



**Deschutes County Administrative Policy No. F-13**  
**Effective Date: March 20, 2006**

**RESERVE POLICY FOR THE HEALTH BENEFITS TRUST (HBT) FUND**

STATEMENT OF POLICY

It is the policy of Deschutes County that HBT Fund "reserves" shall continue to increase until they are estimated to equal the estimated cost of "total claims paid" for one year. "Total claims paid" include claims for medical, pharmacy, dental and vision expense.

DEFINITIONS

Reserves are defined as the cash balance in the HBT Fund, plus any accrued revenue, less any accrued liabilities.

POLICY AND PROCEDURES

The budget practice for the HBT Fund has been to budget 100% of the expected medical/pharmacy aggregate stop-loss "threshold" each year, plus an estimated amount for dental and vision claims. The actual "aggregate stop-loss" insurance amount for medical/pharmacy is unknown until a firm quote from the County's re-insurer is received, which occurs after the Budget Committee approves the budget each year.

Generally, the aggregate stop-loss amount for medical/pharmacy is calculated at 120% of the expected actual claims paid. Under the terms currently in effect, if actual claims paid for medical/pharmacy expenses exceed the aggregate stop-loss "threshold" amount, the re-insurer is obligated to pay the amount in excess of the threshold amount, up to a maximum of \$1.0 million.

The purpose of this policy is to provide guidelines to insure that departmental charges budgeted each year are set at a level to achieve the above-stated policy.

In preparing the annual HBT Budget, after estimating the Beginning Net Working Capital and other revenues, departmental and C.O.I.C. charges should be calculated so that reserves are expected to continue to build. In the event HBT "reserves" are expected to be equal to or greater than estimated total claims paid for one year, departmental charges may be reduced accordingly.

Approved by the Deschutes County Board of Commissioners March 20, 2006.

Dave Kanner  
County Administrator