

Financial Services  
Richard H. Hinds, Chief Financial Officer

**SUBJECT: RESOLUTION NO. 1, FY2009-10: ESTABLISHING INTERNAL SERVICE FUND (HEALTH INSURANCE)**

**COMMITTEE: INNOVATION, EFFICIENCY AND GOVERNMENTAL RELATIONS**

**LINK TO STRATEGIC FRAMEWORK: FINANCIAL EFFICIENCY/STABILITY**

This resolution establishes an Internal Service Fund (Health Insurance) to record entries for the self-insured health benefits program. In accordance with the Florida Department of Education manual of Financial and Program Cost Accounting and Reporting for Florida (known as the Red Book), an Internal Service Fund is established to account for "any activity that provides goods or services to other funds." The Internal Service Fund proposed in this item is created to segregate the revenue received from other district funds for costs related to employee benefits.

The Premium Equivalent Rates approved by the School Board at its January 13, 2010 meeting includes \$.98 per employee per month in the rate to provide for administrative expenses related to the new Cigna Self-Insured Plan. The total budget for administrative expenses for the period from January 1, 2010 through June 30, 2010 is approximately \$250,000 based on the current enrollment data. The administrative cost to properly manage the workload of the program and insure payment revenues are recorded correctly and that claims are paid timely, requires that two positions be established and classified.

On a monthly basis premiums are paid to Miami-Dade County Public Schools by 2,500 retirees, 1,000 Leave employees and 400 COBRA participants plus payroll deductions from active employees. Two MEP positions will be created. One position will manage monthly billing and posting of accounts receivable for retirees (including reconciling FRS account), COBRA participants, Part-time employees, Leave employees and Adult child participants in the health plan for approximately 4,000 participants; create a comprehensive database for these groups to track eligibility, rates, payment record and termination to determine monthly ASO payments due to vendors; and manage new ERP Accounts receivable module for self funded medical plan. The second position will be responsible for all the audit function of all District self insured claims. In addition the administrative costs would fund actuarial and consulting services needed to comply with regulations put forth by the State of Florida Office of Insurance Regulation. As of February 25, 2010, the plan as funded has been accepted by the Office of Insurance Regulation and is in full compliance with the requirements of Section 112.08, Florida Statutes.

**E-14**

Revenues and appropriations are being established at \$147.5 million for the period of January 1 through June 30, 2010.

<u>REVENUE</u>	<u>INCREASE DECREASE</u>
Premium Revenue Health	\$ 147,492,550
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Total Revenue Increase	<u>\$ 147,492,550</u>

**APPROPRIATIONS**

Appropriations to record claims fees, and expenses for self-insured health benefits.	\$ 147,492,550
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Total Appropriations	<u>\$ 147,492,550</u>

**RECOMMENDED:** That The School Board of Miami-Dade County, Florida:

1. adopt resolution No. 1 FY2009-10 Internal Service Fund establishing revenues and appropriations of \$147,492,550; and
2. adopt the Summary of Revenues and Appropriations (page 2) and the Summary of Appropriations by Function (page 3).
3. authorize funding for two positions to be paid from the District's self-insured healthcare administrative fund.

**MIAMI-DADE COUNTY PUBLIC SCHOOLS  
 2009-10 INTERNAL SERVICE FUND  
 SUMMARY OF REVENUES AND APPROPRIATIONS  
 RESOLUTION NO. 1**

	<b>ADOPTED BUDGET 9/9/09</b>	<b>RESOLUTION NO. 1</b>	<b>INITIAL BUDGET 3/17/10</b>
<b>REVENUES</b>			
Local (Premium Revenue - Health)	\$ -	\$ 147,492,550	\$ 147,492,550
<b>TOTAL REVENUES</b>	<b>\$ -</b>	<b>\$ 147,492,550</b>	<b>\$ 147,492,550</b>
<b>APPROPRIATIONS</b>			
Employee Benefits	\$ -	\$ 147,492,550	\$ 147,492,550
<b>TOTAL APPROPRIATIONS</b>	<b>\$ -</b>	<b>\$ 147,492,550</b>	<b>\$ 147,492,550</b>

MIAMI-DADE COUNTY PUBLIC SCHOOLS  
 2009-10 INTERNAL SERVICE FUND  
 SUMMARY OF APPROPRIATIONS BY FUNCTION  
 RESOLUTION NO. 1  
 March 17, 2010

FUNCTION	#	TOTALS	SALARIES 100	EMPLOYEE BENEFITS 200	PURCHASED SERVICES 300	ENERGY SERVICES 400	MATERIALS AND SUPPLIES 500	CAPITAL OUTLAY 600	OTHER EXPENSES 700
Instruction	5000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 700
Instructional Support Contr. PGMS	6000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pupil Personnel Services	6100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Instructional Media Services	6200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Instruction & Curriculum Developme	6300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Instructional Staff Training	6400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Staff Training Instructional	6500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board of Education	7100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Administration	7200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School Administration	7300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Facilities Acquisition & Construction	7400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fiscal Services	7500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Food Services	7600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Central Services	7700	\$ 147,492,550	\$ -	\$ 147,492,550	\$ -	\$ -	\$ -	\$ -	\$ -
Transportation Services	7800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operation of Plant	7900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maintenance of Plant	8100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Support	8200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Community Services	9100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL APPROPRIATIONS</b>		\$ 147,492,550	\$ -	\$ 147,492,550	\$ -	\$ -	\$ -	\$ -	\$ -
<b>OTHER FINANCING USES:</b>									
Transfers out: (Function 9700)									
To General Fund	910								
To Debt Service Funds	920								
To Capital Projects Funds	930								
Interfund	950								
To Permanent Fund	960								
To Internal Service Funds	970								
To Enterprise Funds	990								
Total Transfers Out	9700								
<b>TOTAL OTHER FINANCING USES</b>									
FUND BALANCE JUNE 30, 2005	2700								
<b>TOTAL APPROPRIATIONS, AND OTHER FINANCING USES, AND FUND BALANCE</b>		\$ 147,492,550							