



# FLAGLER COUNTY BOARD OF COUNTY COMMISSIONERS Budget Overview – May 10, 2016



# Today's Goals

- Go over Timeframes and Process
- Overview/Background
- Address Budgetary Process/Goals
- Present Initial Situation and Trends and Challenges
- Go over Health Insurance in detail
- Discuss Commission Direction

# Budget Timeline Milestones

- June 1 - Preliminary Tax Rolls received & Sheriff, SOE, Clerk Budgets received
- July 1 - Final Tax Rolls/Tax Collector & Property Appraiser Budgets received
- July 18 – County Administrator’s Proposed Budget delivered to BOCC
- July 21 - TRIM Adoption (Alternate Aug 1)
- September 15<sup>th</sup> & 29<sup>th</sup> Budget Adoption

# Budget Workshops

- May 10<sup>th</sup> Budget Overview
- May 19<sup>th</sup> General Fund
- June 9<sup>th</sup> and 23<sup>rd</sup> General/Other
- July 21<sup>st</sup> Other/TRIM (Alt Aug 1<sup>st</sup>)
- August 4<sup>th</sup> and 18<sup>th</sup> budget workshop dates if necessary

# Process

- Focus on General Fund
- Information clearer over time
- Staff is focused on finalizing County Administrator's Proposed Budget
- Not proposing to meet with Constitutionals unless necessary
- Budget Guidance

# Overview

- ❑ Second year of Steady Growth
- ❑ Cost to provide Services properly
- ❑ Operating Revenues versus Operating Expenditures
- ❑ Organization - Change/ New Normal
- ❑ Being Proactive – Make Smart Decisions  
Moving Forward
- ❑ Plan for Future

# Flagler County

## “Service is our Business”



# Unique Flagler County Services

- ❖ **E911 Call Center**
- ❖ **Senior Center and Meals**
- ❖ **Meals on Wheels**
- ❖ **Senior and Social Services**
- ❖ **Adult Day Care**
- ❖ **Public Transportation**
- ❖ **Library**
- ❖ **Community Centers**
- ❖ **Countywide Ambulance**
- ❖ **FireFlight Helicopter**
- ❖ **Agricultural Extension Service**
- ❖ **Housing Assistance Programs**
- ❖ **Veterans Services**
- ❖ **Airport**
- ❖ **Judges**
- ❖ **Courts and Legal System**
- ❖ **Clerk and Official Records**
- ❖ **County Jail**
- ❖ **Juvenile Detention**
- ❖ **Tax Collector –Driver License**
- ❖ **Property Appraiser**
- ❖ **Regional Parks - Princess Place**
- ❖ **Sheriff's Office – Law Enforce**
- ❖ **Emergency Management**
- ❖ **Elections**
- ❖ **800 Megahertz Radio System**
- ❖ **Forestry Firefighting/Ocean Rescue**



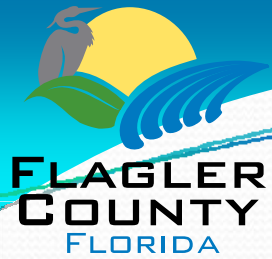
# Paying for Services

Revenues = Expenditures

Additional Revenues

Cut Services/Reduce Expenses

Use of Reserves



# Property Taxable Valuation

- **07-08**      **\$12,184,917,324**
- **08-09**      **\$11,200,626,942**
- **09-10**      **\$ 9,452,067,430**
- **10-11**      **\$ 7,667,193,838**
- **11-12**      **\$ 6,563,932,871**
- **12-13**      **\$ 6,153,800,977**
- **13-14**      **\$ 6,206,923,270**
- **14-15**      **\$ 6,542,982,014**
- **15-16**      **\$ 7,004,746,021**

## 2016-17 Valuation

Estimated at 4.5% this year

Expected to generate

\$2.5 Million more than prior year

At the same Millage Rate of

7.9417



# 2016-17 Target

Approximate New Revenue

**\$2,250,000**

# Favorable Budgetary Trends

- Economic Recovery/Growth Continues
- Fuel Costs
- Financing Costs Lowered
- Airport Improvement/Rentals
- Address Major Capital Needs
  - MalaCompra Drainage
  - Plantation Bay
  - Bay Drive Park

