

HEALTHCARE FUND

DESCRIPTION

Effective January 1, 2008, Henrico County’s health care program transitioned to a self-insurance program. Prior to this transition, the county’s health care program operated as a fully insured program, which, in exchange for the payment of a premium, an insurance company assumed the risk, administered the program, and paid all claims. With the transition to a self-insured program, the county pays claims and third-party administrative fees. Self-insurance allows the county to more fully control all aspects of the plan, including setting rates to smooth out the impact of increases on employees and the county, while maintaining adequate funding to cover claims, expenses, and reserves.

BUDGET HIGHLIGHTS

The cost to fund healthcare expenses is covered by payments from active employees, the county and the School Board, retirees, and retention of interest earnings. The county and Schools contributions are budgeted in departmental budgets, and the Healthcare Fund charges departments based upon actual participants in the program. Revenues to the Healthcare Fund in excess of expenditures accumulate in a premium stabilization reserve. These funds are utilized to allow the county to maintain rate increases at manageable levels.

The budget for FY23 provides funding of \$145,827,244 for the Healthcare Fund. Included in this figure is \$103,986,293 in funding that is budgeted within individual county and Schools departments as the county’s contributions for healthcare for active employees. This means that the county provides direct support for 71.3 percent of the Healthcare Fund’s budget. Also included in this budget is the cost to the county and Schools for retiree subsidies, which are present within the Human Resources budget. It is important to note that expenditures already budgeted within individual departments are negated from the Healthcare Fund budget in the “Adjustments for Interdepartmental Billings” to avoid double counting of expenditures. The balance of \$41,840,951 reflects anticipated payments from employees and retirees that participate in the program, as well as rebates for pharmacy claims and interest earnings.

FISCAL YEAR 2023 SUMMARY

Annual Fiscal Plan

Description	FY21 Actual	FY22 Original	FY23 Proposed	Change 22 to 23
Claims	\$ 115,477,031	\$ 133,352,631	\$ 136,019,684	2.0%
Other Administrative Fees	9,170,212	9,605,644	9,797,560	2.0%
Payments to Federal Government	0	80,000	10,000	(87.5%)
Total Healthcare	\$ 124,647,243	\$ 143,038,275	\$ 145,827,244	1.9%

Healthcare Fund

BUDGET HIGHLIGHTS

Of the \$145,827,244 proposed budget for Healthcare, \$136,019,684, or 93.3 percent reflects estimated claims expenditures. The balance of \$9,807,560 is highlighted by anticipated third-party administrative fees (\$5,300,000), health spending account costs (\$991,916), costs of actuarial services (\$150,000), wellness initiatives funding (\$150,000) and the premium payments for excess risk insurance, which is \$3,100,000. The insurance protects the county from single large claims greater than \$500,000 and total annual payments greater than 125.0 percent of actuarially projected annual claims. Also included in the budget is \$105,644 in funding for the retainer agreement for the county's healthcare consultant.



**Department Operating Budget
Henrico County, Virginia
FY2022-23
HEALTHCARE**

Account Description	Prior Year Actual	Approved Budget	Proposed Budget	Dollar Inc/Dec	Percent Inc/Dec
50209 Other Professional Services	80,583	105,644	105,644	0	0.0%
50231 Health Spending Account (HSA) County	496,400	375,000	441,916	66,916	17.8%
50232 Health Spending Account (HSA) Schools	548,100	525,000	550,000	25,000	4.8%
50270 Other Contractual Services	133,624	150,000	150,000	0	0.0%
50271 Healthcare Administrative Fees	4,914,211	5,300,000	5,300,000	0	0.0%
50290 Purchase of Services from Other Governments	0	80,000	10,000	-70,000	-87.5%
50422 Healthcare Excess Risk Insurance	2,990,889	3,000,000	3,100,000	100,000	3.3%
50480 Healthcare Claims	115,477,031	133,352,631	136,019,684	2,667,053	2.0%
50998 Wellness Program Payment	6,405	150,000	150,000	0	0.0%
Total Department	124,647,243	143,038,275	145,827,244	2,788,969	1.9%