


Agenda Item #51
May 14, 2015
Action

MEMORANDUM

May 12, 2015

TO: County Council

FROM: Craig Howard,  Senior Legislative Analyst
Office of Legislative Oversight

SUBJECT: **Public Hearing – Supplemental Appropriation to the County Government’s FY15 Operating Budget, Office of Human Resources - \$5,744,546 for Employee Health Benefit Self Insurance Fund**

The Government Operations and Fiscal Policy Committee recommends approval of the supplemental appropriation as requested.

On May 14, the County Council will take action on a supplemental appropriation to the County Government’s FY15 Operating Budget for the Office of Human Resources, Employee Health Benefit Self Insurance Fund in the amount of \$5,744,546. The source of funds is the Employee Health Benefit Self Insurance Fund reserve.

The County Executive requested this supplemental appropriation on April 24 (transmittal attached at ©1). The Council introduced the draft appropriation resolution on April 28 (attached at ©2-3), and held a public hearing on May 5. There were no speakers at the hearing.

This supplemental appropriation is needed because actual expenses for health insurance claims in FY15 (\$210.0 million) are higher than the amount the Council appropriated as part of the FY15 budget resolution (\$204.3 million). The supplemental does not add any new dollars to the Employee Health Benefit Self Insurance Fund; instead it allows the Office of Human Resources to use existing fund balance to pay for the additional claims expenses. This action will result in a projected year-end fund balance in the Employee Health Benefit Self Insurance Fund of \$6.7 million at the end of FY15.



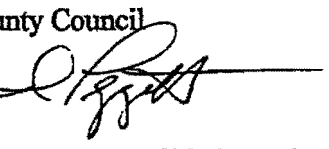
OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

April 24, 2015

TO: George Leventhal, President, County Council

FROM: Isiah Leggett, County Executive 

SUBJECT: Supplemental Appropriation #15-381 to the FY15 Operating Budget
Montgomery County Government
Office of Human Resources
Employee Health Benefit Self Insurance Fund, \$5,744,546

RECEIVED
MONTGOMERY COUNTY
COUNCIL

2015 APR 24 PM 12:39

I am recommending a supplemental appropriation to the FY15 Operating Budget of the Office of Human Resources in the amount of \$5,744,546 for the Employee Health Benefit Self Insurance Fund. This appropriation will fund health insurance claims and administration costs expected for the remainder of FY15.

This increase is needed because actual expenses for health insurance claims and administration are higher than the original appropriation. Increased expenses are primarily due to prescription drug claims. This supplemental appropriation assumes using the projected ending reserve in the Health Benefit Self Insurance Fund included in my recommended budget. Additional adjustments, if needed, will be included in the year-end County Council transfer resolution.

I recommend that the County Council approve this supplemental appropriation in the amount of \$5,744,546 and specify that the source of funds is the Employee Health Benefit Self Insurance Fund reserve.

I appreciate your prompt consideration of this action.

IL:js

Attachment: Supplemental Appropriation #15-381

cc: Shawn Y. Stokes, Director, Office of Human Resources
Jennifer A. Hughes, Director, Office of Management and Budget

①

JF
CE
JBF
LL
BD
OIO

Isiah Leggett
County Executive

Resolution No: _____
Introduced: _____
Adopted: _____

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: Council President at the Request of the County Executive

SUBJECT: Supplemental Appropriation #15- 381 to the FY15 Operating Budget
Montgomery County Government
Office of Human Resources
Employee Health Benefit Self Insurance Fund \$5,744,546

Background

1. Section 307 of the Montgomery County Charter provides that any supplemental appropriation shall be recommended by the County Executive who shall specify the source of funds to finance it. The Council shall hold a public hearing on each proposed supplemental appropriation after at least one week's notice. A supplemental appropriation that would comply with, avail the County of, or put into effect a grant or a Federal, State or County law or regulation, or one that is approved after January 1 of any fiscal year, requires an affirmative vote of five Councilmembers. A supplemental appropriation for any other purpose that is approved before January 1 of any fiscal year requires an affirmative vote of six Councilmembers. The Council may, in a single action, approve more than one supplemental appropriation. The Executive may disapprove or reduce a supplemental appropriation, and the Council may reapprove the appropriation, as if it were an item in the annual budget.
2. The County Executive has requested the following FY15 Operating Budget appropriation increases for the Office of Human Resources:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Capital Outlay</u>	<u>Total</u>	<u>Source of Funds</u>
\$136,819	\$5,607,727	\$0	\$5,744,546	Employee Health Benefit Self Insurance Fund

3. This increase is needed because actual expenses for health insurance claims and administration are higher than the original appropriation. Increased expenses are primarily due to prescription drug claims. This supplemental appropriation assumes using the projected ending reserve in the Health Benefit Self Insurance Fund included in the FY16 recommended operating budget.
4. The County Executive recommends a supplemental appropriation to the FY15 Operating Budget in the amount of \$5,744,546 for Employee Health Benefit Self Insurance Fund and specifies that the source of funds is the Employee Health Benefit Self Insurance Fund reserve.
5. Notice of public hearing was given, and a public hearing was held.

Action

The County Council for Montgomery County, Maryland, approves the following action:

A supplemental appropriation to the FY15 Operating Budget of the Office of Human Resources is approved as follows:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Capital Outlay</u>	<u>Total</u>	<u>Source of Funds</u>
\$136,819	\$5,607,727	\$0	\$5,744,546	Employee Health Benefit Self Insurance Fund

This is a correct copy of Council action.

Linda M. Lauer, Clerk of the Council

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