

BALTIMORE COUNTY  
FISCAL YEAR 2015 RECOMMENDED BUDGET

**INSURANCE CONTRIBUTIONS (043)**

BUDGET SUMMARY
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\$ in Thousands

PROPOSED CHANGE	GENERAL	SPECIAL	TOTAL	% Change Prior Year
FY 2014 - 2015 Change	\$ 30,767.1	-	\$ 30,767.1	30.4%
<b>Recommended Reduction</b>	<b>412.0</b>	-	<b>412.0</b>	
 BUDGET TRENDS				
FY 2013 Actual	\$ 92,293.7	\$ -	\$ 92,293.7	
FY 2014 Approp.	101,080.5	-	101,080.5	9.5%
FY 2015 Request	131,847.6	-	131,847.6	30.4%
<b>Recommended</b>	<b>\$ 131,435.6</b>	-	<b>\$ 131,435.6</b>	<b>30.0%</b>

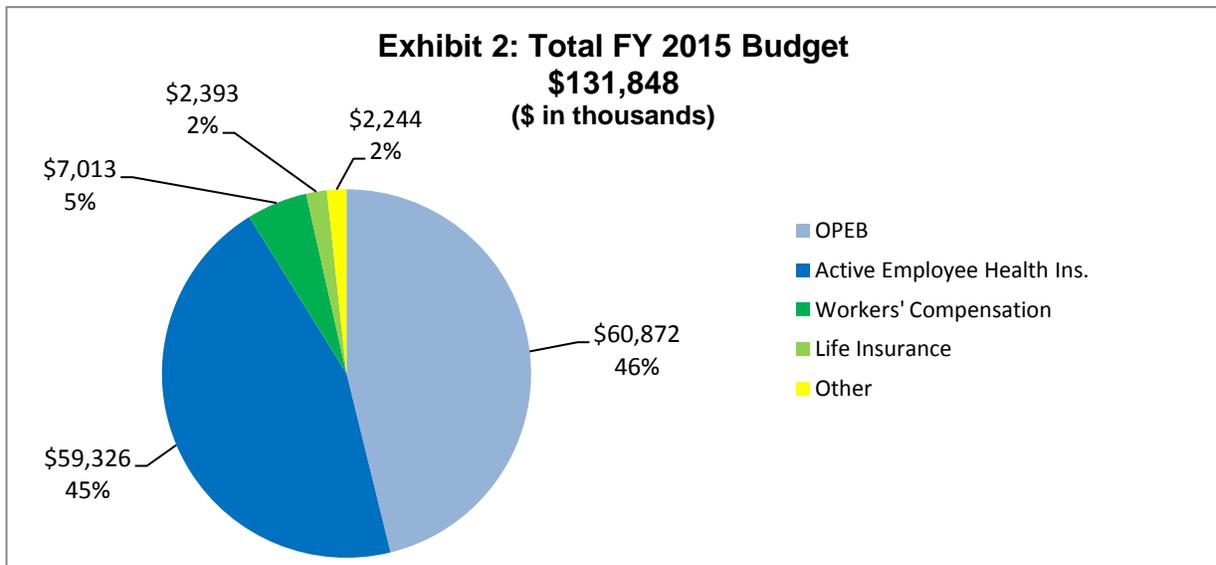
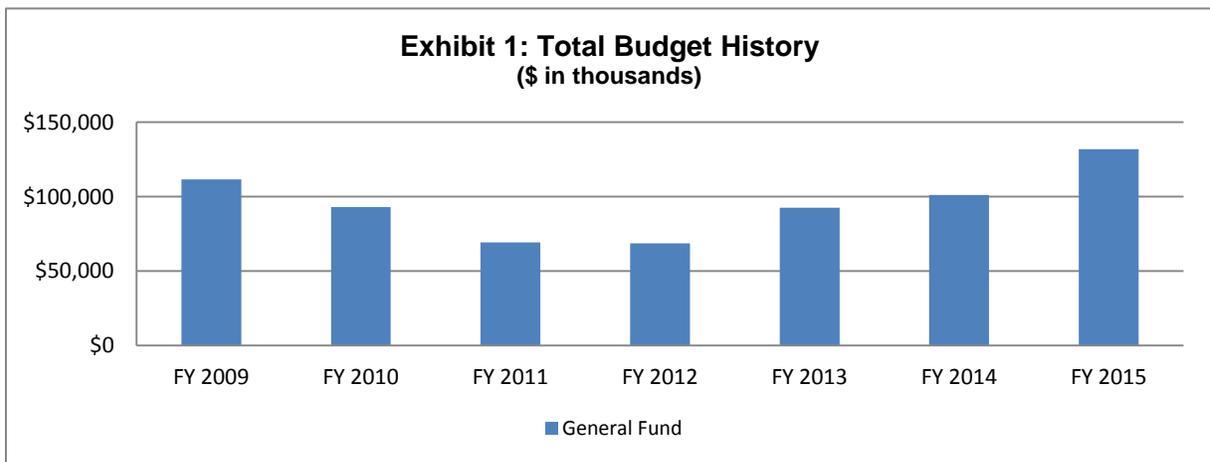
PERSONNEL
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**No Personnel**

