

**Agenda Item:** Discuss and Consider Approval of Funding of the Current Deficit for the City of Galveston Medical Plan

**Background:** The Park Board joined the City of Galveston Medical Plan in January 2017 under an interlocal agreement. The City of Galveston Medical Plan, which includes Park Board and Port of Galveston employees, experienced higher than anticipated claims in terms of dollars and frequency for the 2019 Medical Plan Year, leading to a depletion of the reserves set aside to pay claims and plan costs.

In a long-range forecast provided by City Staff in June 2019, a reserve deficit of \$2.7 million was projected based on trends at the time. This was not the first instance of warnings by City Staff. As early as March 2019, they were projecting a deficit in reserves at year end.

The most recent shock-loss report provided shows 4 claims exceeding a quarter of a million dollars, and an additional 27 claims that were currently between \$51,000 and \$160,000. While Park Board employees and their dependents are not the single driver of costs, there were several large claims for our organization.

The City of Galveston Medical Plan needs additional funding beyond employer and employee premiums to maintain fiscal viability. The Park Board allocates contingency funds for our insurance plans annually to ensure funding is adequate and available in these circumstances. While there has not been a need to utilize these funds recently, it would be appropriate to do so now.

**Staff Recommendation:** Approved by the Finance Committee on September 11, 2019 - Contribute \$75,000.00 (approximately \$1,000 per employee actively participating) from the Insurance Contingency Fund in September 2019 to provide funding for the current City of Galveston Medical Plan deficit.

**Funding Source:** 2018-2019 Budget for Insurance Contingency (GL-5061)