

## **INTERNAL SERVICE FUND**

### **Program Summary**

The Internal Service Fund is the combination of the City's Health Benefits Fund and two Self-Insured Workers' Compensation Funds. The Health Benefits Fund is a self-insured fund administered by Cigna HealthCare, Medco, and Anthem. This fund accounts for medical and dental claims for employees and retirees.

### **HEALTH BENEFITS**

<b>Revenues:</b>	<b>2008-2009 <u>Actual</u></b>	<b>2009-2010 <u>Budget</u></b>	<b>2010-2011 <u>Budget</u></b>
Investment Income	\$103,120	\$120,000	\$50,000
Contributions	5,201,943	5,790,000	5,790,000
Transfers In	19,964,672	21,835,000	22,427,000
Miscellaneous	153,882	255,000	230,000
Undesignated Fund Balance	0	500,000	179,635
	<u>\$25,423,617</u>	<u>\$28,500,000</u>	<u>\$28,676,635</u>
<b>Expenditures:</b>			
Claims	\$24,234,082	\$26,873,090	\$27,500,000
Administrative Fees	1,583,250	1,616,910	1,166,635
Professional Fees	37,500	10,000	10,000
	<u>\$25,854,832</u>	<u>\$28,500,000</u>	<u>\$28,676,635</u>

There are two self-insured workers' compensation funds differentiated as "Old" and "New". The "Old" fund encompasses claims that occurred from 1985 through 1988. It will remain operational until all claims are settled. The "New" workers' compensation fund is closely followed by the Insurance Committee, a subcommittee of the Board of Finance. It has proven to decrease costs associated with workers' compensation and more importantly, to reduce the frequency of injuries through enhanced training and education.

**Program Summaries-  
Internal Service Fund**

**Internal Service Fund (continued)**

**OLD WORKERS' COMPENSATION-SELF INSURANCE**

<b>Revenues:</b>	<b>2008-2009 <u>Actual</u></b>	<b>2009-2010 <u>Budget</u></b>	<b>2010-2011 <u>Budget</u></b>
Miscellaneous	\$2	\$0	\$0
Investment Income	14,897	7,500	500
Fund Balance Undesignated	0	18,375	510,000
	<u>\$14,899</u>	<u>\$25,875</u>	<u>\$510,500</u>
<b>Expenditures:</b>			
Claims	\$0	\$24,375	\$10,000
State of Connecticut Fees	0	1,500	500
Administrative Fees	0	0	0
Operating Transfers Out	0	0	500,000
	<u>\$0</u>	<u>\$25,875</u>	<u>\$510,500</u>

**NEW WORKERS' COMPENSATION-SELF INSURANCE**

<b>Revenues:</b>	<b>2008-2009 <u>Actual</u></b>	<b>2009-2010 <u>Budget</u></b>	<b>2010-2011 <u>Budget</u></b>
Contributions	\$82,562	\$75,000	\$82,500
Transfers in	2,050,000	2,293,000	2,501,500
Investment Income	8,564	10,000	6,000
	<u>\$2,141,126</u>	<u>\$2,378,000</u>	<u>\$2,590,000</u>
<b>Expenditures:</b>			
Claims	\$2,428,988	\$2,050,000	\$2,252,850
State of Connecticut Fees	98,440	130,000	142,000
Administrative Fees	191,321	198,000	195,150
	<u>\$2,718,749</u>	<u>\$2,378,000</u>	<u>\$2,590,000</u>

**Program Summaries-  
Internal Service Fund**

**Internal Service Fund (continued)**

*The totals of these three funds are combined to form the Internal Service Fund.*