# Unfavorable Budgetary Trends

- General Cost Increases/Inflationary
- Construction Costs Increases
- Competition for Skilled Workforce
- Unsure Economy – Growing\*
- White Collar Exemption
- Large Repairs/Equipment
- Medicaid/Health Insurance Costs

# Major Budgetary Challenges

• COLA/Salary Adjustment (2%)	\$1,000,000
• Health Insurance Increase	\$1,500,000
• Firefighter Pay Decompression Plan*	\$ 55,000
• Medicaid/HCRA Increases *	\$ 80,000
• Constitutional Increases (Other)	\$ 65,000
• Rebuilding Reserves (minimum 300K*)	\$ 1,000,000
• Requested Increases from Non-profits	\$ 150,000
• Investments in Technology	\$ 350,000
• Increased Equipment Demands	\$ 300,000
• Increased Capital Maintenance Projects	\$ <u>500,000</u>
<b>Total Estimated Challenges</b>	<b>\$5,000,000</b>

Flagler County

# Health Insurance Presentation

May 10, 2016

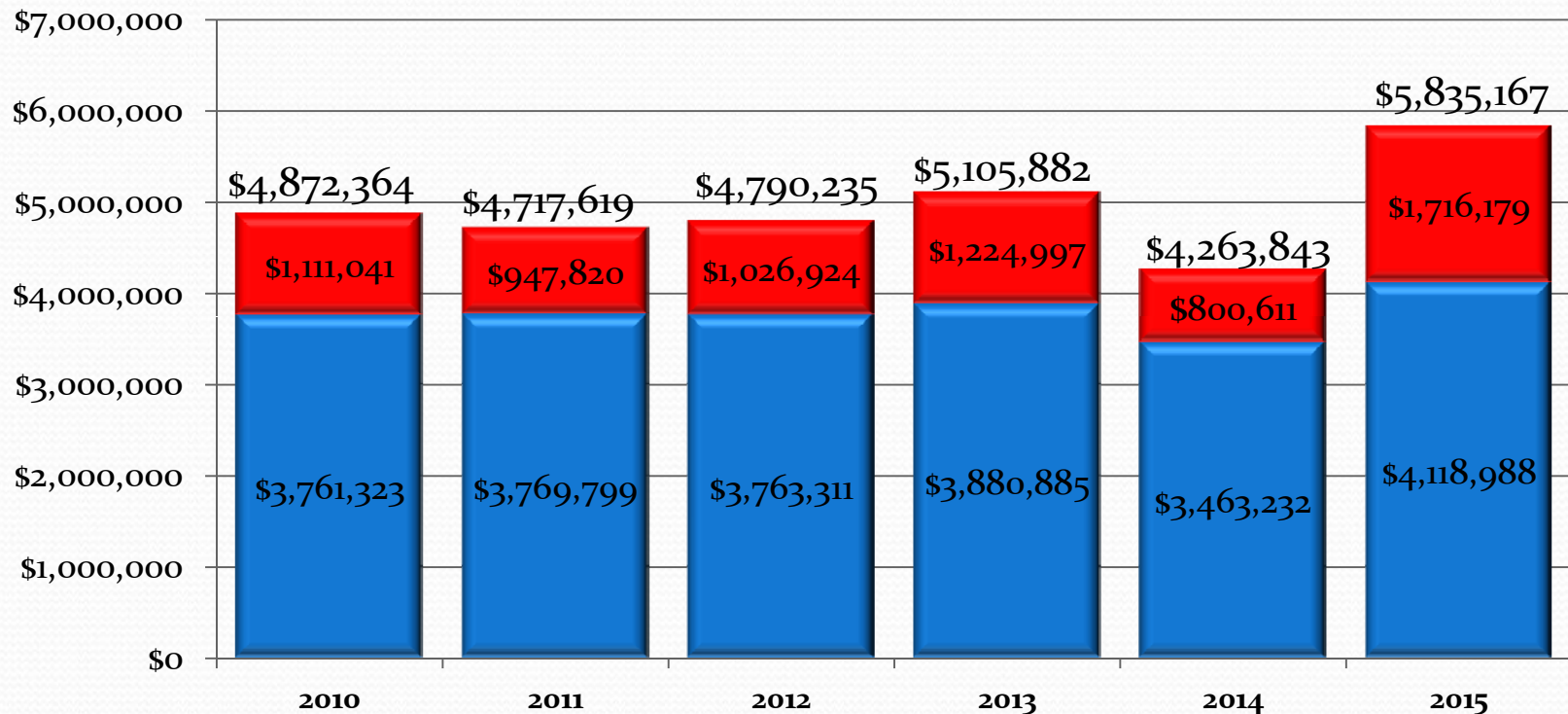
**Care**Here!



