiums--LPSB	13,834,998	6,960,301	16,198,262	2
Health Premiums--Members	6,391,607	3,068,325	7,209,641	
Life Premiums--LPSB	341,292	159,300	385,056	3
Life Premiums--Members	503,619	171,363	664,512	
Dental Premiums	34,444	24,613	55,320	
Interest Income	90,000	55,120	110,000	
Refunds & Recovery	1,000	1,897	1,000	
Transfers from General Fund	6,250	0	6,500	4
Total Revenues	21,203,210	10,440,919	24,630,291	
Expenses				
Health Claims	19,196,250	8,463,492	21,905,875	2
Wellness Program	55,908	11,627	55,908	
PPO Network Fees	130,152	52,320	162,825	5
Flexible Spending Account	6,250	3,200	6,500	
Specific Stop Loss Premium	481,041	192,015	578,052	6
Claim Processing	505,877	233,705	566,631	7
Life Insurance Premiums	844,911	314,887	1,049,568	
Dental Claims	34,444	24,613	55,320	
Consulting	35,000	22,834	25,000	
Auditing	3,000	0	3,000	
Bank Service Charges	100	0	100	
Administration	112,167	53,324	123,575	8
Total Expenses	21,405,100	9,372,017	24,532,354	
Net Profit	(201,890)	1,068,902	97,937	
Ending Fund Balance	<u><u>567,924</u></u>	<u><u>1,838,716</u></u>	<u><u>665,861</u></u>	

Full Time Positions:

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

**GROUP INSURANCE PROGRAM FUND
FY 2002/2003**

EXPLANATORY NOTES

Note 1. We have arrived at our projected enrollment for 2002/2003 by calculating our average monthly enrollment during Plan Year 2001. The census can be broken down into the following categories:

active employees	2,972		
retirees	1,380	singles	2,290
COBRAs	<u>90</u>	families	<u>2,052</u>
TOTAL	4,342	TOTAL	4,342

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 12% to 15%, while prescription drug costs are expected to rise between 20% and 25%. All factors considered, we anticipate requiring 17% more revenue to operate our Group Health Fund for Fiscal Year 2002/2003. The increased revenue is budgeted strictly in the form of an increase in the premiums paid by both the employees and the employer.

The premium increase has been distributed among all of the funding sources: ½-cent sales tax, undedicated general fund/special fund revenues, and employee/retiree contributions. The total cost of the premiums to each revenue source is expected to be

½-cent sales tax	\$8,321,503
undedicated general fund/special fund revenues	\$7,876,759
employees/retirees	\$7,209,641

Although we have not made any assumptions about future benefit changes to the health plan, we are currently investigating the feasibility of implementing the following programs to help us manage claims costs: a disease management program to target and intervene in the management of patients' treatment for specific diagnoses such as diabetes and cardiovascular disease; and, a three-tiered prescription drug program design.

Note 3. Effective January 1, 2002, ReliaStar, the company which provides life insurance to our employees and retirees, introduced a new life insurance program which includes a premium rate schedule based on the age of the person enrolled. This "age-banded" premium structure has become necessary to correct the problem of adverse selection which had occurred with our group over time, leading to a high loss

Note 3, continued

ratio. Under the new program, the school system provides at no cost to the employee the basic life insurance for all employees and retirees enrolled. Employees and retirees who wish to purchase supplemental coverage do so at their own cost, paying a premium based on both the amount of coverage purchased and based on their age.

Note 4. The General Fund reimburses the Group Health Fund for the cost of administering the flexible spending account benefit.

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 \$3.00 per member per month for July, 2002, through December, 2002, and \$3.25 per member per month for January, 2003, through June, 2003.

Note 6. Our current stop-loss insurance rates are \$5.39 per month for single plan subscribers and \$17.46 per month for each family enrolled in the plan. We have assumed no rate increase at the renewal of our contract on January 1, 2003.

Note 7. Our administrative fee paid to Blue Cross Blue Shield for claim processing for the period July through December, 2002, is \$10 per member per month. For the period January, 2003, through June, 2003, the rate has been fixed at \$11.75 per member per month.

Note 8. Administration costs consist of the following

Salaries

Professional salary (.5 position)	\$27,595
Clerical (2 positions)	\$47,760
Overtime	\$ 0.00

Employee Benefits

Group insurance	\$ 11,145
Retirement	\$ 11,303
Other (Medicare, FICA)	\$ 1,130

Other costs

Travel (in-parish)	\$ 300
Training/Seminars/Conference Fees	\$ 2,500
Subscriptions and dues	\$ 6,100
Supplies and materials	\$ 4,500
Equipment (copier and imaging system)	\$ 5,242
Printing	<u>\$ 6,000</u>

TOTAL ADMINISTRATION	\$ 123,575
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