



THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 20737

TO: Montgomery County Planning Board
Prince George's County Planning Board

FROM: Joseph C. Zimmerman, Secretary-Treasurer

SUBJECT: Group Insurance Fund Projections

DATE: May 16, 2012

The Finance Department, in partnership with DHRM, has made significant revisions to the process of projecting revenues and expenditures of the Group Insurance Fund.

The result of that effort is attached for your information and review. It takes into account a number of factors including revenues generated through the payroll system, actual claims paid, and projections of future results. The attachment is for the nine months ended March 31, 2012 and includes projected results through the end of the fiscal year.

You will recall that when rates were increased effective January 1, 2012, there was concern that the Departments would not be able to absorb the increased employers share due to budget limitations. At that time, it was resolved that the Group Insurance Fund would absorb this increase from its remaining fund balance, supplemented by a \$2.0 million transfer from the OPEB trust fund. The expected result of this plan was to maintain the necessary fund balance reserve in the Group Insurance Fund as well as an additional safety margin.

Projected results for the operating funds indicate that they will be able to absorb a portion of the rate increase, totaling approximately \$1.6 million. This means that, with your approval, the transfer from the OPEB trust fund will not be necessary.

I look forward to discussing this with you.

**THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION
GROUP INSURANCE FUNDS
FINANCIAL REPORT FOR THE THREE MONTHS ENDED MARCH 31, 2012
AND ESTIMATIONS TO JUNE 30, 2012**

Medical Plans	Actives March 31, 2012	Retirees March 31, 2012	Total Actual March 31, 2012	3 Month Projection (1)	Projected June 30, 2012
Revenues	9,889,894	4,116,858	14,006,752	(2)	7,098,235
Expenses	10,937,843	4,834,955	15,772,798	(3)	22,711,896
Net Income (Loss)	(1,047,949)	(718,097)	(1,766,046)	159,137	(1,606,909)

Prescription Drug Plan	Actives March 31, 2012	Retirees March 31, 2012	Total Actual March 31, 2012	3 Month Projection (1)	Projected June 30, 2012
Revenues	3,063,316	1,976,614	5,039,930	(2)	2,358,459
Expenses	2,991,319	3,067,232	6,058,551	(3)	8,554,599
Net Income (Loss)	71,997	(1,090,618)	(1,018,621)	(137,589)	(1,156,210)

Dental Plan	Actives March 31, 2012	Retirees March 31, 2012	Total Actual March 31, 2012	3 Month Projection (1)	Projected June 30, 2012
Revenues	1,193,556	455,115	1,648,671		2,321,979
Expenses	1,180,486	455,115	1,635,601		2,337,312
Net Income (Loss)	13,070	-	13,070	(28,403)	(15,333)

Vision Plan	Actives March 31, 2012	Retirees March 31, 2012	Total Actual March 31, 2012	3 Month Projection (1)	Projected June 30, 2012
Revenues	191,727	78,345	270,072		369,222
Expenses	191,127	78,345	269,472		385,253
Net Income (Loss)	600	-	600	(16,631)	(16,031)

Life, AD&D, LTD Plans	Actives March 31, 2012	Retirees March 31, 2012	Total Actual March 31, 2012	3 Month Projection (1)	Projected June 30, 2012
Revenues	1,541,501	-	1,541,501		2,055,335
Expenses	1,561,397	-	1,561,397		2,081,863
Net Income (Loss)	(19,896)	-	(19,896)	(6,632)	(26,528)

Group Ins Misc, Sick Leave Bank and Ins Admin	Actives March 31, 2012	Retirees March 31, 2012	Total Actual March 31, 2012	3 Month Projection (1)	Projected June 30, 2012
Revenues	-	-	-	-	-
Expenses	9,803	293,297	303,100		417,282
Operating Income (Loss)	(9,803)	(293,297)	(303,100)	(114,182)	(417,282)
Other Non-Operating Revenues (Expenses)	-	37,282	37,282	-	37,282
Net Income (Loss)	(9,803)	(256,015)	(265,818)	(114,182)	(380,000)

Totals	Actives March 31, 2012	Retirees March 31, 2012	Total Actual March 31, 2012	3 Month Projection (1)	Projected June 30, 2012
Revenues	15,879,994	6,626,932	22,506,926		33,249,912
Expenses	16,871,975	8,728,944	25,600,919		36,488,205
Operating Income (Loss)	(991,981)	(2,102,012)	(3,093,993)	(144,300)	(3,238,293)
Other Non-Operating Revenues (Expenses)	-	37,282	37,282	-	37,282
Net Income (Loss)	(991,981)	(2,064,730)	(3,056,711)	(144,300)	(3,201,011)
Fund Balance Available for Group Insurance Fund, June 30, 2011					7,102,619
Fund Balance Available for Group Insurance Fund, June 30, 2012					3,901,608

Reserved Fund Balance, June 30, 2012 (4)	2,554,174
Unreserved Fund Balance, June 30, 2012	1,347,434
Fund Balance Available for Group Insurance Fund, June 30, 2012	3,901,608

(1) 3 month revenue and expense projection

(2) Departments were subsidized in the 3rd quarter and paid a reduced premium

(3) Departments paid the full premiums for the 4th quarter

(4) Estimated reserve at June 30, 2012 is \$2,554,174, which is 7% of the estimated expenses of \$36,488,205 per the Fund Balance Policy