**Health Center Update**  
**Health Insurance Update**



## Total Net Claims for Claimants <\$50k and >\$50k



■ Total Net for Claimants <\$50k

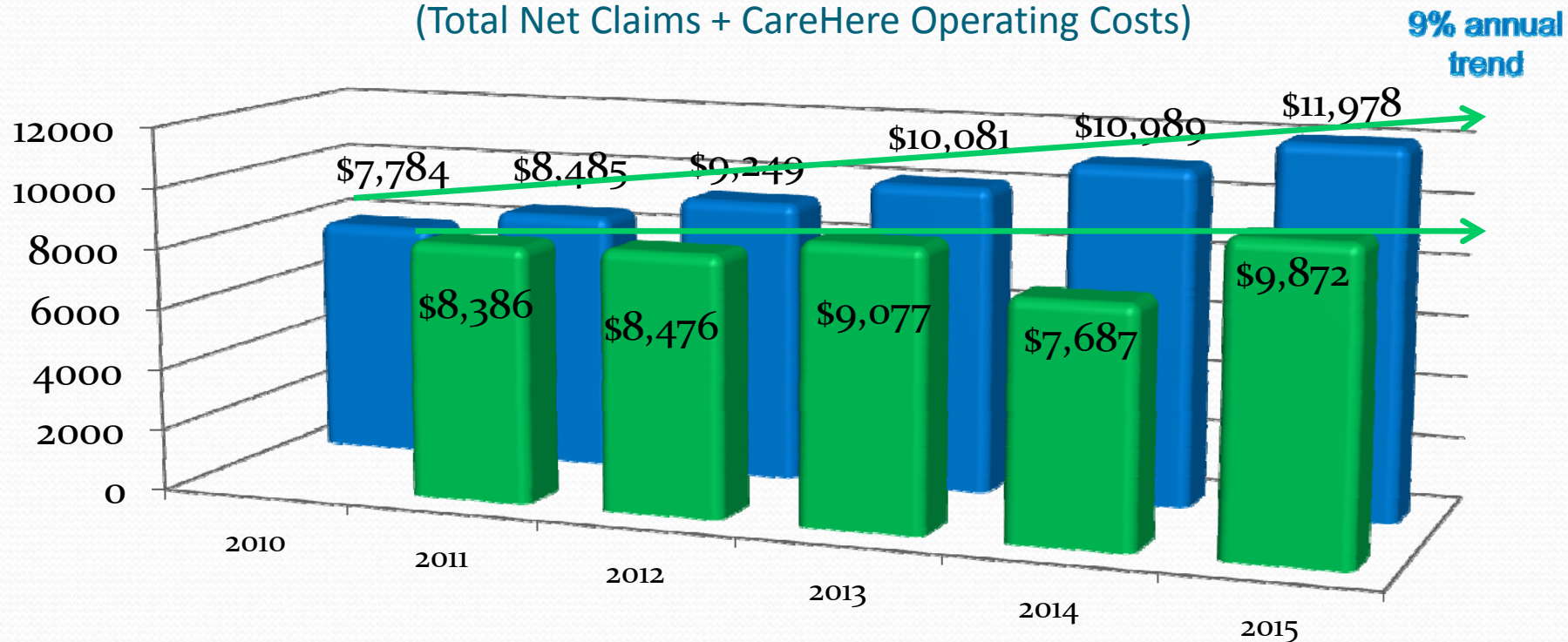
■ Total Net for Claimants > \$50k

### Total Number of claimants w claims >= \$50,000

2010	10 members represent 23% of Total Net Claims
2011	11 members represent 20% of Total Net Claims
2012	13 members represent 21% of Total Net Claims
2013	14 members represent 24% of Total Net Claims
2014	8 members represent 19% of Total Net Claims
2015	14 members represent 29% of Total Net Claims

# Cumulative Net Claims Savings & Trend Analysis Per Employee Per Year

(Total Net Claims + CareHere Operating Costs)



