

# Employee Benefits Funds

## Role and Overview

Employee Benefits Funds (PAY) is a budget presentation convention that deals with nine separate funds. There are no employees of PAY. These funds account for various transactions related to the benefits of state employees. The fiscal year 2008-2009 biennium budget presentation changed the name of this agency from Accrued Leave Liability Fund Group to Employee Benefits Funds. The name change was made because Employee Benefits Funds no longer accounts solely for the accrued leave liabilities of the state, but also accounts for the cost of other state employee benefits. The nine funds shown on the budget tables for PAY are appropriated to and administered by the Department of Administrative Services (DAS). The funds are shown here rather than in the DAS budget in order to highlight the role they play in the centralized payment and accounting of these benefits. The funds receive revenue from agency payroll accounts or from eligible participants when payrolls are processed. The amounts received are based on payroll charges and payroll deductions. Disbursements are made from the health and life insurance funds to service providers, insurance providers, third-party administrators, and consultants such as auditors and actuaries. Disbursements from the leave funds and spending accounts are made primarily to eligible employees. Disbursements from the Disability Leave Fund include benefits to recipients and payments to actuarial and medical consultants who review disability claims. Disbursements from the Payroll Deductions Fund include payments for retirement, religious exemptions, and rewrites, which include garnishments and miscellaneous other obligations to various jurisdictions.

More information regarding the Employee Benefits Funds is available at [www.das.ohio.gov](http://www.das.ohio.gov).

## Agency Priorities

- Responsible administration of all employee benefits funds, including funds for health care, disability, accrued leave, life insurance, dependent care, parental leave, health care spending accounts, and payroll deductions.

## Funding Recommendation for 2014 and 2015

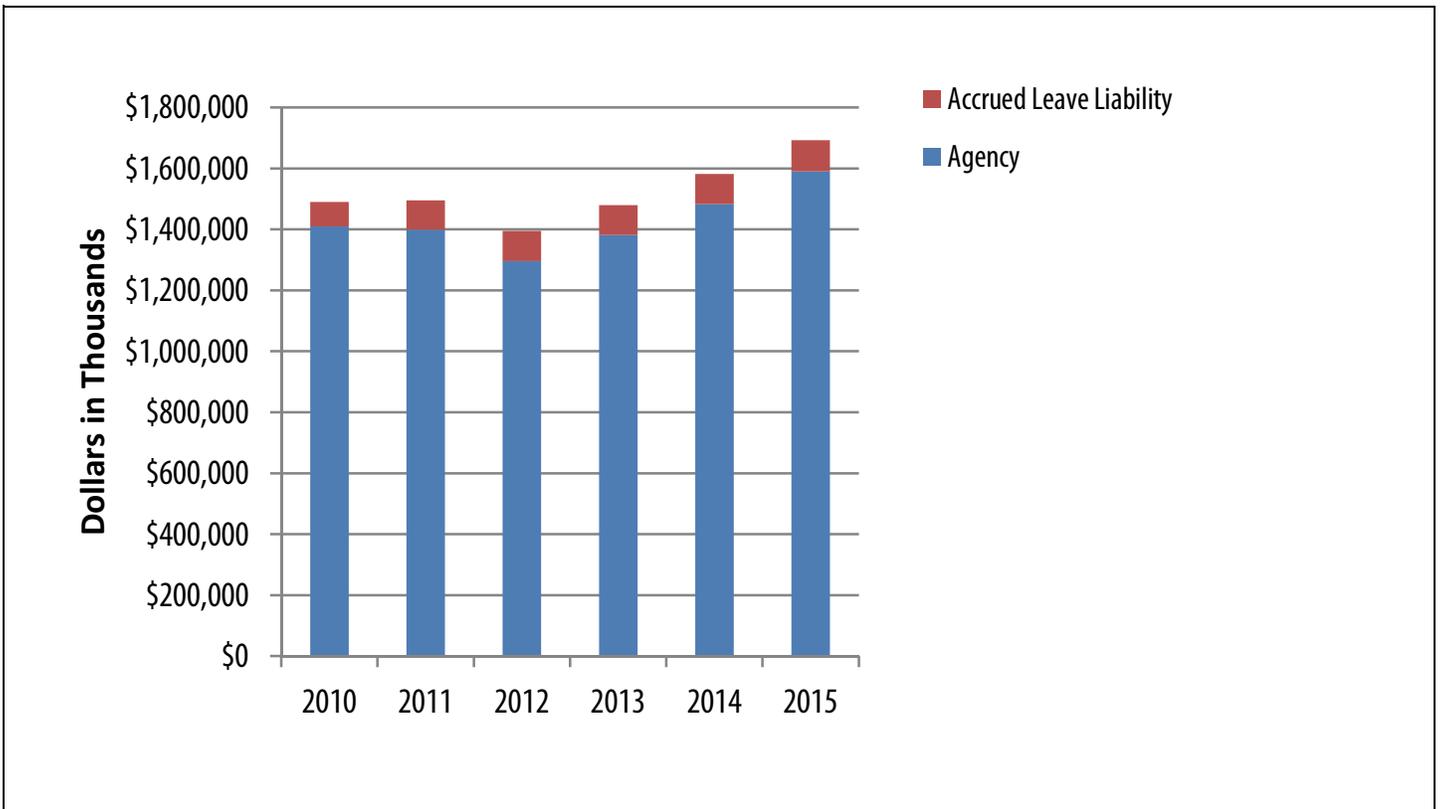
- All Funds: Funding for fiscal year 2014 is \$1.6 billion (or a 6.9% increase from fiscal year 2013). Funding for fiscal year 2015 is \$1.7 billion (or a 7.0% increase from fiscal year 2014).