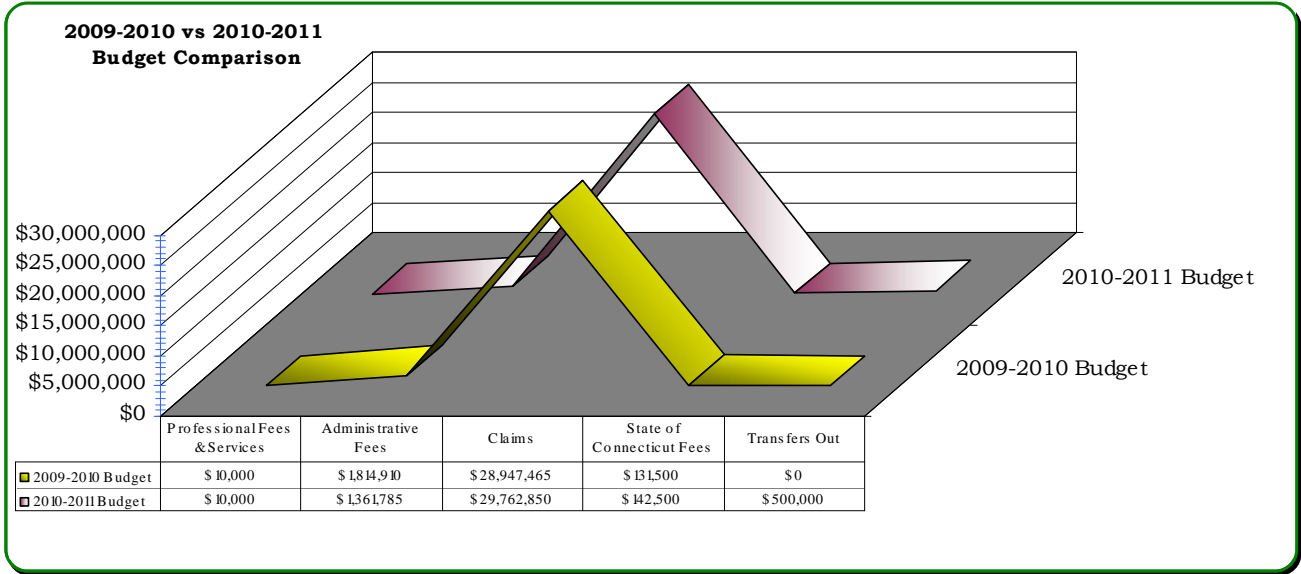
**INTERNAL SERVICE FUND**

	<b>2008-2009 <u>Actual</u></b>	<b>2009-2010 <u>Budget</u></b>	<b>2010-2011 <u>Budget</u></b>
<b>Revenues:</b>			
Miscellaneous	\$153,884	\$255,000	\$230,000
Contributions	5,284,505	5,865,000	5,872,500
Transfers In	22,014,672	24,128,000	24,928,500
Fund Balance Undesignated	0	518,375	689,635
Interest Income	126,581	137,500	56,500
	<u>\$27,579,642</u>	<u>\$30,903,875</u>	<u>\$31,777,135</u>
<b>Expenditures:</b>			
Professional Fees & Services	\$37,500	\$10,000	\$10,000
Administrative Fees	1,774,571	1,814,910	1,361,785
Claims	26,663,070	28,947,465	29,762,850
State of Connecticut Fees	98,440	131,500	142,500
Transfers Out	0	0	500,000
	<u>\$28,573,581</u>	<u>\$30,903,875</u>	<u>\$31,777,135</u>