■ Total Net Claims + CareHere Costs

■ Trended PEPY Claims

Actual Gross Net Trend has averaged 5.4% over last 5 Plan Years Including CareHere costs

# Flagler County Claims Avoidance Summary

Fiscal Year	Health & Wellness Center Medical Visits Only Total/50%	Plan Cost Avoidance at the Avg Cost of \$200*	Avg cost per Rx	Health & Wellness Center # of Rx Dispensed	Plan Avoidance	Total Cost Avoidance Utilizing Carehere
2011	4,453/2,226	\$445,200	\$59	2,850	\$168,150	\$613,350
2012	4,949/2,474	\$494,800	\$62	3,064	\$189,968	\$684,768
2013	4,938/2,469	\$493,800	\$72	4,075	\$293,400	\$787,200
2014	5,525/2,762	\$552,500	\$74	5,043	\$373,182	\$925,682
2015	6,874/3,437	\$687,400	\$93.50	5,940	\$555,390	\$1,242,790
	<b>26,739/13,369</b>	<b>\$2,673,900.</b>		<b>20,972</b>	<b>\$1,580,090</b>	<b>\$4,253,990</b>

\* NOTE: Standard Doctor's visit average cost is \$200.

# Employee Copay Avoidance Summary

## Estimated Employee Out of Pocket Savings

Office Visits Co-Pay (@\$20)	Medical Visits Only	Co-Pay Avoidance	Rx Co-Pay (@ \$10)	RX Dispensed	Co-Pay Avoidance	Total Cost Avoidance
2011	4,453	\$89,060	2011	2,850	\$28,500	\$117,560
2012	4,949	\$98,980	2012	3,064	\$30,640	\$129,620
2013	4,938	\$98,760	2013	4,075	\$40,750	\$139,510
2014	5,525	\$110,500	2014	5,043	\$50,043	\$160,543
2015	6,874	\$137,480	2015	5,940	\$59,400	\$196,880
	<b>26,739</b>	<b>\$534,780</b>			<b>\$209,333</b>	<b>\$744,113</b>

Care Here!