## INSURANCE CONTRIBUTIONS (043)

### BUDGET SUMMARY:

The proposed FY 2015 General Fund budget for General Government's Insurance Contributions totals \$131.8 million, an increase of \$30.8 million, or 30.4%, over the FY 2014 appropriation. More than 46% of the proposed budget is going toward health insurance for Other Post-Employment Benefits (OPEB). The increase is primarily attributable to funding for OPEB and an increase in workers' compensation contributions. Other significant factors include a decrease in general and automobile liability insurance contributions and an increase in funding for health insurance for active employees. **See Exhibits 1-3 for additional detail.**



## INSURANCE CONTRIBUTIONS (043)

<b>Exhibit 3</b>				
<b>FY 2015 Proposed Budget (\$ in 000's)</b>				
<b>How it Grows:</b>	<u>Health Insurance</u>	<u>OPEB Contrib.</u>	<u>Other</u>	<u>Total</u>
2014 Appropriation	\$55,298	\$32,500	\$13,282	\$101,080
2015 Request	<u>59,326</u>	<u>60,872</u>	<u>11,650</u>	<u>131,848</u>
\$ Increase/(Decrease)	\$ 4,028	\$28,372	\$(1,632)	\$ 30,768
% Increase/(Decrease)	7.3%	87.3%	-12.3%	30.4%
 <b>Why it Changes:</b>				
General Government Insurance Contributions <sup>(1)</sup> :				
OPEB Contribution .....		\$28,372		
Workers' Compensation .....		6,104		
Employee Health Insurance.....		4,028		
Professional Services .....		80		
Employee Life Insurance .....		(164)		
Liability Insurance.....		(7,652)		
 Total: .....				 \$30,768

<sup>(1)</sup>Agency 043 includes the insurance contributions for General Government. The proposed budgets for Baltimore County Public Schools, the Community College of Baltimore County, and Baltimore County Public Library each include their respective funding for insurance contributions.

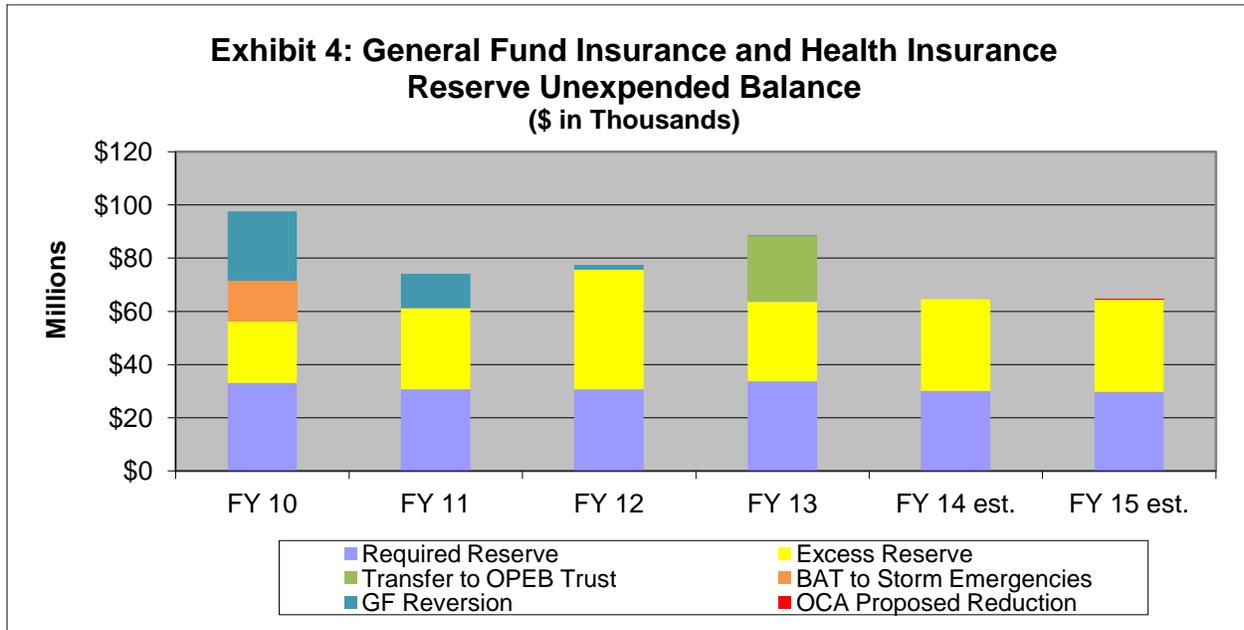
## INSURANCE CONTRIBUTIONS (043)

### BUDGET RECOMMENDATIONS:

Budget Reductions

\$411,912

A total of \$411,912 in budget reductions is recommended, which represents 0.3% of the Insurance Contributions FY 2015 General Fund budget. Since FY 2009, Insurance has ended the fiscal year with an average of \$14.2 million in unexpended General Funds. In FY 2014 the Office of Budget and Finance estimates that the entire budget will be expended.



