



# UNIFIED FIRE AUTHORITY

## MEMORANDUM

24-003

January 6, 2025

TO: All Personnel

FROM: Chief Burchett

SUBJECT: SelectHealth Fully Insured Health Plan with Contingent Funding Arrangement

Effective July 1, 2022, Unified Fire Authority switched from a fully insured plan to a fully insured plan with a contingent funding arrangement. The intent was to reduce health insurance premiums. UFA has been able to negotiate a more aggressive renewal compared to a fully insured plan, giving an estimated savings of nearly \$500,000 since entering this arrangement.

UFA knew there would be ongoing cost savings in the form of lower premiums each pay period, but also a risk that, depending on utilization, SelectHealth could bill UFA for a portion of the reduced premiums. The contingent funding agreement requires an assessment at the end of the contract year to determine if the actual cost of claims is below or above the expected cost. If below, UFA and its employees would receive a premium refund of up to 10%, offering a potential for even more savings. However, if the claims exceed the expected cost, SelectHealth assesses an additional cost for UFA and its employees, capped at 5%.

UFA received notice that total expenses exceeded the paid premiums for FY23/24, resulting in a deficit for the contract year. This means there is an additional premium owed to SelectHealth of \$27,621.66. This amount owed is calculated based on the percentage of the ongoing health premiums for employees, with UFA covering 80% (\$22,097.33) and employees on the UFA health plan responsible for the remaining 20% (\$5,524.33). As a reminder, for FY22/23, UFA covered 80% (\$16,801.50), and employees in the UFA health plan were responsible for the remaining 20% (\$4,200.37.)

Employees on UFA health plans will see a one-time payroll deduction of approximately \$17.00 (or less depending on whether the employee has SelectMed+, SelectCare+, single, 2-party, or family coverage) on the January 24, 2025 payroll. If an employee began employment mid-year, the payment will be prorated based on the number of months worked in the year.

Our insurance plan is designed with the well-being of our employees in mind. By seeking medical treatment responsibly, we can keep premiums affordable and offer programs such as this to help reduce costs for both the employee and the UFA. Looking ahead, we hope to generate a surplus, at which point SelectHealth will reimburse UFA and each employee the corresponding amount. If employees are concerned with the possibility of owing additional premiums at the end of the contract year, they should plan on setting aside any premium savings throughout the year. If you have any questions, please feel free to contact HR Director Day, 801-743-7124, [kday@unifiedfire.org](mailto:kday@unifiedfire.org)