# Question's

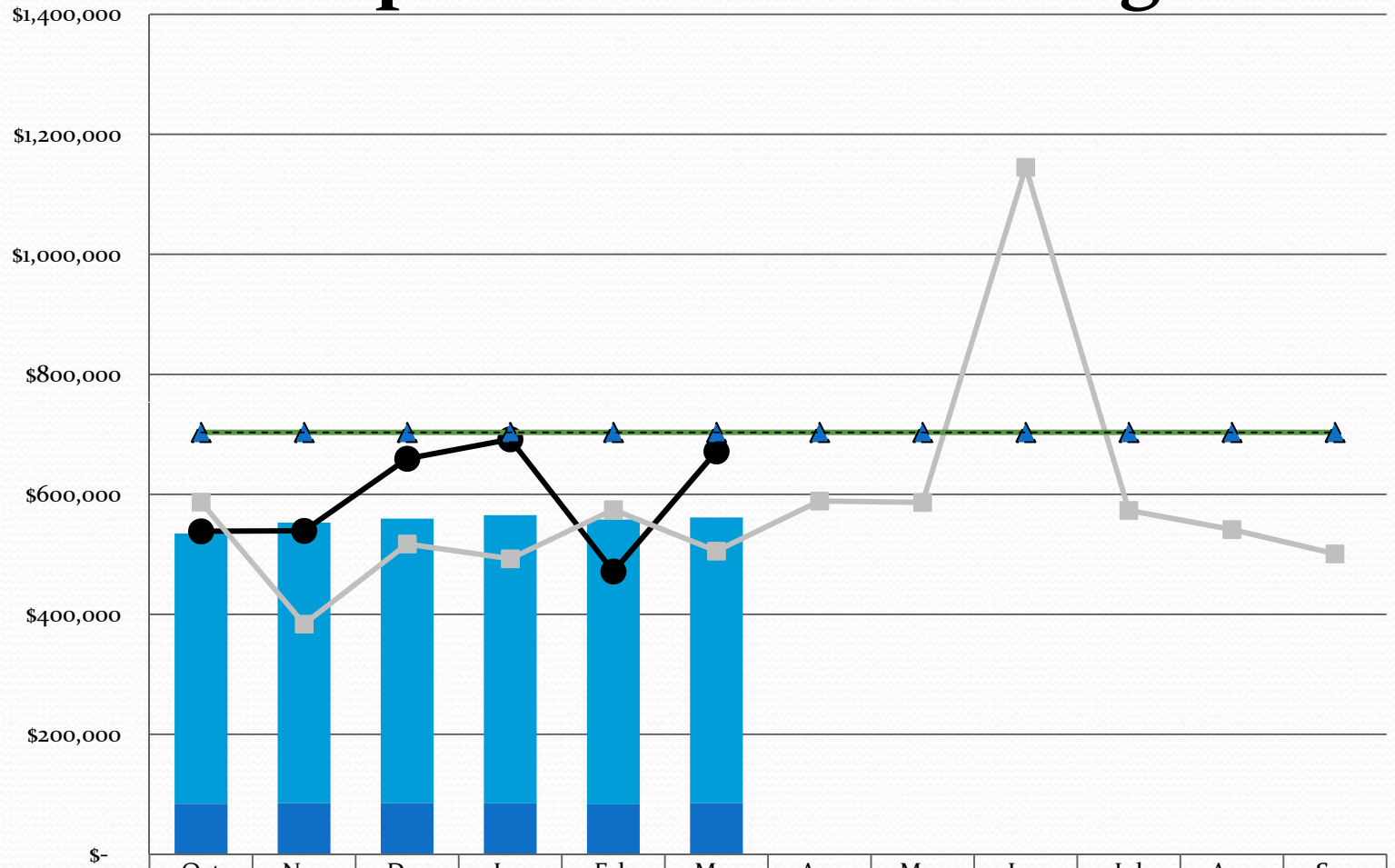
Employee Health & Wellness Center



# Health Plan Budget Analysis

2015-2016 Plan Year	Data through	03/31/2016
<b>Medical</b>		
Paid Claims		\$ 3,057,315.59
Medical ASO Fees		\$ 203,445.00
Stop Loss Premiums		\$ 310,768.17
PPACA Fees (estimated throughout the year)		\$ 104,568.75
<b>Expenses</b>		<b>\$ 3,676,097.51</b>
County Funding		\$ 2,822,695.05
Employee Contributions		\$ 508,894.50
<b>Revenue</b>		<b>\$ 3,331,589.55</b>
<b>Subtotal</b>		<b>\$ (344,507.96)</b>
<b>Other Credits</b>		
Stop Loss Reimbursements		\$ 68,737.46
Prescription Rebates		\$ 75,192.36
<b>Total Other Credits</b>		<b>\$ 143,929.82</b>
<b>Revenue versus Expenses</b>		<b>\$ (200,578.14)</b>
<b>Dental</b>		
Paid Claims		\$ 139,347.01
Dental ASO Fees		\$ 13,825.35
<b>Expenses</b>		<b>\$ 153,172.36</b>
Revenue		\$ 176,426.00
<b>Revenue versus Expenses</b>		<b>\$ 23,253.64</b>
<b>Total Revenue versus Expenses (Medical &amp; Dental)</b>		<b>\$ (177,324.50)</b>

# Expense versus Funding



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
2015-16 County Funding	\$450,498	\$467,498	\$473,873	\$480,248	\$474,581	\$475,998						
2015-16 Employee Contributions	\$84,320	\$85,330	\$85,505	\$84,990	\$83,368	\$85,383						
2015-16 Total Expenses	\$538,280	\$539,088	\$659,382	\$691,743	\$471,449	\$671,587						
2014-15 Total Expenses	\$587,139	\$383,753	\$517,160	\$492,555	\$574,337	\$505,400	\$588,904	\$586,564	\$1,145,000	\$573,222	\$541,285	\$500,693
2016-17 Anticipated Funding Needs	\$703,269	\$703,269	\$703,269	\$703,269	\$703,269	\$703,269	\$703,269	\$703,269	\$703,269	\$703,269	\$703,269	\$703,269

# Stop Loss

- Claims over \$150,000 are reimbursed to the County through the stop loss coverage
- There are currently four high cost claimants with claims over \$100,000
- There are currently two claimants who has reached the \$150,000 stop loss. Claim has been submitted for reimbursement.
- In the 2014-15 plan year, there were five claimants who reached the \$150,000 stop loss. All of these claimants reached the \$150,000 after the budget for 2015-16 was completed.