## The Executive Recommendation will fund the following objectives:

- Administer health insurance benefits by ensuring revenues are collected and timely payments are made; paying medical claims, prescriptions, administrative costs, and mental health services for health plan enrollees; and paying dental and vision insurance for employees not covered by the OCSEA benefits trust.
- Provide life insurance coverage for exempt employees by ensuring that adequate revenues to fund the program are collected via charges to agencies and employees, ensuring that required payments are made to vendors on a timely basis, and paying the premium for the state's group life insurance benefit program.
- Provide for accrued, disability, and parental leave payments by ensuring that adequate revenues are collected via charges to agencies; ensuring that timely payments are made to vendors and employees; and making payments to fund accrued leave cash outs, disability leave payments, and parental leave payments.
- Provide for pre-tax deduction and repayment for health care and dependent care expenses for participating employees by ensuring that revenues to fund health and dependent care spending accounts are collected properly and timely payments are made to vendors and employees.
- Provide a centralized method for collecting and disbursing agency and employee payroll deductions by ensuring that revenues are collected and timely payments are made to vendors, employees, and retirement programs and administering a pass-through fund to centralize payment of selected payroll deductions.

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Budget Fund Group Information

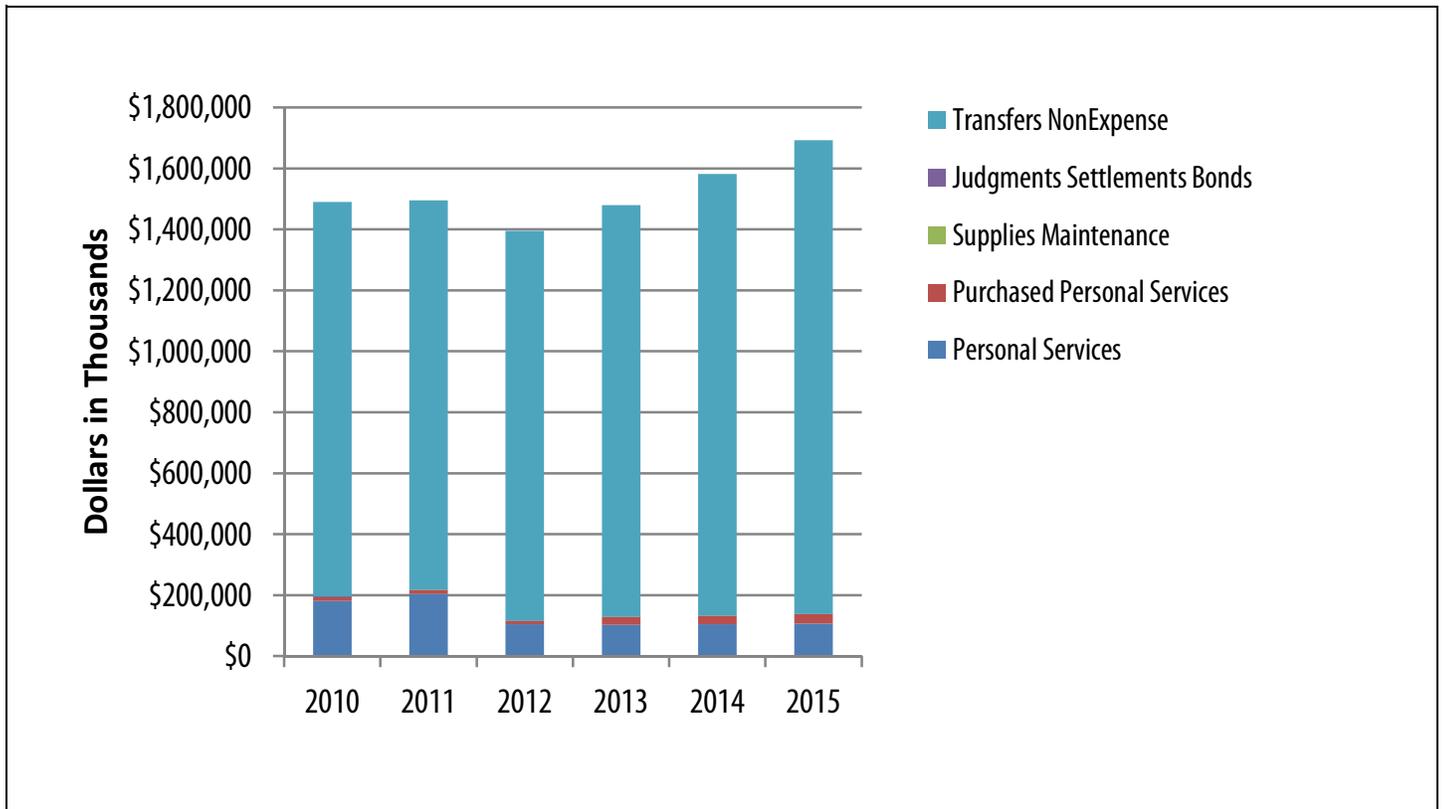


- PAY's Agency expenditures declined from fiscal year 2011 to fiscal year 2012 due to the end of the cost savings days program. Higher Agency expenses from fiscal year 2012 forward stem from health and other benefits contributions and payments that grow with medical inflation and wages.

(in Thousands)	Actual			Est.	% Change	Recommended		FY 2015	%Change
	FY 2010	FY 2011	FY 2012	FY 2013	FY 12-13	FY 2014	% Change		
Agency	1,409,509	1,399,104	1,295,440	1,381,420	6.6%	1,482,179	7.3%	1,590,543	7.3%
Accrued Leave Liability	80,080	95,565	99,817	98,423	-1.4%	100,088	1.7%	102,309	2.2%
<b>Total</b>	<b>1,489,589</b>	<b>1,494,669</b>	<b>1,395,257</b>	<b>1,479,843</b>	<b>6.1%</b>	<b>1,582,267</b>	<b>6.9%</b>	<b>1,692,852</b>	<b>7.0%</b>

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Expense Account Category Information



- Personal Services expenditures for PAY declined from fiscal year 2011 to fiscal year 2012 due to the end of the cost savings days program.

