



COUNCIL BUDGET STAFF REPORT

CITY COUNCIL of SALT LAKE CITY

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TO: City Council Members

FROM: Jennifer Bruno
Deputy Director

DATE: May 30, 2024

RE: Fiscal Year 2025 – Proposed Insurance and Risk Management Budget

Project Timeline:

Briefing: May 30, 2024

Budget Hearings: May 21, June 4

Potential Action: June 11 or 13
(TBD)

ISSUE AT-A-GLANCE

The budget for the Insurance and Risk Management Fund accounts for costs associated with employee health insurance, dental insurance, disability insurance, life insurance, and unemployment compensation as well as property insurance, workers' compensation, excess liability, cyber liability, crime and dishonesty coverage, and public official bonds.

There are primarily two General Fund departments that interface with the Insurance and Risk Management Fund. The Department of Human Resources oversees employee participation in health, dental, life, accidental death & dismemberment, and disability insurance programs. The City Attorney's Office oversees the placement of property insurance, excess workers' compensation insurance, excess liability insurance, cyber liability, crime and dishonesty coverage and public official bonds. It also oversees the third-party administration of the City's self-insured workers' compensation program and provides risk assessments, loss mitigation recommendations and safety training resources.

City staff time that is spent on these activities can be charged to the Insurance and Risk Management Fund. There are a total of 7.7 FTEs charged to this fund between Human Resources, Attorney's Office, and Finance. This is the same amount as the FY 25 budget.

The budget includes total revenues and expenses of \$65.2 million. The budget includes an increase of \$3.2 million to pay for the 3.6% increase in health insurance premiums (the City pays 95% of the health insurance premium). The budget reflects a \$500,000 reduction because the budget proposes to discontinue the pilot lifestyle spending account.

The FY 25 budget includes a placeholder of \$1.5 million to study the potential of shifting the City's current approach of self-funding worker's compensation. It also includes \$55,000 for a vehicle because the division indicated they are prioritizing engaging with City employees and properties in the field, sometimes in inclement weather. The Council may wish to discuss this further with the Administration.

The majority of projected revenue for the Insurance and Risk Management Fund comes from health insurance premiums, which accounts for a majority of the FY 25 Fund expenses.



Revenue and expense budgets are based on the expected premiums collected and paid. Actual General Fund budgets for the City's share of the premiums reside in departmental budgets.

The Fund will continue to contribute the up-front contribution to Health Savings Accounts (HSAs) or Health Reimbursement Arrangements (HRAs) for enrolled employees on July 1st. Because the deductible is proposed to increase (\$2000 for individual, \$4000 for family), the Administration is proposing to increase the up-front contribution (\$1000 for individual, \$2000 for family).

Attachment – Claims by department