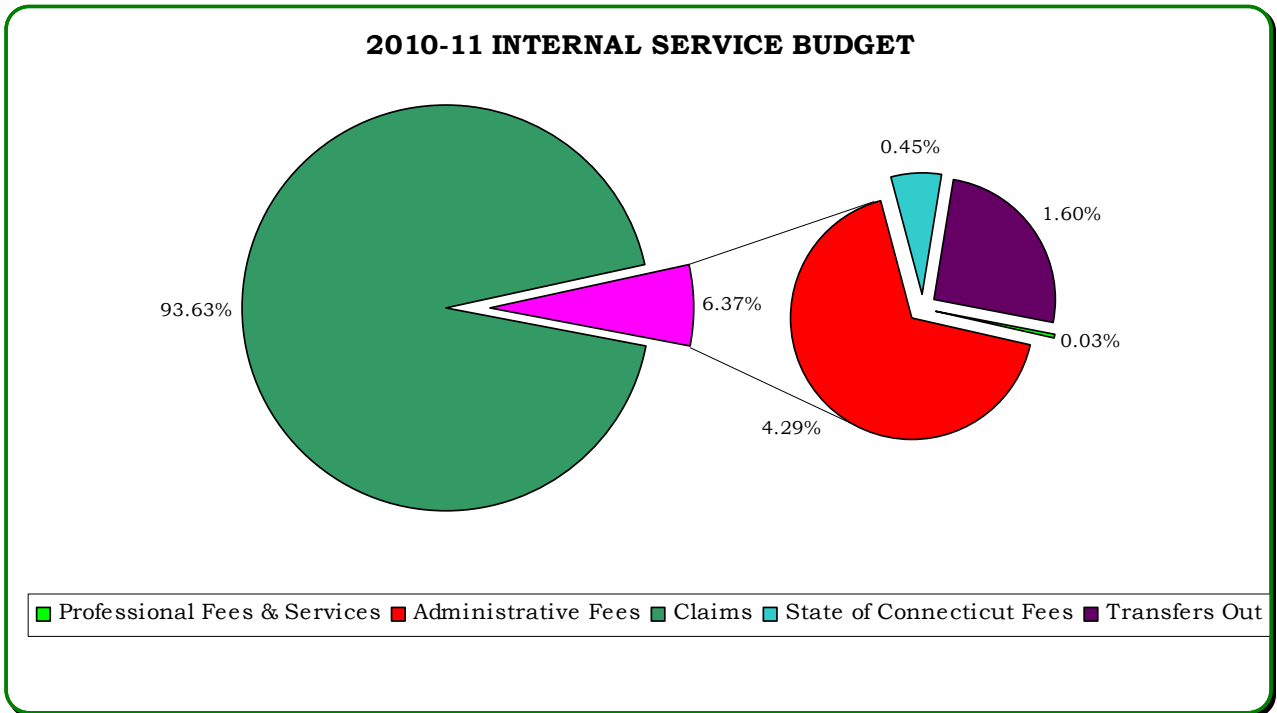
Shown on the next page is a graph of budgeted expenditures for the Internal Service Fund for 2009-2010 and 2010-2011. The claims account increased by \$815,385 in the 2010-2011 Budget due to rising medical costs and increased utilization. The Insurance Committee changed medical and prescription coverage providers effective July 1, 2010 from Anthem to CIGNA for medical and Medco for prescription, and is also actively pursuing instituting a wellness program for all City and BOE employees. The fees assessed by the Second Injury Fund from the State of Connecticut are projected to increase by \$11,000 due to an increased assessment by the Connecticut State Treasurer.

**Program Summaries-  
Internal Service Fund**

**Internal Service Fund (continued)**



Below is a graph of the estimated internal service expenditures for fiscal year 2010-2011.



Shown on the next page are the revenue estimates for Health Benefits followed by estimated expenditures, as well as the Workers' Compensation Self-Insurance revenue estimates and estimated expenditures.

