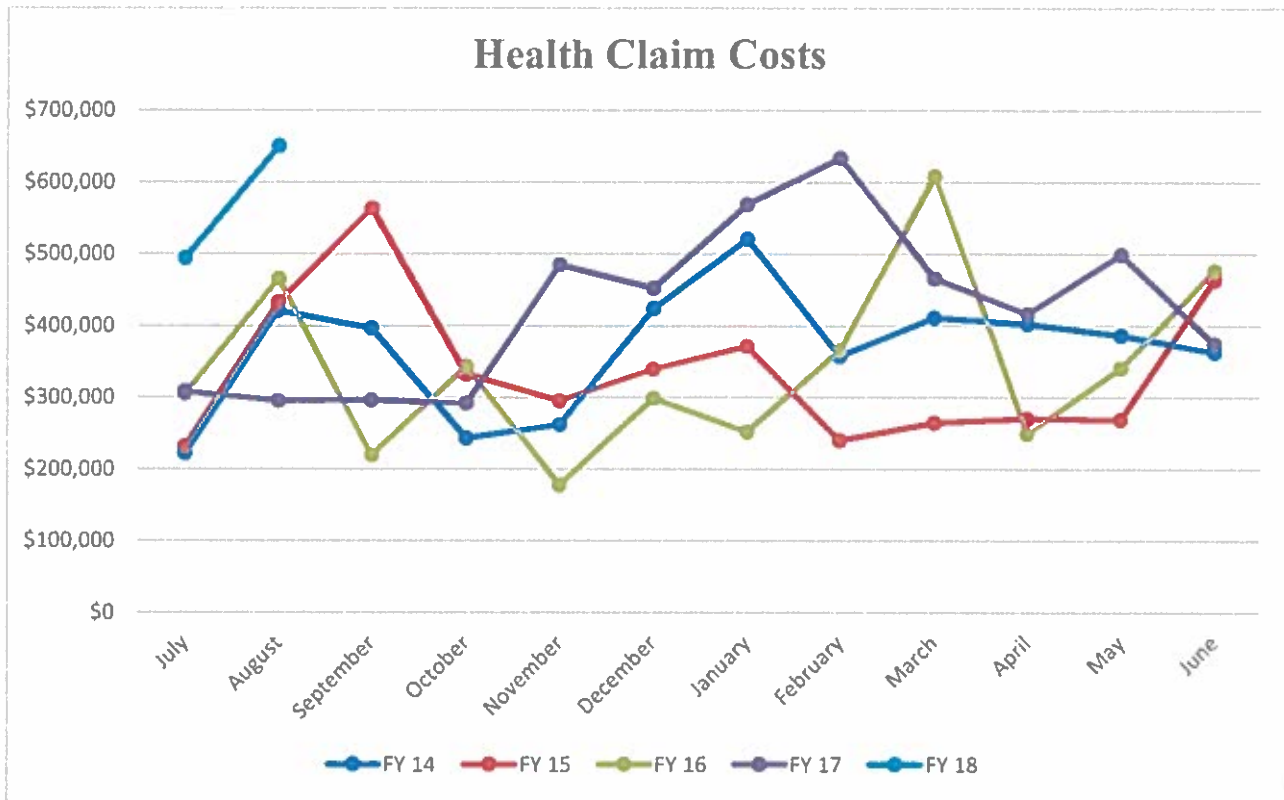


**Health Claims** – The August 2017 health claims of \$651,398 were the highest month over the previous four plus claim years. See the blue line (FY 18) in the line chart below. Since the twelve month plan year ended at the end of August (The Health Plan Year (September – August) does not match the fiscal year (July – June)) and since we have exceeded some of the excess loss threshold limits we can probably expect more excess loss reimbursements next month once processed.

As was repeatedly mentioned in the past, Dixon USD #170 is and has been self-insured for over 30 years. That means that the District utilizes a third party administrator, in our case IPMG, to process and pay claims based on the District’s Health Plan and then purchases excess reimbursement coverage for claimants who exceed \$125,000 per year (there is also an additional aggregating specific of another \$112,000 obligation to the District for claims over the \$125,000 threshold). Although being self-insured is a very cost effective method of providing health care it can create some budgeting issues in that it is almost essential to budget “worst case scenario.”

