

# *Delta County School District 50 J*

JOINT WITH DELTA, GUNNISON, MONTROSE AND MESA COUNTIES

7655 2075 Road  
Delta, Colorado 81416

Phone: 970-874-4438

Fax: 970-874-5744

## **Health Insurance Reserve Determination**

The Health Insurance plan of DCSD 50J is self-funded with stop-loss policy at the \$175,000 level and an aggregate cost umbrella policy at \$1,000,000.

Policy premiums from employee and district contributions are deposited into a separate bank account. Plan expenses for policies and claims are paid from this account.

The account also holds reserves for the health insurance plan. Reserves maintain the financial stability and health of the plan.

The amount of reserves held in the account is determined by the following formula:

### **Twenty-Five percent of the annual plan costs plus IBNR.**

Annual plan costs are defined as the cost of administration, insurance policies and claims. IBNR is the estimate of claims that have been incurred, but not yet reported to the plan administrator for payment. (This amount averages around \$600,000 at any one time.)

Example: 2017-18 year plan costs are \$6.2 million x 25% = \$1,550,000  
IBNR = \$ 600,000  
Total Required Reserve = \$2,150,000

***Note: If the reserves fall below the required reserve, a premium increase will be required in order to assure the stability of the health insurance plan.***

Adopted May 10, 2018

