

**TOWN OF NEW FAIRFIELD
INSURANCE RESERVE FUND - TOWN & BOE**

	ACTUAL @ 11/30/2022		YEAR TO DATE	FISCAL 22/23
	TOWN	BOE	TOTAL	YEAR END PROJECTION
REVENUES:				
Transfer from General Fund			3,700,000.00	5,679,693
EE Contributions	43,467.68	374,639.20	418,106.88	1,280,022
OPEB	0.00	0.00	0.00	282,600
			<u>4,118,106.88</u>	<u>7,242,315</u>
EXPENDITURES:				
Claims Paid	289,397.92	2,852,818.90	3,142,216.82	7,541,320
Stop Loss Rebate				(570,000)
Prescription drug rebate	(9,673.09)	(87,057.85)	(96,730.94)	(380,000)
Premiums Paid-Anthem	28,877.65	259,898.86	288,776.51	693,064
Premiums Paid-Teamsters	135,377.31	0.00	135,377.31	393,132
Premiums Paid-Hartford	6,931.75	60,180.64	67,112.39	161,070
Contributions to H.S.A.	40,104.17	534,270.82	574,374.99	579,479
Affordable Care Act fees	0.00	0.00	0.00	2,149
Other	3,860.00	8,827.88	12,687.88	13,688
Employee Assistance Program	266.49	2,398.41	2,664.90	6,396
OPEB	1,293.00	130,000.00	131,293.00	131,293
	<u>496,435.20</u>	<u>3,631,337.66</u>	<u>4,257,772.86</u>	<u>8,571,591</u>
			Revenues less Expenditures	(139,665.98)
			(139,665.98)	(1,329,276)
Beginning Fund Balance (Adjusted for IBNR)			900,431.04	900,431
Reserve for IBNR increase			-	-
TOTAL Fund Balance			<u>760,765.06</u>	<u>(428,845)</u>

Medical Reserve Fund overview as of 11/30/2022

FYE Projection shows a deficit of 428K at year-end.

Projections Challenges:

- The estimate is a straight calculation of average actual monthly claims projected over 12 months. There is no analysis of the nature of claims. Thus, the projection will change every month as actual data is added;
- Stop Loss Rebate is estimated, the amount came from USI/Anthem;
- IBNR claims are not known. The amount comes from Anthem after year-end and has to be recognized in our financial statements. Current projection presumes the return to prior-years' average of 360K.

Proposed Mitigation Strategy:

1. Use OPEB fund to the full extent of actual claims, not actuarially determined estimate. Using the same approach as for Total Claims, estimated OPEB claims are at 688K, yielding additional influx of funds from OPEB into Medical Reserve of 405K. Per Milliman, we are not limited by actuarially determined amount of 282K, and should treat OPEB fund as Pension funds, thus paying actual claims;
2. Appropriate FY22 Surplus. Taking into consideration submitted requests from BOE and BOS, the remaining surplus is \$290K out of \$968K;
3. Wait until May to evaluate fund's position since 10 months of actual claims will be available, thus providing more accurate year-end projection, and appropriate additional funds, as needed, from Unassigned Fund Balance in lieu of FY23 Revenue Surplus with the sources of projected surplus as follows:
 - a. Already received unanticipated revenue from the State (MRSA distribution) – 274K
 - b. In the first quarter, Interest Income is 244K out of budgeted 250K. Thus, the remaining three quarters of the year will be in excess of budget. Estimated excess – 700K.

With BOE and BOS requests acknowledged and outlined steps applied, the impact on Medical Reserve is as follows:

Projected Deficit	(428K)
OPEB Claims Offset	405K
FY22 Surplus	<u>290K</u>
Transitional Projected YE Balance	267K
May/June 2023 Add'l Appropriation	900K
Projected YE Balance	1,167K