<b>Health Insurance Claim Costs</b>						<b>Difference</b>
	<b>FY 14</b>	<b>FY 15</b>	<b>FY 16</b>	<b>FY 17</b>	<b>FY 18</b>	<b>FY 17 v. FY 18</b>
July	\$222,162	\$231,894	\$304,875	\$308,581	\$494,819	\$186,239
August	\$421,391	\$432,872	\$466,102	\$295,643	\$651,398	\$355,755
September	\$397,066	\$563,910	\$220,212	\$296,759		
October	\$243,165	\$332,572	\$343,562	\$291,870		
November	\$262,462	\$296,013	\$177,750	\$485,458		
December	\$424,641	\$339,803	\$298,825	\$452,775		
January	\$521,242	\$371,855	\$251,916	\$569,301		
February	\$357,697	\$240,010	\$366,194	\$634,151		
March	\$411,642	\$264,983	\$609,034	\$465,978		
April	\$402,767	\$270,826	\$249,562	\$416,898		
May	\$386,683	\$269,454	\$341,218	\$499,554		
June	<u>\$363,790</u>	<u>\$464,321</u>	<u>\$477,279</u>	<u>\$375,392</u>		
Totals	\$4,414,708	\$4,078,512	\$4,106,528	\$5,092,359	\$1,146,217	\$541,993



**Health**

**Plan Changes** - There will be two changes for the new health plan year that began on September 1, 2017. There will be a change in the preferred provider organization (PPO) from the previous choice between PHCS or Echo to a new PPO, Cigna Networks. New insurance cards should have arrived in the mail for all active plan participants by the time this report is presented at the next board meeting. This change should realize greater reductions in actual claim costs for both the plan and the participants. The PPO change also resulted in a lesser cost for the specific excess risk insurance from our carrier, Voya. The second change is the availability of [teladoc.com](http://teladoc.com), a telehealth medical consultation operation, which will be available to plan participants 24/7/365 via phone, video call or mobile app. This service can be used when participants need non-emergency medical care or as an alternative to immediate or emergency room care. There is no cost to the plan participant in that the \$2.50/month/employee fee will be paid by as part of the administrative costs. This option could prove to be a value to both the user, in terms of time and convenience, and the overall plan costs, if it eliminates some of the need for the more costly immediate or emergency room care.

**Rates for Retirees and Persons on Leave, and Persons Covered under COBRA**

With Marc Taylor’s assistance, we have reviewed the last year’s experience and participation in the district’s health insurance program. Based on this information, it is recommended the following monthly premium rates be applied for the plan year of September 1, 2017 through August 31,

2018.Retirees and Persons on Leave: Single - \$825.53                      Family - \$2,138.69

The retirees’ rates reflected an increase of (14.54%) from the 2016/2017 policy year. Single coverage went from \$720.73 to \$825.53 and Family went from \$1,867.19 to \$2,138.69. Dealing with such a small group, it is always difficult to predict the type of year the group will have in terms of claims. As always, we have tried to keep the cost as low as possible for the group members. We believe that the recommended premiums still remain very attractive when compared to other plans available to the members of this group although participants are welcome to explore other plans that may better suit their needs.

**COBRA and LCSEA:**

Single - \$765.35

Family - \$1,986.48

The COBRA rates also reflected an increase of (14.54%). COBRA rates are limited by law and are based on actual claims experience. Single coverage went from \$668.19 to \$765.35 and Family went from \$1,734.30 to \$1,986.48.

Lee County Special Education Association's rates are the same as the COBRA rates.

This information was presented to the Insurance Committee at their August 23, 2017 meeting.

**State of Illinois Mandated Categorical Payments - We have received our third FY 17 categorical payments for Special Education: Private Facility Tuition, Funding for Children Requiring Sp. Ed. Services and Personnel or for Transportation: Reg./Voc. and Special Education.** FRIS status shows that the fourth payments have been disbursed, but not yet processed by the Comptroller's Office.

		1st Payment 9/30/2016 Disbursed 9/28/2016 Processed 4/21/2017	2nd Payment 12/30/2016 Disbursed 12/27/2016 Processed 6/21/2017	3rd Payment 3/30/2017 Disbursed 3/28/2017 Processed 8/10/2017	4th Payment 6/20/2017 Scheduled	Total
<b>Education Fund</b>						
3100	Sp. Ed. Private Facility	\$53,235	\$52,812	\$53,235	\$52,812	\$211,671
3105	Fund Child Require Sp. Ed.	\$89,282	\$89,282	\$89,282	\$89,282	\$357,128
3110	Sp. Ed. Personnel	\$108,300	\$108,300	\$108,300	\$108,300	\$433,200
		\$250,817	\$250,817	\$250,394	\$250,394	\$1,001,999
<b>Transportation Fund</b>						
3500	Reg. & Voc.	\$83,913	\$82,971	\$83,913	\$82,970	\$332,823
3510	Sp. Ed.	\$140,742	\$140,742	\$140,330	\$140,330	\$560,092
		\$224,655	\$224,655	\$223,299	\$223,300	\$892,915