# 2016-17 Funding Analysis

	3/1/15-2/29/16	Expected 10/1/16-9/30/17
Net Estimated Claims*	\$5,831,569	\$6,527,673
Healthcare Reform Costs	\$91,760	\$55,365
Administrative Fees	\$409,860	\$409,860
Stop Loss Premiums**	\$624,073	\$717,684
Clinic Costs	\$693,950	\$728,648
<b>Total Estimated Costs</b>	<b>\$7,651,212</b>	<b>\$8,439,229</b>
Employee Funding	\$809,496	
Employer Funding	\$5,864,972	
Other Funding	\$200,000	
<b>Total Funding</b>	<b>\$6,874,468</b>	
Required Funding Increase	22.76%	<b>\$1,564,761</b>

\*Using a 7% trend on claims    \*\*Stop Loss premiums are estimated for 2016-17

# Options

- Cut costs
  - Health care costs continue to increase
  - Reducing benefits by increasing deductibles and copays
  - We are hoping the CanaRx program will help but it is not enough

**Not a viable option**

# Flagler County/CanaRx

## Summary Savings Report

*Inception Date: October 1, 2015*

October 1, 2015 - March 31, 2016

Covered Lives = 1592  
 CanaRx Eligible Members = 478  
 Enrolled Members = 30 (6.28%)  
 Goal by 4/1/2017 = 239 enrolled

	Since Inception
Issued Prescriptions	60
Plan Costs (Would Have Been)	\$43,765.50
CanaRx Billing	<u>\$12,661.00</u>
Net Savings	<b>\$31,104.50</b>
Savings	71.07%

Current	Savings
Employee Savings	\$2,700.00
Group Savings	\$31,104.50
Total Savings	<u>\$33,804.50</u>
Projected Annual Savings	\$67,609.00

# Options

- Take from reserves
  - State requires a minimum 60 day surplus plus the incurred by not reported (IBNR) claims to be in reserves
    - Minimum required reserves for Flagler County is approximately \$1.1 million
      - Required reserve increases each year due to trend.
      - Required reserve will increase with increased population as well.
    - Estimated amount in reserves on 9/30/16: \$1.1 million

**Not a viable option**

# Options

- Increase revenue (increase funding)
  - Funding by employees and County are below most other municipalities
  - The County has purposely not increased employee contribution funding since 2010 (Blue Options Plan)
    - County funding has not increased since 2013 and was reduced significantly from a decade ago.
  - Need to increase revenue by about \$1,560,000

# Monthly Employee Contribution History

Plan Year	Plan	EE Only	EE & Spouse	EE & Child(ren)	Family
2009-2010	BlueChoice	\$0.00	\$97.79	\$77.61	\$201.18
2010-2011	BlueChoice	\$54.95	\$193.76	\$143.48	\$326.92
	BlueOptions	\$20.00	\$107.08	\$84.98	\$220.29
2011-2012	BlueChoice	\$54.95	\$193.76	\$143.48	\$326.92
	BlueOptions	\$20.00	\$107.08	\$84.98	\$220.29
2012-2013	BlueChoice	\$54.95	\$193.76	\$143.48	\$326.92
	BlueOptions	\$20.00	\$107.08	\$84.98	\$220.29
2013-2014	BlueChoice	\$80.00	\$300.00	\$215.00	\$425.00
	BlueOptions	\$20.00	\$107.00	\$85.00	\$220.00
2014-2015	BlueOptions	\$20.00	\$107.00	\$85.00	\$220.00
2015-2016	BlueOptions	\$20.00	\$107.00	\$85.00	\$220.00

# Other Florida Local Government Employee Contributions per month

Local Government	EE Only	EE & Spouse	EE & Child(ren)	Family
<b>Flagler County</b>	<b>\$20.00</b>	<b>\$107.00</b>	<b>\$85.00</b>	<b>\$220.00</b>
St. John's County	\$50.00	\$225.00	\$175.00	\$330.00
Alachua County	\$0.00	\$543.76	\$489.38	\$1,196.26
Volusia School Board	\$20.00	\$652.90	\$512.25	\$1,074.83
Flagler School Board	\$183.73	\$848.49	\$783.78	\$1,113.23
Marion County*	\$31.36	\$184.02	\$184.02	\$184.02
Clay County*	\$56.20	\$392.72	\$392.72	\$392.72
St. John's School Board*	\$81.72	\$346.43	\$346.43	\$346.43
City of Palm Coast *	\$76.50	\$210.15	\$169.45	\$571.00

\* Employer funding is greater for insurance coverage above EE only.