1. Reduce Health Insurance Reserve

\$411,912

The Health Insurance Reserve fund balance is projected to total \$64,611,096 as of June 30, 2014, up \$1 million from the June 30, 2013 fund balance of \$63,611,096. Over this same time period, the “incurred but not reported” (IBNR) requirement recommended by the County’s consultant has fallen from \$30,207,881 to \$29,795,969, or a decline of \$411,912. The chart below shows the IBNR requirements for the last 3 years. The recommended reduction of \$411,912 reduces the Health Insurance Reserve fund balance by the amount of the decrease in the consultant’s IBNR requirement.

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
IBNR requirement	\$33,699,777	\$30,207,881	\$29,795,969

# INSURANCE CONTRIBUTIONS (043)

## SIGNIFICANT PROGRAM/POLICY INITIATIVES AND/OR CHANGES

2. OPEB Funding \$4.2 million (Government-wide Increase)

Effective for Baltimore County in FY 2008, Governmental Accounting Standards Board (GASB) accounting standards require state and local governments to recognize the cost of current and future other post-employment benefits (OPEB) obligations when they are earned throughout the employee's career (similar to the accounting treatment for pensions) rather than when they are paid after the employee retires. The County began pre-funding this obligation in FY 2007 and established a separate Trust Fund to account for OPEB costs and accrued liability, similar to the Pension Trust Fund. Both retiree Pay-As-You-Go (PAYGO) contributions for retirees' current expenses, as well as active employee and retiree accrued liability contributions, flow from the Insurance Contributions operating budget program (4302) to the OPEB Trust Fund (017). Additionally, contributions flow from component unit (Baltimore County Public Schools (BCPS), Community College of Baltimore County (CCBC), and Baltimore County Public Library (BCPL)) budgets to the OPEB Trust Fund.

The proposed FY 2015 General Fund budget for OPEB contributions (including component unit contributions) totals \$116.1 million, an increase of \$4.2 million over the FY 2014 contribution.

	(\$ in millions)		
Agency	FY 2014	FY 2015	Incr./ (Decr.)
Ins. (Gen.Gov.) (043)	\$ 32.500	\$ 60.872	\$ 28.372
BCPS (035)	71.311	49.068	(22.243)
CCBC (033)	7.066	4.840	(2.226)
BCPL (037)	1.012	1.320	0.308
General Fund Total	\$ 111.889	\$ 116.100	\$ 4.211

In prior years, the OPEB contributions coming from the component units have exceeded the portion of the OPEB Annual Required Contribution (ARC) for which the component units are responsible, while the General Government OPEB contribution has fallen short of the General Government portion of the ARC. However, in FY 2015 the OPEB contributions for both General Government and the component units are equal to their respective FY 2014 ARC levels.

## INSURANCE CONTRIBUTIONS (043)

In FY 2011, the Office implemented a change that extended the phase-in period of meeting the OPEB ARC from 5 years (FY 2008 – FY 2012) to 10 years (FY 2008 – FY 2017). At that time, the Office estimated that the FY 2017 ARC would be \$176.7 million, which would be fully funded. The ARCs for FY 2012 and FY 2013 were estimated at \$149.0 million and \$154.3 million, respectively, with anticipated contributions in those same years of \$103.4 million and \$119.2 million, respectively. The Great Recession, however, greatly reduced the County’s ability to contribute to OPEB. Budgeted contributions, which were \$110.5 million in FY 2010, fell to \$63.6 million in FY 2011 and remained at that level for FY 2012. By the end of FY 2012, the ARC was \$234.4 million and the Unfunded Actuarial Accrued Liability (UAAL) topped \$3.0 billion.

The FY 2013 adopted budget increased the OPEB contribution to \$93.3 million. On April 1, 2013 the Council approved Bill 16-13, a supplemental appropriation of \$9.0 million from General Fund surplus to the OPEB Trust Fund. The Administration also transferred an additional \$25.0 from the Health Insurance Reserve to the OPEB Trust Fund, resulting in total contributions of \$127.3 million for FY 2013. This increased level of funding, along with favorable claims experience and a new prescription drug plan for retirees over age 65, resulted in a FY 2013 projected ARC of \$119.9 million and a UAAL of \$1.5 billion. While the additional funds provided in FY 2013 exceeded the revised ARC by \$7.3 million, the FY 2014 OPEB contribution of \$111.9 million is \$4.2 million less than the projected FY 2014 ARC of \$116.1 million. The Office advised that it expects the County’s ARC to increase to approximately \$120 million based on the next actuarial valuation.

