

## BUDGET FOOTNOTES INSURANCE FUND

1. **Employee / Retiree / Other Contributions: (\$350,000)** Full-time employees participating in the Village's health benefits plan pay for 20% of the total projected costs for the plan year by payroll deduction. Retired and separated employees choosing to continue participation in the health plan pay 100% of their 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 total 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: (\$524,000)** 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	FY03/04	\$131,000	Jan, 2004
20% at the end of the <b><u>third</u></b> full IRMA fiscal year following termination	12/31/04	FY04/05	262,000	Jan, 2005
30% at the end of the <b><u>fourth</u></b> full IRMA fiscal year following termination	12/31/05	FY05/06	393,000	Jan, 2006
40% at the end of the <b><u>fifth</u></b> full IRMA fiscal year following termination	12/31/06	FY06/07	<b>524,000</b>	
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: (\$0)** The Village’s contribution to the State Unemployment system via the State Unemployment Tax has increased dramatically over the past several years due to significant tax rate and wage base adjustments made by the State as shown below:

<u>Calendar Year</u>	<u>Tax Rate</u>	<u>Taxable Wage Base</u>	<u>Village Cost</u>
2003	1.8%	\$9,000	\$35,171
2004	3.5%	9,800	78,583
2005	5.3%	10,500	134,151

This prompted staff to investigate the economic impact of changing from a State unemployment tax to a “reimbursement” method, whereby the Village would pay the actual unemployment claims of its employees. Based on the data reviewed, staff concluded that there was a probability significant on-going cost savings and elected to change to the “reimbursement” method effective January 1, 2006.

Beginning with the FY06/07 budget, all unemployment claims will be budgeted and paid in the Fund/Department incurring the claim.

5. **Risk Management: (\$12,000)** 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: (\$478,000)** This amount represents estimated premiums (\$460,000) payable to the MICA insurance pool for property, liability, workers compensation and other general insurance coverages as well as deductible payments (\$18,000) for claims incurred. A 10% increase in premium is included in the amount budgeted for FY06/07. Total MICA plan costs have declined from the FY04/05 fiscal year due to the Village’s favorable claims experience and increases in MICA program coverage limits which has allowed the Village to cancel its separately contracted excess liability policy which carried an annual premium cost of approximately \$72,000.
7. **Health Benefits/ Life Insurance: (\$1,450,000)** The Village self-insures its health benefits plan, but purchases individual and aggregate “stop loss” umbrella insurance to protect against significant or unexpected claims. Over the 15 year history of the plan, the Village has paid out \$1.5 million less in medical claims compared to the amount budgeted / projected.

Our renewal for health benefits plan year 2006 which began October 1, 2005 projected an increase of 8.3% in total plan costs for the plan year ending September 30, 2006. An increase of 15% in projected plan costs beginning October 1, 2006 has been included in our FY06/07 budget projection to account for current medical cost trends.