

Reply to Common Council File No. 010962

From DOA-Budget and Management Division

November 16, 2001

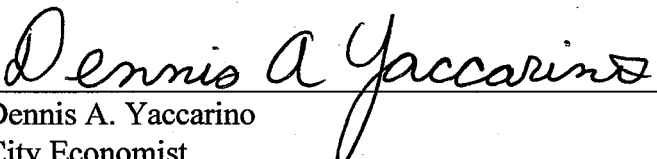
Ref: 01009(08)

Common Council file 010962 contains a resolution relating to appropriation of monies from the Common Council Contingent Fund to the Basic Plan Claims special purpose account. The amount requested is \$1.5 million.

The 2001 budget provided \$22.1 million for basic plan health care claims. The 2001 amount provided was 17.7% higher than the \$18.8 million provided in 2000. Unfortunately, costs for the city's self-insured fund for health care has continued to grow beyond original forecasts. Revised estimates place the shortage between \$1.5 and \$2.3 million. The lower amount is requested at this time to avoid unnecessary uses of contingent funds if the amount turns out to be only \$1.5 million.

It may be necessary to revisit this issue at an upcoming Finance and Personnel Committee to provide additional funding if needed. In the mean time, alternatives will be examined to avoid future use contingent funds.

**RECOMMENDATION: ADOPT COMMON COUNCIL SUBSTITUTE RESOLUTION 010962 APPROPRIATING \$1.5 MILLION FROM THE 2001 COMMON COUNCIL CONTINGENT FUND TO THE BASIC PLAN CLAIMS SPECIAL PURPOSE ACCOUNT.**

  
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