	(\$ in millions)		
	FY 2013	FY 2014	FY 2015
ARC	\$ 119.921	\$ 116.096	\$ 116.100 <sup>(1)</sup>
Contributions	127.251	111.889	116.100
Over/(Under)	\$ 7.330	\$ (4.207)	\$ 0

<sup>(1)</sup> Not available until CY 2015.

Last year, the Office advised that it expected to exceed the FY 2016 ARC by \$35.0 million for a total contribution of \$155.0, and then to increase funding again in FY 2017 by another \$35.0

## INSURANCE CONTRIBUTIONS (043)

million for a total contribution of \$190.0 million. This year, the Office advised that its near-term plan for OPEB funding has changed; however, details of the new plan were not provided.

***The Office should be prepared to discuss:***

- ***Expected future growth of health insurance costs for retirees vs. active employees;***
- ***The new plan for OPEB contribution levels in FY 2016 and FY 2017;***
- ***Whether OPEB funding levels for General Government and the component units are expected to equal their respective portions of the ARC in future years; and***
- ***Any other management changes being considered, including any changes in actuarial assumptions or employee/retiree benefits.***

### OTHER ISSUES

3. Health Insurance Reserve Fund Experience

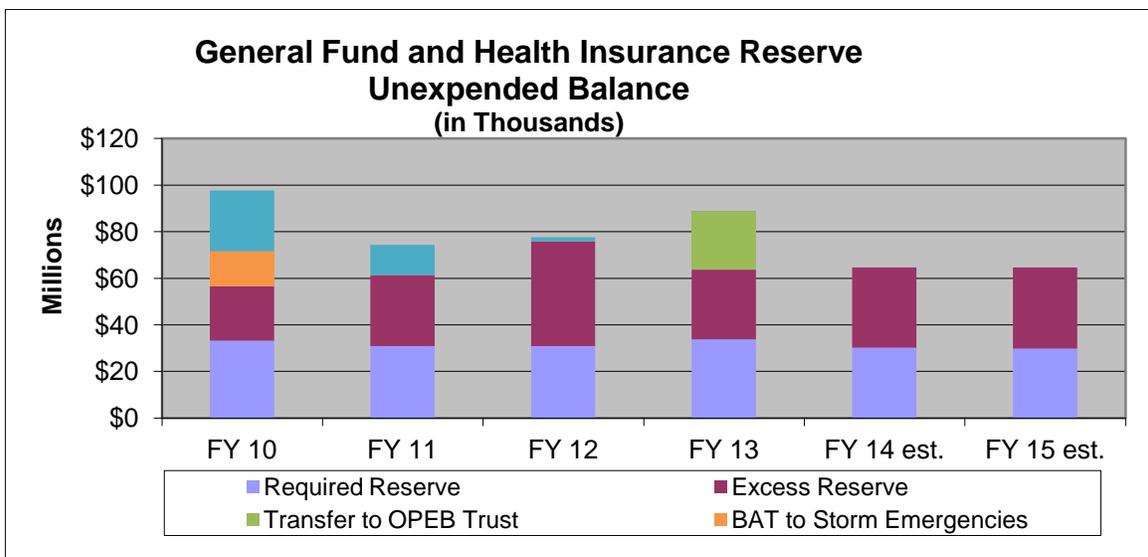
The Office plans no reversion of unexpended health insurance funds to the FY 2014 General Fund balance. Based on information provided by the Office, the estimated Health Insurance Reserve fund balance as of June 30, 2014 will total approximately \$64.6 million. This amount is \$34.8 million more than the “incurred but not reported” (IBNR) requirement recommended by the County’s consultant, up from last year when the projected fund balance was \$20.6 million above the IBNR requirement.

	Health Insurance Reserve (\$ in millions)
Est. Balance at June 30, 2013	\$ 63.6
FY 2014 Est. Operational Surplus	1.0
Est. Balance at June 30, 2014	64.6
IBNR Requirement (per consultant)	(29.8)
<b>Est. Excess at June 30, 2014</b>	<b>\$ 34.8</b>

The chart below shows a 6-year trend of the Health Insurance Reserve and the General Fund unexpended balance starting in FY 2010, when the County reverted or transferred over \$40

## INSURANCE CONTRIBUTIONS (043)

million from the Insurance program. Without these actions the reserve would have been \$96.5 million. With these actions the actual reserve was \$56.5 million. Since that time the reserve grew to \$61.3 million in FY 2011 and \$75.8 million in FY 2012 despite other significant reversions to the General Fund. In FY 2013 the reserve dropped to \$63.6 million, but only due to the transfer of \$25 million to the OPEB Trust Fund. Without the transfer the reserve would have risen to \$88.6 million. In FY 2014 the reserve is expected to grow to \$64.6 million. The IBNR requirement over the 6-year period has fluctuated between \$29.8 million and \$33.7 million.



