

**BUDGET FOOTNOTES  
INSURANCE FUND**

1. **Employee / Retiree / Other Contributions: (\$326,000)** Full-time employees participating in the Village's health benefits plan contribute 19% of the total projected costs for the plan year. This percentage is scheduled to increase to 20% beginning with the health plan year which begins October 1, 2005. Retired and separated employees choosing to continue participation in the health plan pay 100% of the budgeted costs.
  
2. **Medical Stop Loss Reimbursements: (\$0)** The Village purchases stop loss insurance to protect itself from very large medical claims associated with its participating employees. The Village pays the first \$50,000 in claims for each individual participant each plan year. Amounts over \$50,000 are reimbursed by our stop loss insurance provider and shown in this account.
  
3. **IRMA Refunds: (\$393,000)** The Village ended its participation in the IRMA risk pool on December 31, 2001. Because of IRMA's very restrictive withdrawal policy, the Village's remaining \$1.4 million reserve balance held by IRMA will be paid back to the Village (with interest) over a number of years as shown below. These refunds of cash reserves owed to Glen Ellyn will be budgeted as they come due as follows:

<u>IRMA Reserve Return Schedule</u>	<u>IRMA FY</u>	<u>Village FY</u>	<u>Amount</u>	<u>Refund Received</u>
10% at the end of the <b><u>second</u></b> full IRMA fiscal year following termination	12/31/03	FY04	\$131,000	Jan, 2004
20% at the end of the <b><u>third</u></b> full IRMA fiscal year following termination	12/31/04	FY05	262,000	Jan, 2005
30% at the end of the <b><u>fourth</u></b> full IRMA fiscal year following termination	12/31/05	FY06	393,000	
40% at the end of the <b><u>fifth</u></b> full IRMA fiscal year following termination	12/31/06	FY07	524,000	
25% of 2001 contribution to be held until all IRMA claim years are closed through Village's withdrawal date of 12-31-01			<u>90,000</u>	
 Total			 <u>\$1,400,000</u>	

4. **State Unemployment Tax: (\$120,000)** The Village's contribution to the State Unemployment system via the State Unemployment Tax has increased dramatically over the past three years. This tax is assessed as a percentage of a base number of payroll dollars earned by each employee during a calendar year. During the last three years, the State has tripled the Village's contribution tax rate, as well as increasing the taxable wage base by 17% as follows:

<u>Calendar Year</u>	<u>Fiscal Year</u>	<u>Tax Rate</u>	<u>Taxable Wage Base</u>	<u>Estimated Village Cost</u>
2003	FY04	1.8%	\$9,000	\$63,000
2004	FY05	3.5%	\$9,800	\$90,000
2005	FY06	5.3%	\$10,500	\$120,000

In FY06, staff will perform an analysis to determine if cost savings can be achieved by opting out of the State plan and directly paying the Village's unemployment claims, instead of paying a percentage of each employee's earnings as determined by the State.

5. **Risk Management: (\$14,000)** The Risk Management account funds such items as the Village's safety program, educational seminars and materials, testing of various types, and equipment for the Civic Center exercise room.
6. **Liability Insurance: (\$586,000)** This amount represents premiums payable to the MICA insurance pool (\$496,000), \$5 million excess liability coverage (\$72,000) and deductible payments for approved claims (\$18,000).
7. **Health Benefits/ Life Insurance: (FY05 Estimated Actual - \$1,400,000)** The Village had very favorable (reduced) claims experience in FY04/05. Final health plan costs for FY04/05 are projected to be 9.5% below the budgeted amount.

**FY06 Budget: (\$1,340,000)** The Village is self-insured for its health benefits plan, but with individual and aggregate "stop loss" umbrella insurance to protect against significant or unexpected claims. Over the 14 year history of the plan, the Village has paid out \$1.5 million less in medical claims compared to the amount budgeted / projected. Included in these costs are about \$17,000 for our health plan consultant (GCG Financial) and \$11,000 for our annual (October) employee health risk appraisal.

Cost projections for plan year 2005 (10/04 to 9/05) versus 2004 indicate a decrease in expected claims activity which results in a 11% **reduction** in total plan costs for 2005.

The total health benefits cost (Village and employee portions) for the plan year from October 1, 2004 to September 30, 2005 is indicated below:

Single	\$ 4,355 /year
Single + Children	\$ 8,274
Single + Spouse	\$ 9,580
Family	\$13,500