(in Thousands)	Actual			Est.	% Change	Recommended			
	FY 2010	FY 2011	FY 2012			FY 2013	FY 12-13	FY 2014	% Change
Personal Services	180,897	203,754	104,671	102,999	-1.6%	104,966	1.9%	107,400	2.3%
Purchased Personal Services	14,774	13,521	10,098	25,293	150.5%	27,983	10.6%	30,734	9.8%
Supplies & Maintenance	68	31	33	44	32.6%	49	11.2%	53	8.1%
Judgments, Settlements, & Bonds	360	0	0	0	0.0%	0	0.0%	0	0.0%
Transfers & Non-Expense	1,293,489	1,277,362	1,280,454	1,351,507	5.5%	1,449,269	7.2%	1,554,665	7.3%
<b>Total</b>	<b>1,489,589</b>	<b>1,494,669</b>	<b>1,395,257</b>	<b>1,479,843</b>	<b>6.1%</b>	<b>1,582,267</b>	<b>6.9%</b>	<b>1,692,852</b>	<b>7.0%</b>

**Program Series 1: Health Insurance Benefits (8600A)**

The Health Insurance Benefits Program Series consists of seven programs that provide medical, mental health, prescription, dental, and vision coverage for current and former state employees. The Medical Mutual - Self-Insured PPO Program (8600B) and United Healthcare - Self-Insured PPO Program (8610B) pay expenses under the state's PPO plans. The state contracts separately for mental health and prescription drug coverage across all plans and pays these costs through the Mental Health/Substance Abuse Program (8640B) and the Prescription Benefits Program (8660B). The COBRA Refunds Program (8650B) refunds COBRA premiums to participants whose coverage was retroactively terminated or who overpaid their premiums. The Dental Insurance Program (8620B) and the Vision Insurance Program (8630B) pay dental and vision claim costs for exempt employees. Claims costs for all programs in this series are paid from the State Employee Health Benefit Fund.

Fund	ALI	ALI Name	Estimated	Recommended			
			FY 2013	FY 2014	% Change	FY 2015	% Change
8080	995668	State Employee Health Benefit Fund	626,950,576	689,654,314	10.0%	758,608,963	10.0%
<b>Total for Health Insurance Benefits</b>			<b>626,950,576</b>	<b>689,654,314</b>	<b>10.0%</b>	<b>758,608,963</b>	<b>10.0%</b>

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#### Program Series 2: Life Insurance Benefits (8670A)

The Life Insurance Benefits Program Series consists of the Life Insurance Benefits Program (8670B) that provides life insurance coverage for state employees who are exempt from collective bargaining.

Fund	ALI	ALI Name	Estimated	Recommended			
			FY 2013	FY 2014	% Change	FY 2015	% Change
8100	995670	Life Insurance Investment Fund	1,805,462	2,143,053	18.7%	2,143,053	0.0%
<b>Total for Life Insurance Benefits</b>			<b>1,805,462</b>	<b>2,143,053</b>	<b>18.7%</b>	<b>2,143,053</b>	<b>0.0%</b>

#### Program Series 3: Paid Leave Funds/Programs (8680A)

The Paid Leave Funds/Programs Program Series consists of three programs that provide for accrued, disability, and parental leave payments for eligible State of Ohio employees. The Accrued Leave Payments Program (8680B) provides payment of accrued vacation, sick, and personal leave to employees leaving state employment, as well as to existing employees for the annual sick and personal leave conversion opportunity. The Disability Leave Payments Program (8690B) pays 67 percent of the base rate of pay for up to one year to employees who are off work on disability. The Parental Leave Payments Program (8700B) pays 70 percent of the regular rate of pay for employees off work due to the birth or adoption of a child. The Cost Savings Days Program (8695B), which paid wages when employees used cost savings days, ended in fiscal year 2012.

Fund	ALI	ALI Name	Estimated	Recommended			
			FY 2013	FY 2014	% Change	FY 2015	% Change
8110	995671	Parental Leave Benefit Fund	3,355,673	3,668,471	9.3%	3,741,840	2.0%
8140	995674	Cost Savings Days	13,203	0	-100.0%	0	0.0%
8060	995666	Accrued Leave Fund	71,828,986	73,494,242	2.3%	74,964,127	2.0%
8070	995667	Disability Fund	26,593,747	26,593,747	0.0%	27,345,147	2.8%
<b>Total for Paid Leave Funds/Programs</b>			<b>101,791,609</b>	<b>103,756,460</b>	<b>1.9%</b>	<b>106,051,114</b>	<b>2.2%</b>

#### Program Series 4: Health and Dependent Care Spending Accounts (8710A)

The Health and Dependent Care Spending Accounts Program Series consists of two programs that provide for the pre-tax deduction and subsequent repayment for health care and dependent care expenses to eligible employees who elect to participate. The Dependent Care Spending Account Program (8710B) and the Health Care Spending Account Program (8720B) pay eligible reimbursements to enrolled employees.

