

## 295 - RETIREE MEDICAL INTERNAL SERVICE FUND

### Operational Summary

#### Description:

The Retiree Medical Internal Service fund (ISF) provides for benefits under the Retiree Medical Insurance Program. Benefits include a monthly retiree medical grant to be applied to the health premiums of eligible retirees, and a lump sum cash benefit to separated employees not eligible to retire.

#### Strategic Goals:

- Fund 295 is one of the funds under Employee Benefits. The Employee Benefits Division supports the Human Resources Department's Business and Strategic Plan as they relate to the design, implementation and administration of employee benefits programs.

#### FY 2005-06 Key Project Accomplishments:

- Per recommendation of the CEO and approval of the Board of Supervisors, a total of \$3 million from Fund 295 was drawn to cover part of the Retiree Medical Grant cost for FY 05-06.

### Budget Summary

#### Plan for Support of the County's Strategic Priorities:

Fund 295 is one of the funds under Employee Benefits. The Employee Benefits Division supports the Human Resources Department's Business and Strategic Plan as they relate to the design, implementation and administration of employee benefits programs.

#### At a Glance:

Total FY 2005-2006 Projected Expend + Encumb:	24,104,993
Total Recommended FY 2006-2007	62,637,176
Percent of County General Fund:	N/A
Total Employees:	0.00

#### Changes Included in the Recommended Base Budget:

The Retiree Medical Insurance Program Grant funding is higher compared to FY 05-06 based upon increases in the number of retirees and increases in the monthly Retiree Medical Grant as the result of higher health premium costs.

**Proposed Budget History:**

Sources and Uses	FY 2004-2005	FY 2005-2006	FY 2005-2006	FY 2006-2007	Change from FY 2005-2006	
	Actual	Budget As of 3/31/06	Projected <sup>(1)</sup> At 6/30/06	Recommended	Projected Amount	Projected Percent
Total Revenues	59,072,235	60,892,263	58,208,926	62,637,176	4,428,250	7.61
Total Requirements	19,638,274	60,892,264	24,104,993	62,637,176	38,532,183	159.85
Balance	39,433,961	(1)	34,103,933	0	(34,103,933)	-100.00

(1) Requirements include prior year encumbrance and expenditures. Therefore, the above totals may not match FY 2005-06 projected requirements included in "At a Glance" (Which exclude these).

Columns may not total correctly due to rounding.

Detailed budget by expense category and by activity is presented for agency: Retiree Medical Internal Service Fund in the Appendix on page A217

**Highlights of Key Trends:**

- The Retiree Medical Insurance Program Grant funding is higher compared to FY 05-06 based upon increases in the number of retirees, increases in Medicare Part B premiums, and increases in the monthly Retiree Medical Grant as the result of higher health premium costs.
- Beginning in FY 06-07, County will seek quarterly reimbursements from Centers for Medicare and Medicaid Services (CMS) for prescription subsidies (Medicare Part D) available to some of the County’s health plans on behalf of its retiree health plan participants.



## 295 - Retiree Medical Internal Service Fund

### Operation of Internal Service Fund 295 Operational Statement for the Fiscal Year 2006-2007

Operating Detail		FY 2004-2005	FY 2005-2006	FY 2006-2007	FY 2006-2007
		Actual	Estimate	Proposed Budget	Final Budget
(1)		(2)	(3)	(4)	(5)
<b>OPERATING INCOME</b>					
7710	Insurance Premiums	17,617,280	17,263,035	25,129,300	25,129,300
<b>Total Operating Income</b>		17,617,280	17,263,035	25,129,300	25,129,300
<b>OPERATING EXPENSES</b>					
Services & Supplies					
1800	Office Expense	274	1,500	32,000	32,000
1900	Professional and Specialized Services	80,404	175,000	299,480	299,480
1911	CWCAP Charges	71,129	81,840	81,840	81,840
<b>Total Services &amp; Supplies</b>		151,807	258,340	413,320	413,320
Other Charges					
3510	Other Charges - Operating	19,449,032	23,795,545	62,173,856	62,173,856
<b>Total Other Charges</b>		19,449,032	23,795,545	62,173,856	62,173,856
<b>Total Operating Expenses</b>		19,600,839	24,053,885	62,587,176	62,587,176
<b>Net Operating Income (Loss)</b>		(1,983,559)	(6,790,850)	(37,457,876)	(37,457,876)
<b>NON-OPERATING REVENUE</b>					
6610	Interest	898,827	1,475,864	2,003,942	2,003,942
7040	Federal - Health Administration	0	0	1,400,000	1,400,000
7670	Miscellaneous Revenue	19,114	36,067	0	0
<b>Total Non-Operating Revenue</b>		917,941	1,511,931	3,403,942	3,403,942
<b>NON-OPERATING EXPENSES</b>					
1912	Investment Administrative Fees	37,436	51,108	50,000	50,000
<b>Total Non-Operating Expenses</b>		37,436	51,108	50,000	50,000
<b>Net Non-Operating Income (Loss)</b>		880,505	1,460,823	3,353,942	3,353,942
<b>Income (Loss) Before Contributions &amp; Transfers</b>		(1,103,053)	(5,330,027)	(34,103,934)	(34,103,934)
<b>STATEMENT OF CHANGES IN NET ASSETS - UNRESTRICTED</b>					
Income (Loss) Before Contributions & Transfers		(1,103,053)	(5,330,027)	(34,103,934)	(34,103,934)
7811	Interfund Transfers In - from Funds 101-199	1,978,624	0	0	0
<b>Increase (Decrease) in Net Assets - Unrestricted</b>		875,571	(5,330,027)	(34,103,934)	(34,103,934)
<b>Net Assets - Unrestricted - Beginning of Year</b>		38,558,390	39,433,961	34,103,934	34,103,934
<b>Net Assets - Unrestricted - End of Year</b>		39,433,961	34,103,934	0	0

