



FY 2017 Recommended Budget Budget Question

Board Question #: 45

BUDGET QUESTION: Why are healthcare costs expected to increase by 11.8%? How does this compare to the County's healthcare increases at 0%?

RESPONSE:

Schools' Response: The increase is attributable primarily to medical trends and prior year experience. First, Medical & Drug Trend - 8.5% Health and prescription costs vary from one year to the next but are clearly increasing over time. The State in their recent review of Public Employee Health programs (statewide) projected costs using 5% medical and 10% for prescription (6.25% combined). So the State actuaries expect 6.5% increases per year over time.

Finally, as it pertains to prior year experience - School claims from last year are higher than expected and therefore projections using those claims are higher than expected. (There was a significant rise in the number of large claimants over \$75,000 (these large claims can vary widely from one year to the next) and prescription drugs cost has increased faster than projected).

County's Response: Please see the response to Question 34.