Fund	ALI	ALI Name	Estimated	Recommended			
			FY 2013	FY 2014	% Change	FY 2015	% Change
8090	995669	Dependent Care Spending Account	2,766,552	2,967,711	7.3%	3,116,097	5.0%
8130	995672	Health Care Spending Account	7,754,613	8,033,020	3.6%	8,434,671	5.0%
<b>Total for Health and Dependent Care Spending Accounts</b>			<b>10,521,165</b>	<b>11,000,731</b>	<b>4.6%</b>	<b>11,550,768</b>	<b>5.0%</b>

#### Program Series 5: Payroll Deductions (8730A)

The Payroll Deductions Program Series consists of the Payroll Deductions Program (8730B), which provides a centralized mechanism for collecting and disbursing a number of state agency and employee payroll deductions.

Fund	ALI	ALI Name	Estimated	Recommended			
			FY 2013	FY 2014	% Change	FY 2015	% Change
1240	995673	Payroll Deductions	738,773,779	775,712,468	5.0%	814,498,091	5.0%
<b>Total for Payroll Deductions</b>			<b>738,773,779</b>	<b>775,712,468</b>	<b>5.0%</b>	<b>814,498,091</b>	<b>5.0%</b>

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Fund	ALI	ALI Name	Actual			Estimated	Recommended			
			FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	% Change	FY 2015	% Change
1240	995673	Payroll Deductions	766,711,065	737,392,502	725,674,652	738,773,779	775,712,468	5.0%	814,498,091	5.0%
8080	995668	State Employee Health Benefit Fund	532,565,306	542,657,508	554,825,407	626,950,576	689,654,314	10.0%	758,608,963	10.0%
8090	995669	Dependent Care Spending Account	2,664,145	2,658,705	2,296,067	2,766,552	2,967,711	7.3%	3,116,097	5.0%
8100	995670	Life Insurance Investment Fund	1,923,841	1,786,422	1,752,876	1,805,462	2,143,053	18.7%	2,143,053	0.0%
8110	995671	Parental Leave Benefit Fund	3,378,705	3,441,108	3,251,390	3,355,673	3,668,471	9.3%	3,741,840	2.0%
8130	995672	Health Care Spending Account	6,789,963	7,318,909	7,039,345	7,754,613	8,033,020	3.6%	8,434,671	5.0%
8140	995674	Cost Savings Days	95,476,100	103,848,790	599,937	13,203	0	-100.0%	0	0.0%
<b>Total Agency</b>			<b>1,409,509,125</b>	<b>1,399,103,944</b>	<b>1,295,439,674</b>	<b>1,381,419,858</b>	<b>1,482,179,037</b>	<b>7.3%</b>	<b>1,590,542,715</b>	<b>7.3%</b>
8060	995666	Accrued Leave Fund	55,758,526	69,088,064	74,770,510	71,828,986	73,494,242	2.3%	74,964,127	2.0%
8070	995667	Disability Fund	24,320,976	26,476,894	25,046,320	26,593,747	26,593,747	0.0%	27,345,147	2.8%
<b>Total Accrued Leave Liability</b>			<b>80,079,502</b>	<b>95,564,958</b>	<b>99,816,830</b>	<b>98,422,733</b>	<b>100,087,989</b>	<b>1.7%</b>	<b>102,309,274</b>	<b>2.2%</b>
<b>Grand Total Employee Benefits Funds</b>			<b>1,489,588,627</b>	<b>1,494,668,902</b>	<b>1,395,256,504</b>	<b>1,479,842,591</b>	<b>1,582,267,026</b>	<b>6.9%</b>	<b>1,692,851,989</b>	<b>7.0%</b>