

INTERNAL SERVICE FUNDS

DENTAL INSURANCE FUND

GENERAL INFORMATION:

On January 1, 2003 the City changed its employee dental insurance program to a self-insured plan. Wellmark Blue Cross/Blue Shield is the carrier of the plan and also serves as the administrator. As part of the program the Dental Insurance Fund was established.

All payments of premiums from the City, employees and retirees are credited to the Dental Insurance Fund. From this fund the City pays all actual claims paid by Wellmark on a monthly basis. The City also pays Wellmark a monthly administrative fee per employee for this service. When claims are less than the amount funded, the savings are retained by the City.

CURRENT TRENDS AND ISSUES:

The monthly dental insurance rates for January 1, 2008 were set at \$23.76 for the employee and an additional \$40.63 if employees opted for family coverage. The administrative fee paid to Wellmark was \$3.64 per month per employee in 2008. The City pays 100% of the cost of dental insurance for the employee. If employees opt for family coverage, it is paid 100% by the employee. Due to favorable claims experience, the 2008 rates were maintained for 2009 and 2010.

In 2011 dental insurance rates increased to \$24.47 for single coverage with an additional \$41.85 if employees opted for family coverage. The monthly administrative fee increased to \$3.82 per contract in 2011. The maximum annual covered charges increased from \$750 to \$1,000 effective January 1, 2011. These rates were maintained for 2012. The monthly administrative fee was reduced to \$3.61 per contract in 2012.

In 2013 dental insurance rates increased to \$25.69 for single coverage with an additional \$43.94 if employees opted for family coverage. The monthly administrative fee was maintained at \$3.61 per contract in 2013.

For the 2013/2014 year, City, employee, and retiree contributions are estimated at \$131,500. The administrative fee is projected at \$9,500 and claims at \$127,700. An estimated fund balance of \$12,612 is projected for June 30, 2014.

Dental Insurance Fund

Fund Statement

| | Actual 2010/2011 | Actual 2011/2012 | Budget 2012/2013 | Revised Estimate 2012/2013 | Budget 2013/2014 |
|---------------------------|--------------------------|--------------------------|--------------------------|----------------------------------|--------------------------|
| Beginning Balance, July 1 | \$ 38,100 | \$ 32,912 | \$ 34,113 | \$ 24,412 | \$ 18,312 |
| Revenues | | | | | |
| City Contributions | \$ 56,324 | \$ 58,154 | \$ 58,700 | \$ 59,300 | \$ 61,400 |
| Employee Contributions | 54,985 | 56,680 | 58,300 | 61,100 | 64,200 |
| Retiree Contributions | 4,517 | 4,825 | 4,900 | 5,800 | 5,900 |
| Interest | <u>93</u> | <u>70</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Revenues | <u><u>\$ 115,919</u></u> | <u><u>\$ 119,729</u></u> | <u><u>\$ 121,900</u></u> | <u><u>\$ 126,200</u></u> | <u><u>\$ 131,500</u></u> |
| Funds Available | <u><u>\$ 154,019</u></u> | <u><u>\$ 152,641</u></u> | <u><u>\$ 156,013</u></u> | <u><u>\$ 150,612</u></u> | <u><u>\$ 149,812</u></u> |
| Expenditures | | | | | |
| Dental Insurance Claims | \$ 111,664 | \$ 118,782 | \$ 114,500 | \$ 123,000 | \$ 127,700 |
| Administrative Fees | <u>9,443</u> | <u>9,447</u> | <u>9,500</u> | <u>9,300</u> | <u>9,500</u> |
| Total Expenditures | <u><u>\$ 121,107</u></u> | <u><u>\$ 128,229</u></u> | <u><u>\$ 124,000</u></u> | <u><u>\$ 132,300</u></u> | <u><u>\$ 137,200</u></u> |
| Ending Balance, June 30 | <u><u>\$ 32,912</u></u> | <u><u>\$ 24,412</u></u> | <u><u>\$ 32,013</u></u> | <u><u>\$ 18,312</u></u> | <u><u>\$ 12,612</u></u> |

| | | | | | |
|------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Increase (Decrease) in Fund Balance | \$ (5,188) | \$ (8,500) | \$ (2,100) | \$ (6,100) | \$ (5,700) |
|------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|