# Other Florida Local Government Employer Funding per month

Local Government	EE Only	EE & Spouse	EE & Child(ren)	Family
<b>Flagler County</b>	<b>\$708.33</b>	<b>\$708.33</b>	<b>\$708.33</b>	<b>\$708.33</b>
St. John's County	\$804.00	\$804.00	\$804.00	\$804.00
Alachua County	\$543.75	\$543.75	\$543.75	\$543.75
Volusia School Board	\$683.23	\$683.23	\$683.23	\$683.23
Flagler School Board	\$404.55	\$404.55	\$404.55	\$404.55
Marion County*	\$462.04	\$1,270.70	\$1,270.70	\$1,270.70
Clay County*	\$636.32	\$1,365.68	\$1,365.68	\$1,365.68
St. John's School Board*	\$331.15	\$668.63	\$668.63	\$668.63
City of Palm Coast *	\$506.09	\$1,036.62	\$989.95	\$1,186.75

\* Employer funding is greater for insurance coverage above EE only.



# Flagler County Annual Funding History

Year	County Funding per year per Employee
2006-2007	\$13,000
2007-2008	\$13,000
2008-2009	\$9,000
2009-2010	\$8,000
2010-2011	\$8,300
2011-2012	\$8,300
2012-2013	\$8,300
2013-2014	\$8,500
2014-2015	\$8,500
2015-2016	\$8,500

# Current Contribution Level

	# Employees Enrolled	2015-16 Employee Monthly Contributions	2015-16 Total Employee Annual Contribution	2015-16 County Funding \$8,500 per employee	2015-16 Total Annual Contributions
Employee	272	\$20	\$65,280	\$2,312,000	\$2,377,280
Employee & Spouse	124	\$107	\$159,216	\$1,054,000	\$1,213,216
Employee & Child(ren)	118	\$85	\$120,360	\$1,003,000	\$1,123,360
Family	176	\$220	\$464,640	\$1,496,000	\$1,960,640
<b>TOTAL</b>	<b>690</b>		<b>\$809,496</b>	<b>\$5,865,000</b>	<b>\$6,674,496</b>
			<b>12%</b>	<b>88%</b>	<b>100%</b>

- Additional funding of \$1,564,761 is necessary to reach total annual funding of at least \$8,439,229

# Option 1 -Employees have no increase Flagler County absorbs entire increase

	# Employees Enrolled	Employee Monthly Contributions	Total Employee Annual Contribution	County Funding \$10,768 per Employee	Total Annual Contributions
Employee	272	\$20	\$65,280	\$2,928,896	\$2,994,176
Employee & Spouse	124	\$107	\$159,216	\$1,335,232	\$1,494,448
Employee & Child(ren)	118	\$85	\$120,360	\$1,270,624	\$1,390,984
Family	176	\$220	\$464,640	\$1,894,168	\$2,359,808
<b>TOTAL</b>	<b>690</b>		<b>\$809,496</b>	<b>\$7,429,920</b>	<b>\$8,239,416</b>
			<b>10%</b>	<b>90%</b>	<b>100%</b>

- Employee monthly contributions stay the same
- Flagler County contributions increase \$2,268 per employee  
(from \$8,500 per employee per year to \$10,768)
- Flagler County increased contribution total is \$1,564,920

## Option 2 - Employees absorb 25% of increase Flagler County absorbs 75% of increase

	# Employees Enrolled	Employee Monthly Contributions	Total Employee Annual Contribution	County Funding \$10,200 per Employee	Total Annual Contributions
Employee	272	\$20 > \$30	\$97,920	\$2,774,400	\$2,872,320
Employee & Spouse	124	\$107 > \$160.50	\$238,824	\$1,264,800	\$1,503,624
Employee & Child(ren)	118	\$85 > \$127.50	\$180,540	\$1,203,600	\$1,384,140
Family	176	\$220 > \$330	\$696,960	\$1,795,200	\$2,492,160
<b>TOTAL</b>	<b>690</b>		<b>\$1,214,244</b>	<b>\$7,038,000</b>	<b>\$8,252,244</b>
			<b>15%</b>	<b>85%</b>	<b>100%</b>