Growth in the Health Insurance Reserve (and/or the ability to transfer funds to the OPEB Trust or the General Fund) is attributable to favorable claims experience in recent years. The proposed FY 2015 budget for General Government active employee health insurance increases \$4.0 million, or 7.3%, over FY 2014. The driving factor behind this increase is a recommendation from the County's health consultant to increase premiums, which are paid by both the County and its employees, due to expected increases in health care costs. For the upcoming plan year beginning January 1, 2015, premiums for the County and its General Government employees are expected to increase by approximately 6.5% for all three medical plans (see Table A). Premiums for the current 2014 self-insured plans (i.e., the two CIGNA plans; the Kaiser plans are not self-insured) grew on average by 9.3% over 2013 premiums, and since FY 2010 self-insured premiums have grown by an average of 9.6% per year. Over the same time period, claims have risen by an average of just 5.3% per year, significantly less

## INSURANCE CONTRIBUTIONS (043)

than the growth in premiums. As a result, the reserve has grown significantly higher than the IBNR requirement.

***The Office should be prepared to discuss:***

- ***Why premiums have risen faster than recent claims experience would dictate;***
- ***The plan for managing the Health Insurance Reserve over the next few years, and if there is a target for the size of the fund balance beyond the IBNR requirement; and***
- ***Any planned transfers to the OPEB Trust Fund or any other funds.***

#### 4. Benefit Plan and Premium Changes

Beginning with the health insurance plan year that ended August 31, 2008, the County initiated a 5-year plan to reduce the health care subsidy provided to General Government employees hired prior to July 1, 2007. Employees hired on or after July 1, 2007 receive the reduced County subsidy without the 5-year phase-in. FY 2012 was the final year of the scheduled subsidy phase-in, and the subsidies are now 80% for the CIGNA PPO plan and 90% for each of the two HMO plans (CIGNA and Kaiser). In June 2012 the Administration announced that further reduction in subsidies will occur for General Government beginning in CY 2015 and continuing through CY 2017. Subsidies will be reduced by 1% in CY 2015 and an additional 2% in both CY 2016 and CY 2017. By CY 2017 the County will pay for 75% of the PPO plan premium and 85% of the HMO plans premiums. In FY 2015 the estimated combined (employer and employee) total premium cost for General Government's active and retired employees is \$147.4 million. Each 1% of premium cost, therefore, equates to approximately \$1.5 million. Based on projected premiums, a 5% change in the subsidy would shift \$7.5 million in annual health care costs from the County to its employees. With the subsidy reduction scheduled to begin on January 1, 2015, the County will realize approximately \$750,000 of this savings in its employer contribution for health care for General Government active and retired employees in FY 2015.

BCPL employees receive the same subsidies as General Government employees, and subsidies among the other two component units have also been reduced over the past few years, including a 2014 reduction by BCPS of 3% for its PPO plan and 1% for its HMO plans.

## INSURANCE CONTRIBUTIONS (043)

The Office advised that negotiations between BCPS and its labor organizations, as well as with CCBC, have resulted in the reduction of the subsidy amounts to be 80% for the PPO plan and 85% for the HMO plans by FY 2017. This will result in the same subsidy as General Government for the HMO plans, but there will continue to be a discrepancy for the PPO plan, as illustrated in the chart below.

	<u>2014</u>	<u>2017</u>
<u>Gen Govt.</u>		
PPO plan	80%	75%
HMO plans	90%	85%
<u>BCPS</u>		
PPO plan	85%	80%
HMO plans	88%	85%
<u>CCBC</u>		
PPO plan	85%	80%
HMO plans	90%	85%

Due in part to subsidy changes and growth in the total premium costs estimated by the County's consultant, employee premiums for the County's self-insured medical plans have risen significantly in recent years. For the upcoming plan year beginning January 1, 2015, premiums for the County and its General Government employees are expected to increase by approximately 6.5% for all three medical plans (see Table A). The combination of the subsidy reduction and the increase in premiums will result in an annual increase in cost for an employee enrolled in the self-insured CIGNA plans ranging from \$120.00 for an individual in the HMO plan to \$634.20 for a family in the PPO plan. In addition, employees will have to pay higher co-pays for prescriptions beginning in CY 2015, as follows:

	<u>2014</u>	<u>2015</u>
Generic	\$5	\$12
Brand Formulary	\$20	\$30
Brand Non-formulary	\$35	\$45

***The Office should be prepared to discuss:***

- ***Growth in employee premiums compared to growth in claims;***
- ***Estimated savings resulting from the increase in prescription co-pays; and***
- ***Any other anticipated changes to employee benefit plans.***