**Program Summaries-  
Internal Service Fund**

**Internal Service Fund (continued)**

**Budget Highlights**

**INTERNAL SERVICE- HEALTH BENEFITS FUND 116**

**1161018 HEALTH BENEFITS- SELF INSURANCE REVENUE**

OBJECT	PROJECT	DESCRIPTION	PRIOR YEAR ACTUAL 2008-2009	ORIGINAL BUDGET 2009-2010	REVISED BUDGET 2009-2010	BUDGET REQUEST 2010-2011	JOINT BOARD 2010-2011
<b>OTHER/MISCELLANEOUS REVENUE</b>							
450210		MEDICARE D REIMBURSEMENTS	\$52,095	\$55,000	\$55,000	\$55,000	\$55,000
454001		MISCELLANEOUS- OTHER	101,787	200,000	200,000	175,000	175,000
<b>TOTAL OTHER/MISCELLANEOUS REVE</b>			<b>\$153,882</b>	<b>\$255,000</b>	<b>\$255,000</b>	<b>\$230,000</b>	<b>\$230,000</b>
<b>CONTRIBUTIONS</b>							
470008		WATER CONTRIBUTIONS	\$665,555	\$765,000	\$765,000	\$800,000	\$800,000
470017		BOARD OF EDUCATION RETIREES	1,613,590	1,860,000	1,860,000	1,800,000	1,800,000
470016		BOE EMPLOYEE CONTRIBUTIONS	1,612,664	1,800,000	1,800,000	1,800,000	1,800,000
470031		PENSION CONTRIBUTIONS	78,957	80,000	80,000	70,000	70,000
480010		OTHER AGENCIES	826,188	725,000	725,000	730,000	730,000
480011		RETIREES DEPENDENTS	19,616	20,000	20,000	20,000	20,000
470032		CITY EMPLOYEE CONTRIBUTIONS	348,653	500,000	500,000	510,000	510,000
470029		COBRA CONTRIBUTIONS	36,719	40,000	40,000	60,000	60,000
<b>TOTAL CONTRIBUTIONS</b>			<b>\$5,201,943</b>	<b>\$5,790,000</b>	<b>\$5,790,000</b>	<b>\$5,790,000</b>	<b>\$5,790,000</b>
<b>OPERATING TRANSFERS IN</b>							
490501		BOARD OF EDUCATION	\$11,719,046	\$12,742,500	\$12,742,500	\$12,882,000	\$12,882,000
490118		SEWER ASSESSMENTS	397,883	410,000	410,000	410,000	425,000
490001		GENERAL FUND	6,746,000	7,600,000	7,600,000	8,000,000	8,000,000
490104		BRISTOL DEVELOPMENT AUTHORITY	87,317	100,000	100,000	102,000	120,000
490106		SPECIAL GRANTS	85,975	47,500	47,500	30,000	30,000
490127		SCHOOL LUNCH	401,259	460,000	460,000	460,000	470,000
490108		SPECIAL EDUCATION GRANT FUNDS	527,192	475,000	475,000	500,000	500,000
<b>TOTAL OPERATING TRANSFERS IN</b>			<b>\$19,964,672</b>	<b>\$21,835,000</b>	<b>\$21,835,000</b>	<b>\$22,384,000</b>	<b>\$22,427,000</b>
<b>INVESTMENT EARNINGS</b>							
460000		INTEREST INCOME	\$103,120	\$120,000	\$120,000	\$50,000	\$50,000
<b>TOTAL INVESTMENT EARNINGS</b>			<b>\$103,120</b>	<b>\$120,000</b>	<b>\$120,000</b>	<b>\$50,000</b>	<b>\$50,000</b>
<b>OTHER</b>							
491003		BUDGETARY FUND BALANCE	\$0	\$500,000	\$500,000	\$222,635	\$179,635
<b>TOTAL FUND BALANCE</b>			<b>\$0</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$222,635</b>	<b>\$179,635</b>
<b>TOTAL HEALTH BENEFITS</b>			<b>\$25,423,617</b>	<b>\$28,500,000</b>	<b>\$28,500,000</b>	<b>\$28,676,635</b>	<b>\$28,676,635</b>

