



DEPARTMENT OF ADMINISTRATION & FINANCE
FINANCE DIVISION

June 15, 2015

Common Council
Administration and Finance Committee
West Allis, WI

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Dear Council Members:

Attached please find information related to the fiscal outcome of the City's Health Insurance Fund for the period ended May 31, 2015, roughly the first third of the year.

Through May 31, 2015 revenues are about 2% above budget projections, which means that projected income streams are coming in as expected.

On the expenditure side, we are currently on pace with the budget. Please keep in mind that claims experience for PPO and for Pharmacy lag by one month, so the report for May reflects four months of claims activity, while reflecting five months of administrative activity.

Regarding the Affordable Care Act (ACA) 2015 represents the inaugural year of the Cadillac Tax premium calculation. Also beginning for 2015 (but reported by January 31, 2016) the City is required to complete mandated IRS reporting. Included in that reporting is a new form that will be provided to employees, form 1095, which reports that we made a "qualified offer of insurance" to all eligible employees. This form meets two requirements; 1.) the employee needs this form as proof to IRS that they have health insurance (failure to have insurance can result in a fine); 2.) meets the employers requirement to offer insurance to employees (if the City doesn't offer health insurance, the city could be subject a fine).

This is a new and substantial reporting requirement, with which the City must comply. Because of the complexity of consolidating data from multiple systems and sources (payroll, HR, Humana, and Willis) this task would require either substantial in-house IT programming or the use of third party providers who are experts in this type of reporting. Currently, through Willis, the Finance Department is exploring third party options. This is a task more efficiently handled by a firm who specializes in IRS reporting. The cost is estimated \$13,000 annually, with an additional \$8,000 the first year for set-up costs.

I will keep the Finance Committee apprised as I know more.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mark Wyss", with a long horizontal flourish extending to the right.

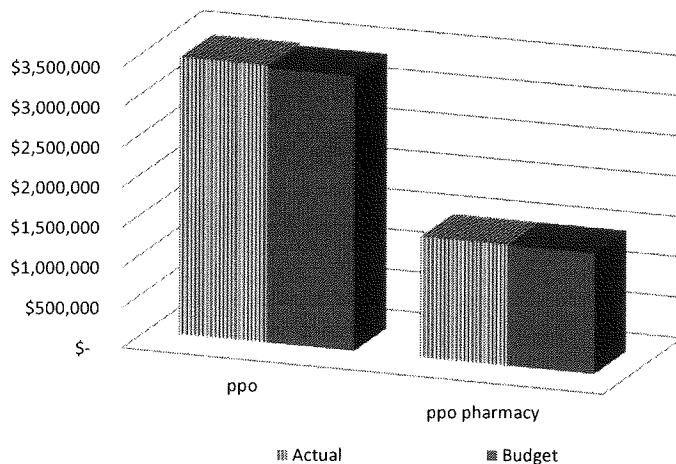
Mark Wyss
Finance Director/Comptroller/City Treasurer

City of West Allis Health Insurance Fund Budget Comparison - Feb thru May, 2015

Revenues	2015 Budget	mths	Mths Budget	2015 Actual	Budgetary 2015 (Under)/Over	Projected 12 months	% over budget
Property Taxes	\$2,000,000	12.0	\$2,000,000	\$ 2,000,000	\$0	\$ 2,000,000	0.00%
General Fund Premiums	\$9,300,000	5.0	\$3,875,000	\$ 3,972,100	\$97,100	\$9,533,040	2.51%
Retiree Premiums	\$2,600,000	4.5	\$975,000	\$ 1,009,944	\$34,944	\$2,693,184	3.58%
Enterprise/Grants	\$160,000	4.0	\$53,333	\$ 29,648	(\$23,685)	\$88,944	-44.41%
Employee Premium Share	\$750,000	4.5	\$281,250	\$ 278,770	(\$2,480)	\$743,387	-0.88%
Misc Revenue	\$250,000	5.0	\$104,167	\$ 79,222	(\$24,945)	\$190,133	-23.95%
General Fund Retiree Contr	\$750,000	5.0	\$312,500	\$ -	(\$312,500)	\$312,500	-58.33%
Stop Loss *	\$0	0.0	\$0	\$ -	\$0	\$ 601,452	0.00%
	\$15,810,000		\$7,601,250	\$7,369,684	(\$231,566)	\$16,162,639	2.23%

Expenditures	2015 Budget	mths	Mths Budget	2015 Actual	Budgetary 2015 (Under)/Over	Projected 12 months	% over budget
health standard plan		4.0	\$0	\$ -	\$0	\$ -	
ppo	\$10,250,000	4.0	\$3,416,667	\$ 3,450,059	(\$33,392)	\$10,350,200	0.98%
ppo pharmacy	\$4,500,000	4.0	\$1,500,000	\$ 1,501,479	(\$1,479)	\$4,504,400	0.10%
Wellness /ADMIN	\$90,490	5.0	\$37,704	\$ 18,304	\$19,400	\$43,930	-51.45%
medical supplies	\$2,380	5.0	\$992	\$ 3,381	(\$2,389)	\$8,115	240.98%
stop-loss	\$635,000	5.0	\$264,583	\$ 250,605	\$13,978	\$601,452	-5.28%
Outside Consultant	\$252,500	5.0	\$105,208	\$ 63,182	\$42,026	\$151,637	-39.95%
ppo admin	\$500,000	5.0	\$208,333	\$ 231,019	(\$22,686)	\$554,446	10.89%
other (EAP)	\$2,000	5.0	\$833	\$ -	\$833	\$0	-100.00%
postage	\$7,500	5.0	\$3,125	\$ -	\$3,125	\$0	-100.00%
printing (print shop)	\$5,500	5.0	\$2,292	\$ 2,182	\$110	\$5,238	-4.77%
	\$16,245,370		\$5,539,737	\$5,520,212	\$19,525	\$16,219,418	-0.16%
Net Budget					(\$212,041)	(\$56,778)	

2015 Health Insurance PPO



PPO & Drug Expense 2008-2014