# INSURANCE CONTRIBUTIONS (043)

**TABLE A**

**Health Insurance Rates Per Pay (24 Pays):  
General Government and BCPL Employees Hired Prior to July 1, 2007**

Plan		Employee Premium			Proposed Effective	Projected Increase (Decrease)
		Effective 1/1/13-12/31/13	Effective 1/1/14-12/31/14	Increase (Decrease) 1/1/13-12/31/14		
CIGNA Open Access Plus In- Network		10% <sup>(1)</sup>	10% <sup>(1)</sup>		11% <sup>(1)</sup>	
	IND	26.51	29.15	\$2.64	34.15	\$5.00
	P/C	38.48	42.32	\$3.84	49.58	\$7.26
	H/W	56.76	62.41	\$5.65	73.12	\$10.71
	FAM	80.15	88.13	\$7.98	103.25	\$15.12
CIGNA Open Access Plus PPO		20%	20% <sup>(1)</sup>		21% <sup>(1)</sup>	
	IND	67.51	73.35	\$5.84	82.03	\$8.68
	P/C	99.07	107.65	\$8.58	120.39	\$12.74
	H/W	144.06	156.53	\$12.47	175.05	\$18.52
	FAM	205.62	223.43	\$17.81	249.86	\$26.43
Kaiser HMO		10% <sup>(1)</sup>	10% <sup>(1)</sup>		11% <sup>(1)</sup>	
	IND	27.68	28.90	\$1.22	33.86	\$4.96
	P/C	41.52	41.95	\$0.43	49.16	\$7.21
	H/W	55.37	61.87	\$6.50	72.49	\$10.62
	FAM	83.05	87.38	\$4.33	102.37	\$14.99
Traditional Dental Carefirst		25% <sup>(1)</sup>	25% <sup>(1)</sup>		25% <sup>(1)</sup>	
	IND	4.12	4.12	\$0.00	4.36	\$0.24
	P/C	6.17	6.17	\$0.00	6.52	\$0.35
	H/W	8.24	8.24	\$0.00	8.70	\$0.46
	FAM	12.36	12.36	\$0.00	13.05	\$0.69
Carefirst Preferred Dental PPO		25% <sup>(1)</sup>	25% <sup>(1)</sup>		25% <sup>(1)</sup>	
	IND	3.33	3.33	\$0.00	3.52	\$0.19
	P/C	4.73	4.73	\$0.00	5.00	\$0.27
	H/W	6.31	6.31	\$0.00	6.66	\$0.35
	FAM	9.47	9.47	\$0.00	9.99	\$0.52
CIGNA Dental HMO		25% <sup>(1)</sup>	25% <sup>(1)</sup>		25% <sup>(1)</sup>	
	IND	2.16	2.32	\$0.16	2.45	\$0.13
	P/C	3.91	4.18	\$0.27	4.42	\$0.24
	H/W	4.33	4.63	\$0.30	4.89	\$0.26
	FAM	6.53	6.98	\$0.45	7.37	\$0.39
CFBCBS Vision		10% <sup>(1)</sup>	10% <sup>(1)</sup>		10% <sup>(1)</sup>	
	IND	0.13	0.13	\$0.00	0.14	\$0.01
	P/C	0.19	0.20	\$0.01	0.21	\$0.01
	H/W	0.26	0.27	\$0.01	0.28	\$0.01
	FAM	0.39	0.40	\$0.01	0.42	\$0.02

<sup>(1)</sup> Employee share of cost.

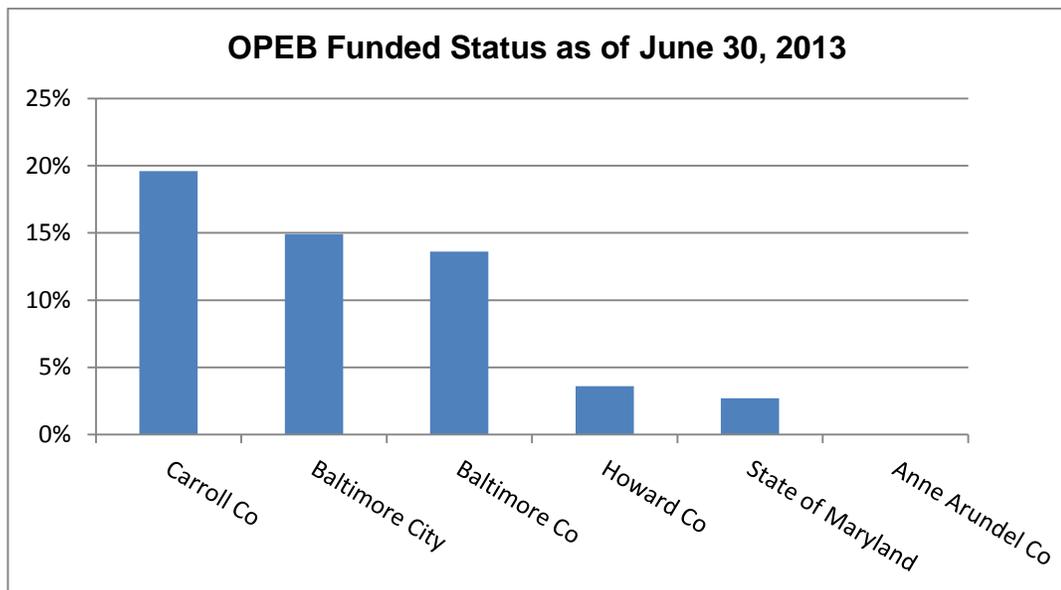
<sup>(2)</sup> Based on consultant's projection. Actual premiums may vary.