On September 7<sup>th</sup> Governor Bruce Rauner announced that he intended to exercise borrowing authority to issue \$6 billion in bonds to pay down a portion of the state's bill backlog. The General Obligation Bond Act had been amended by the legislature as part of the fiscal year 2018 budget package. It granted the state the authority to issue up to \$6 billion in general obligation bonds as Income Tax Proceed Bonds. The Income Tax Proceed Bonds must be issued before Dec. 31, 2017, and must be used to pay for expenses vouchered from general funds or state employees' group health insurance costs that were incurred before July 1, 2017. Bonds issued under this authority must be paid within 12 years from the date of the sale and require level principal payments each year. For example, a \$6 billion issuance would require 12 annual principal payments of \$500 million, plus interest payments depending on the interest rate.

**FY 18 Dixon USD #170 Budget** - We have continued to monitor the FY 18 Budget. This budget will serve as a financial plan that is designed to accomplish the District's goals as well as providing required financial and programmatic information for state, local and federal governmental bodies. It also provides us the ability to expend and gives us our taxing authority.

We are obligated to have a tentative budget for the fiscal year that began on July 1, 2017, and it must have been on file for a minimum of 30 days and conveniently available for public inspection. We also published a notice in the local newspaper and now need to hold at least one public hearing where the public can ask questions and provide input. The Board must then vote to adopt or reject the budget at a public meeting. The

District must have a budget adopted by the end of the first quarter, September 30, 2017. We do have the ability to amend the budget, if necessary, at a later date by repeating this process. At the last meeting the Public Hearing for the FY 18 Budget was established for 6:30 p.m., September 13, 2017, preceding the regular Board of Education meeting. The Board will then need to take action during the course of the regular meeting as to whether to adopt or reject the budget. Due to the uncertainty of the exact state funding amounts we have made no changes to the original budget that was put on file last month.

### **State of Illinois - K-12 School Funding – IASA News Release**

*August 30, 2017*

#### ***State aid payments to schools expected in 10-12 days State-imposed TRS surcharge for federal school employees lowered by HB 656***

*The governor is poised to sign Senate Bill 1947 into law Thursday in Chicago after he completes his statewide victory lap today. After the bill is signed, ISBE will immediately send vouchers to Comptroller Susana Mendoza and she has pledged swift action on sending money to school districts. You could reasonably expect to see money in your accounts within the next 10-12 days.*

*Here's what will happen in the early rounds of state aid distribution: School districts will receive their two August payments combined in the first distribution, and then should be on a regular schedule going forward. The payments that will start to arrive soon will consist ONLY of the Base Funding Minimum (BFM); the new tier distribution money likely will not start showing up until later in the fall. This is completely reasonable given that this is a dramatically new formula that is based on enrollment. We need to give ISBE some space to square this up and get it started correctly.*

*For those wondering, the BFM is the state money received in FY 17 and will include special education and bilingual. Transportation, early childhood and private tuition will still be separate and outside the BFM.*

*Meanwhile, House Bill 656 was signed into law on August 25 and took immediate effect, reducing the state-imposed TRS surcharge for school employees paid for with federal funds. Districts were having to pay 39 percent, and that was scheduled to increase to 45 percent -- as opposed to the normal employer rate, which is estimated to be about 10.1 percent. Illinois was the only state to adopt the practice of the extra surcharge on the federal dollars, and we had been pushing hard to get that rate reduced to the normal cost.*

*We will continue to examine SB 1947 -- which includes almost all of SB 1 -- and will share with you more details as everyone works through the implementation process.*

*Diane L. Hendren  
Director of Governmental Relations  
Illinois Association of School Administrators*

**Dixon USD #170 GSA** - On Friday, September 08, 2017, the District received \$482,001, the first two of 22 FY 18 (8/10/17 and 8/20/17) GSA payments. That same amount is currently scheduled for 20 more payments and is based on FY 17 data for GSA, Special Ed. Personnel, Funding for Children Requiring Special Education and Special Education Summer. It appears as if the additional FY 18 Education Funding included in the recently adopted state budget will be calculated by ISBE in the not too distant future.