- Employee monthly contributions increase 50%
- Employee annual contribution total is increased \$404,748
- Flagler County Contributions increase \$1,700 per employee  
(from \$8,500 per employee per year to \$10,200)
- Flagler County increased contribution total is \$1,173,000

### Option 3 - Employees absorb 40% of increase Flagler County absorbs 60% of increase

	# Employees Enrolled	2016-17 Employee Monthly Contributions	2016-17 Total Employee Annual Contribution	2016-17 County Funding \$9,860 per employee	2016-17 Total Annual Contributions
Employee	272	\$20 > \$36	\$117,504	\$2,681,920	\$2,799,424
Employee & Spouse	124	\$107 > \$192.60	\$286,589	\$1,222,640	\$1,509,229
Employee & Child(ren)	118	\$85 > \$153	\$216,648	\$1,163,480	\$1,380,128
Family	176	\$220 > \$396	\$836,352	\$1,735,360	\$2,571,712
<b>TOTAL</b>	<b>690</b>		<b>\$1,457,093</b>	<b>\$6,803,400</b>	<b>\$8,260,493</b>
			<b>18%</b>	<b>82%</b>	<b>100%</b>

- Employee monthly contributions increase 80%
- Employee annual contribution total is increased \$647,597
- Flagler County Contributions increase \$1,360 per employee  
(from \$8,500 per employee per year to \$9,860)
- Flagler County increased contribution total is \$938,400

## Option 4 - County absorbs 50% of increase Employees absorb 50% of increase

	# Employees Enrolled	2016-17 Employee Monthly Contributions	2016-17 Employee Annual Contribution	2016-17 County Funding \$9,633 per employee	2016-17 Total Annual Contributions
Employee	272	\$20 > \$40	\$130,560	\$2,620,176	\$2,750,736
Employee & Spouse	124	\$107 > \$214	\$318,432	\$1,194,492	\$1,512,924
Employee & Child(ren)	118	\$85 > \$170	\$240,720	\$1,136,694	\$1,377,414
Family	176	\$220 > \$440	\$929,280	\$1,695,408	\$2,624,688
<b>TOTAL</b>	<b>690</b>		<b>\$1,618,992</b>	<b>\$6,646,770</b>	<b>\$8,265,762</b>
			<b>20%</b>	<b>80%</b>	<b>100%</b>

- Employee monthly contributions increase 100%
- Employee contribution total is increased \$809,496
- Flagler County Contributions increase \$1,133 per employee  
(from \$8,500 per employee per year to \$9,633)
- Flagler County increased contribution total is \$781,770



# Health Insurance Questions??????

# FY 16-17 Budgetary Goals

- ❑ Continue to Fund Reserves/Rebuild, if possible
- ❑ Continue to Reduce Tax Rate/Millage Rate
- ❑ Take Care of Employees
- ❑ Continue to Address Deficiencies
- ❑ Plan for New Facilities Coming Online (Jail)
- ❑ Addressing Requested/Deferred Capital Projects
- ❑ Continue Technology Investment
- ❑ Tackle Major Capital Projects
- ❑ Other Adjustments - Equipment



# Long Term Budgetary Challenges

- Rebuilding Reserves 3-4 million
- Deferred Capital Projects/Equipment Infrastructure - Library, Fire Stations, Storage
- Additional Staffing/Equipment for Law Enforcement and Fire/Rescue/Maintenance
- Employee Investments –Training/Compensation
- Technology Investments – 800MhZ 8-10 M, Phones System 600K; Business Software 750K; Voting 500K
- Economic Investments – Industrial Building Space
- Keeping up with Growth – Increase service quantity
- Inflationary Costs
- Other – Mass Transit, Beach Renourishment

# Discussion Points

- Budget Process - 4 Meeting Planned - Faster, Specific Information, Anything Different ???
  - Non-Profit Requests
  - Constitutionals - Budget Dependent
- Specific Guidance on Key Issues
  - Millage Strategy – Continue to Lower slightly
  - Health Insurance – Shared Burden
  - Wages – Above Cost of Living
- Specific areas you want staff to focus on ???
- Any additional strategies/ideas for Staff than what was presented ???