Provided by: Office of Budget and Finance.

## INSURANCE CONTRIBUTIONS (043)

### 5. Funding OPEB (*For informational purposes only.*)

The funding of other post-employment benefits (OPEB) is a challenge for local jurisdictions across the State. A review of the most recent Comprehensive Annual Financial Reports (CAFRs) of surrounding jurisdictions indicates that the County is in neither the best shape nor the worst shape when it comes to the 13.6% funded status of its OPEB liability. As the chart below illustrates, both Baltimore City and Carroll County are currently out-performing the County, with their OPEB liabilities funded at 14.9% and 19.6%, respectively. Howard County's OPEB liability is 3.6% funded, and Anne Arundel County has not yet begun funding its OPEB liability. The State's OPEB liability is 2.7% funded.



### 6. National Healthcare Reform

In March 2010, President Obama signed the Patient Protection and Affordable Care Act, commonly referred to as the health care reform law. This law vastly expands coverage for the uninsured, prohibits discrimination in the purchase of insurance based on pre-existing conditions, and prevents insurance plans from imposing lifetime limits on coverage. In addition, the new law mandates that individuals and employers purchase health insurance in state-created exchanges by CY 2014. Individuals who earn between 133% and 400% of the federal

## INSURANCE CONTRIBUTIONS (043)

poverty level (\$20,921 to \$62,920 for a family of two in CY 2014) will be eligible for subsidies that will help them purchase insurance in a state exchange.

Baltimore County's health plans currently have "grandfather" status, which means that the County may make routine changes to its policies, such as cost adjustments to keep pace with inflation, add new benefits, or make modest adjustments to existing benefits without having to adhere to some of the provisions, which impose new benefit requirements, such as prohibiting cost sharing for prevention services and guaranteeing access to OB-GYNs and pediatricians. The Office advised that the County will lose its "grandfather" status in CY 2015 due to changes it is making to employee benefit plans. The Office further advised that a current estimate for the cost of losing this status is not available; however, the Office previously estimated the annual benefit of this status to be \$420,000.

The Office advised that the County has not experienced any issues or cost increases related to the health care reform law in FY 2014. However, the Office is aware of one aspect of health care reform, known as the "Cadillac Tax," which could impact the County beginning in CY 2018. The Cadillac Tax will be imposed on high-cost plans, with the threshold for the total premium cost (including both the employer and the employee portion) starting at \$10,200 per year for individual coverage and \$27,500 per year for family coverage in CY 2018. The tax will be 40% of the portion of the plan cost that exceeds the threshold amount, and the thresholds will be indexed for inflation in future years. With the current rate of premium increases, the County's PPO plan will exceed the threshold in CY 2018. The Office has advised that the County intends to make changes to its PPO plan prior to CY 2018 in order to avoid being subject to the Cadillac Tax.

***The Office should be prepared to discuss:***

- ***How the County plans to adapt its PPO plan in order to avoid being subject to the Cadillac Tax;***
- ***Which plan changes are causing the County to lose its "grandfather" status; and***
- ***Any new fiscal and operational costs for complying with health care reform in FY 2015, including an updated estimate for the cost of the County losing its "grandfather" status.***

## INSURANCE CONTRIBUTIONS (043)

### 6. Wellness Initiatives

Baltimore County Government and its insurance providers offer an extensive wellness program for the purpose of preventing illness, promoting health, and reducing costs. Programs include health fairs, weight management, nutrition, tobacco cessation, stress management, health assessments, and biometric screenings (evaluations intended to identify past, current, and potential medical problems). Services are provided in numerous ways, including one-on-one, groups, on the phone, and on-line. The Office advised that 1,028 employees participated in wellness programs in FY 2013, with 1,410 and 1,500 expected to participate in FY 2014 and FY 2015, respectively. The Office further advised that there are no direct costs for these initiatives, as wellness programming is included in the health insurance administration costs.

