

# 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 FY24 provides funding of \$153,779,481 for the Healthcare Fund. Included in this figure is \$106,066,019 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 69.0 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 \$47,713,462 reflects anticipated payments from employees and retirees that participate in the program, as well as rebates for pharmacy claims and interest earnings.

## FISCAL YEAR 2024 SUMMARY

### Annual Fiscal Plan

Description	FY22	FY23	FY24	Change
	Actual	Original	Proposed	23 to 24
Claims	\$ 133,216,014	\$ 136,019,684	\$ 142,113,837	4.5%
Other Administrative Fees	10,682,558	9,797,560	11,655,644	19.0%
Payments to Federal Government	10,470	10,000	10,000	0.0%
Total Healthcare	\$ 143,909,042	\$ 145,827,244	\$ 153,779,481	5.5%

## *Healthcare Fund*

### BUDGET HIGHLIGHTS

Of the \$153,779,481 proposed budget for Healthcare, \$142,113,837, or 92.4 percent reflects estimated claims expenditures. The balance of \$10,665,644 is highlighted by anticipated third-party administrative fees (\$6,000,000), health spending account costs (\$1,250,000), costs of actuarial services (\$150,000), wellness initiatives funding (\$150,000) and the premium payments for excess risk insurance, which is \$4,000,000. The insurance protects the County from single large claims greater than \$500,000. Insurance protecting the County from annual claims in excess of 125.0 percent of actuarially projected annual claims was dropped for Calendar Year 2023. Also included in the budget is \$105,644 in funding for the retainer agreement for the County's healthcare consultant.

Also in Calendar Year 2023, Henrico changed its provider of pharmaceutical benefits to Anthem. This move is expected to gain the County several million dollars of rebate payments annually.



**Department Operating Budget  
Henrico County, Virginia  
FY2023-24  
HEALTHCARE**

Account Description	Prior Year Actual	Approved Budget	Proposed Budget	Dollar Inc/Dec	Percent Inc/Dec
50209 Other Professional Services	74,000	105,644	105,644	0	0.0%
50231 Health Spending Account (HSA) County	565,576	441,916	600,000	158,084	35.8%
50232 Health Spending Account (HSA) Schools	599,400	550,000	650,000	100,000	18.2%
50270 Other Contractual Services	74,890	150,000	150,000	0	0.0%
50271 Healthcare Administrative Fees	6,127,337	5,300,000	6,000,000	700,000	13.2%
50290 Purchase of Services from Other Governments	10,470	10,000	10,000	0	0.0%
50410 Postal Services	-1,471	0	0	0	0.0%
50422 Healthcare Excess Risk Insurance	3,239,619	3,100,000	4,000,000	900,000	29.0%
50480 Healthcare Claims	133,216,014	136,019,684	142,113,837	6,094,153	4.5%
50998 Wellness Program Payment	3,207	150,000	150,000	0	0.0%
<b>Total Department</b>	<b>143,909,042</b>	<b>145,827,244</b>	<b>153,779,481</b>	<b>7,952,237</b>	<b>5.5%</b>