**INTERNAL SERVICE- HEALTH BENEFITS FUND 116**

**1168102 HEALTH BENEFITS- SELF INSURANCE EXPENDITURES**

OBJECT	PROJECT	DESCRIPTION	PRIOR YEAR ACTUAL 2008-2009	ORIGINAL BUDGET 2009-2010	REVISED BUDGET 2009-2010	BUDGET REQUEST 2010-2011	JOINT BOARD 2010-2011
<b>CONTRACTUAL SERVICES</b>							
531150		ADMINISTRATIVE FEES	\$1,583,250	\$1,616,910	\$1,616,910	\$1,166,635	\$1,166,635
531000		PROFESSIONAL FEES	37,500	10,000	10,000	10,000	10,000
<b>TOTAL CONTRACTUAL SERVICES</b>			<b>\$1,620,750</b>	<b>\$1,626,910</b>	<b>\$1,626,910</b>	<b>\$1,176,635</b>	<b>\$1,176,635</b>
<b>OTHER/MISCELLANEOUS</b>							
586300		MEDICAL CLAIMS	\$24,234,082	\$26,873,090	\$26,873,090	\$27,500,000	\$27,500,000
<b>TOTAL OTHER/MISCELLANEOUS</b>			<b>\$24,234,082</b>	<b>\$26,873,090</b>	<b>\$26,873,090</b>	<b>\$27,500,000</b>	<b>\$27,500,000</b>
<b>TOTAL HEALTH BENEFITS</b>			<b>\$25,854,833</b>	<b>\$28,500,000</b>	<b>\$28,500,000</b>	<b>\$28,676,635</b>	<b>\$28,676,635</b>

**Program Summaries-  
Internal Service Fund**

**Internal Service Fund (continued)**

**NEW WORKERS' COMPENSATION FUND**

**1191018 NEW WORKERS COMP- SELF INSURANCE REVENUE**

OBJECT	PROJECT	DESCRIPTION	PRIOR YEAR ACTUAL 2008-2009	ORIGINAL BUDGET 2009-2010	REVISED BUDGET 2009-2010	BUDGET REQUEST 2010-2011	JOINT BOARD 2010-2011
<b>OPERATING TRANSFERS IN</b>							
490001		GENERAL FUND	\$1,600,000	\$1,848,000	\$1,848,000	\$1,509,000	\$1,509,000
490118		SEWER OPERATING & ASSESSMENT	25,000	20,000	20,000	25,000	25,000
490120		OLD WORKERS' COMPENSATION FUND	0	0	0	500,000	500,000
490501		BOARD OF EDUCATION	425,000	425,000	425,000	467,500	467,500
<b>TOTAL OPERATING TRANSFERS IN</b>			<b>\$2,050,000</b>	<b>\$2,293,000</b>	<b>\$2,293,000</b>	<b>\$2,501,500</b>	<b>\$2,501,500</b>
<b>MISCELLANEOUS/CONTRIBUTIONS</b>							
470008		WATER DEPARTMENT CONTRIBUTION	\$82,562	\$75,000	\$75,000	\$82,500	\$82,500
<b>TOTAL MISCELLANEOUS/CONTRIBUTIONS</b>			<b>\$82,562</b>	<b>\$75,000</b>	<b>\$75,000</b>	<b>\$82,500</b>	<b>\$82,500</b>
<b>INVESTMENT EARNINGS</b>							
460000		INTEREST INCOME	\$8,564	\$10,000	\$10,000	\$6,000	\$6,000
<b>TOTAL INVESTMENT EARNINGS</b>			<b>\$8,564</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$6,000</b>	<b>\$6,000</b>
<b>NEW WORKERS COMP SELF-TOTAL</b>			<b>\$2,141,125</b>	<b>\$2,378,000</b>	<b>\$2,378,000</b>	<b>\$2,590,000</b>	<b>\$2,590,000</b>