#### ***The Office should be prepared to discuss:***

- ***Cost savings to health insurance associated with wellness initiatives;***
- ***New programs or services planned for the upcoming year;***
- ***Whether participation in wellness initiatives will remain voluntary; and***
- ***Any plans to tie employee premium costs to participation in wellness initiatives.***

### 7. Adequacy of Funding for Liability Claims

The Self-Insurance Fund (Fund 028) was established in 1988 to pay for all liabilities expected to occur in the upcoming fiscal year and for at least a portion of the unpaid outstanding liability. The purpose of this fund is two-fold: to self-insure the County as required by the Maryland Workers' Compensation Act and pay for the defense and coverage of workers' compensation claims; and to provide for liability coverage of all employees of the County not in excess of \$200,000 per individual claim and \$500,000 per total claims that arise from the same occurrence, for damages resulting from tortuous acts or omissions of the County government, a participating governing agency, or an employee. This coverage includes general and automobile liability claims that the County may become legally obligated to pay on behalf of an employee, including personal injury or property damage claims.

The responsibility of managing the fund is shared. The Director of Budget and Finance is responsible for recommending the appropriations to the fund; selecting an actuary; overseeing

## **INSURANCE CONTRIBUTIONS (043)**

investments; determining if excess insurance coverage is needed and available at a reasonable cost; and making disbursements against claims that are approved by the County Attorney. The County Attorney is responsible for the approval of claims payments and awards; settlement or trial of all claims; and processing and investigating all claims.

Since July 1, 1986, the Community College of Baltimore County (CCBC) has participated in the County's Self-insurance Fund for its general and automobile liability and its workers' compensation and Baltimore County Public Schools (BCPS) has participated for its workers' compensation. On May 23, 2013 the Council approved Bill 30-13, which allowed BCPS and CCBC to continue membership in the Fund based upon mutual agreement that membership is in the best interest of the County. It was then determined that BCPS's participation in the Fund was no longer in the best interest of the County, and on September 1, 2013, management of current workers' compensation claims was transferred from the County to BCPS. On November 1, 2013, the responsibility for addressing pre-existing claims was also transferred to BCPS. According to BCPS, the value of its liability for pre-existing claims will be established following the completion of an actuarial study, and it will then be determined whether BCPS will establish a reserve equal to the value of these claims or if the County will continue to fund the cost of the claims on an annual basis.

AMI Risk Consultants, Inc. performed the Actuarial Review of the Self-Insurance Fund as of June 30, 2013. Estimated reserves needed to cover unpaid claims incurred for 2013 and prior years total \$35.3 million. The fund balance at June 30, 2013 was \$29.9 million, leaving a deficit fund balance of \$5.4 million. The funding levels recommended necessary to pay claim amounts arising in FY 2014 and FY 2015 are \$12.7 million and \$12.8 million, respectively. Annually, the County seeks to appropriate and pay to the fund an amount that will satisfy all liabilities expected to occur in the upcoming fiscal year. The proposed FY 2015 budget includes \$14.0 million, which is \$1.2 million more than the recommended funding requirement. This amount includes \$6.8 million for General Government (funded in this Insurance Contributions program) and \$7.2 million, combined, for BCPS (\$5.9 million, which will not go to the Fund but will instead be managed by BCPS), CCBC (\$0.8 million), and the Metropolitan District (\$0.5 million).

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*The Office should be prepared to discuss:*

- *How the County intends to handle pre-existing BCPS claims now that BCPS is no longer participating in the County's Self-Insurance Fund;*
- *The savings anticipated as a result of BCPS exiting the Fund;*
- *Any planned changes in the Self-Insurance Fund, particularly regarding the participation of CCBC;*
- *Other factors in addition to the Actuarial Review that were considered in determining total funding for FY 2014, which is above the recommended level;*
- *The increase in funding for General Government workers' compensation and the decrease in funding for liability insurance; and*
- *Efforts the County is taking to minimize claims.*

BALTIMORE COUNTY  
 FISCAL YEAR 2015 RECOMMENDED BUDGET

**INSURANCE CONTRIBUTIONS (043)**

APPROPRIATION DETAIL
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	<u>FY 2013 ACTUAL</u>	<u>FY 2014 APPROP</u>	<u>FY 2015 REQUEST</u>	<u>NET CHANGE</u>	
				<u>AMOUNT</u>	<u>%</u>
4302 Insurance Contributions	<u>\$ 92,293,736</u>	<u>\$ 101,080,474</u>	<u>\$ 131,847,638</u>	<u>\$ 30,767,164</u>	<u>30.4%</u>

BALTIMORE COUNTY  
 FISCAL YEAR 2015 RECOMMENDED BUDGET

**INSURANCE CONTRIBUTIONS (043)**

PERSONNEL DETAIL
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	FY 2013 ACTUAL		FY 2014 APPROP		FY 2015 REQUEST		NET CHANGE		
	FULL	PART	FULL	PART	FULL	PART	FULL	PART	
	FULL	PART	FULL	PART	FULL	PART	FULL	PART	
4302 Insurance Contributions	--	--	--	--	--	--	--	--	--