**1198105 NEW WORKERS COMP- SELF INSURANCE EXPENDITURES**

OBJECT	PROJECT	DESCRIPTION	PRIOR YEAR ACTUAL 2008-2009	ORIGINAL BUDGET 2009-2010	REVISED BUDGET 2009-2010	BUDGET REQUEST 2010-2011	JOINT BOARD 2010-2011
<b>CONTRACTUAL SERVICES</b>							
531150		ADMINISTRATIVE FEES	\$191,321	\$198,000	\$198,000	\$195,150	\$195,150
<b>TOTAL CONTRACTUAL SERVICES</b>			<b>\$191,321</b>	<b>\$198,000</b>	<b>\$198,000</b>	<b>\$195,150</b>	<b>\$195,150</b>
<b>OTHER/MISCELLANEOUS</b>							
586220		INDEMNITY	\$822,040	\$770,000	\$770,000	\$841,200	\$841,200
586210		MEDICAL	1,402,418	1,060,000	1,060,000	1,101,650	1,101,650
586230		EXCESS INSURANCE	204,530	220,000	220,000	310,000	310,000
589155		STATE OF CONNECTICUT FEES	98,440	130,000	130,000	142,000	142,000
<b>TOTAL OTHER/MISCELLANEOUS</b>			<b>\$2,527,428</b>	<b>\$2,180,000</b>	<b>\$2,180,000</b>	<b>\$2,394,850</b>	<b>\$2,394,850</b>
<b>NEW WORKERS COMP- TOTALS</b>			<b>\$2,718,749</b>	<b>\$2,378,000</b>	<b>\$2,378,000</b>	<b>\$2,590,000</b>	<b>\$2,590,000</b>

**OLD WORKERS' COMPENSATION FUND**

**1201018 OLD WORKERS COMP- SELF INSURANCE REVENUE**

OBJECT	PROJECT	DESCRIPTION	PRIOR YEAR ACTUAL 2008-2009	ORIGINAL BUDGET 2009-2010	REVISED BUDGET 2009-2010	BUDGET REQUEST 2010-2011	JOINT BOARD 2010-2011
<b>OTHER FINANCING SOURCES</b>							
491003		FUND BALANCE- UNDESIGNATED	\$0	\$18,375	\$18,375	\$510,000	\$510,000
454001		MISCELLANEOUS/OTHER	2	0	0	0	0
<b>TOTAL OTHER FINANCING SOURCES</b>			<b>\$2</b>	<b>\$18,375</b>	<b>\$18,375</b>	<b>\$510,000</b>	<b>\$510,000</b>
<b>INVESTMENT EARNINGS</b>							
460000		INTEREST INCOME	\$14,897	\$7,500	\$7,500	\$500	\$500
<b>TOTAL INVESTMENT EARNINGS</b>			<b>\$14,897</b>	<b>\$7,500</b>	<b>\$7,500</b>	<b>\$500</b>	<b>\$500</b>
<b>OLD WORKERS COMP SELF-TOTAL</b>			<b>\$14,899</b>	<b>\$25,875</b>	<b>\$25,875</b>	<b>\$510,500</b>	<b>\$510,500</b>

**1208105 OLD WORKERS COMP- SELF INSURANCE EXPENDITURES**

OBJECT	PROJECT	DESCRIPTION	PRIOR YEAR ACTUAL 2008-2009	ORIGINAL BUDGET 2009-2010	REVISED BUDGET 2009-2010	BUDGET REQUEST 2010-2011	JOINT BOARD 2010-2011
<b>OTHER/MISCELLANEOUS</b>							
586220		INDEMNITY	\$0	\$17,500	\$17,500	\$7,500	\$7,500
586210		MEDICAL	0	5,000	5,000	1,500	1,500
586230		EXCESS INSURANCE	0	1,875	1,875	1,000	1,000
589155		STATE OF CONNECTICUT FEES	0	1,500	1,500	500	500
591500		TRANSFER OUT INTERNAL SERVICE	0	0	0	500,000	500,000
<b>TOTAL OTHER/MISCELLANEOUS</b>			<b>\$0</b>	<b>\$25,875</b>	<b>\$25,875</b>	<b>\$510,500</b>	<b>\$510,500</b>
<b>OLD WORKERS COMP-TOTALS</b>			<b>\$0</b>	<b>\$25,875</b>	<b>\$25,875</b>	<b>\$510,500</b>	<b>\$510,500</b>