

# NEWS FROM THE ULSTER COUNTY OFFICE OF THE COMPTROLLER

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For release: Immediately  
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## **Ulster County Comptroller Health Insurance Audit Finds Employees Overpaid Premium Equivalents**

Kingston, NY (February 20, 2025) – Ulster County Comptroller March Gallagher released an audit of the County’s self-insurance program. The audit revealed that the County had neglected to separately account for the health insurance program. The Administration has been working to correct this issue.

The result of not segregating the self-insurance program to its own fund is that the County accumulated equity of \$6,931,694 in the fund by the end of 2023. Multiple years of County employee health insurance premiums being greater than the actual expenses of the plan led to this accumulation, as rates were set at amounts higher than needed. Additionally, the surplus is greater than reported as interest income was not appropriately allocated to the fund. The Audit recommends that the County update financial policies to ensure proper accounting of the health benefit fund, including taking appropriate accounting steps in the County’s financial system and allocating interest income to the fund monthly. The budgeted premium equivalent rates should better reflect the actual costs of the fund. Management should set a desired net position or percentage of annual program costs, and excess funds should be used to lower future premiums, enhance coverage, or refund employees when accumulations become excessive.

The Audit also found that health insurance costs are higher for most County employees than that of the City of Kingston. County employee contribution rates (10% to 20% depending on hire date, position, and bargaining unit) exceed the fixed rates of City employees. To improve employee retention, the County should conduct a health insurance analysis to compare benefits with peer organizations and consider capping employee contributions for health insurance to a fixed dollar amount rather than a percentage.

The County has not updated its health insurance buyout offer in 20 years, and the buyout amount varies across employee groups. Management should utilize the analysis to determine the ideal buyout amount to encourage more employees to opt out while not causing a burden to the remaining participants of the health insurance program.

Lastly, the Audit found weak procurement processes for negotiating insurance contracts, leading to agreements, such as the Municipal Healthcare Financing Collective, that may not be the most cost-effective option for the County. Formal procurement procedures should be followed for negotiating insurance policies, including competitive bidding, evaluation of options, periodic contract reviews,

maintenance of insurance vendor records in the County's financial system, and all insurance contracts should be approved by the Legislature.

"Employer provided health insurance has come to be a significant benefit that not only helps recruit and retain workforce, but also keeps workers healthy. Ulster County has chosen to self-insure for this benefit," said Ulster County Comptroller March Gallagher. "As such we have created a complicated web of service providers that make accountability complex. Premium equivalents collected must be handled with care and any surplus in those collections must be considered when setting new premium equivalent rates to enhance the quality and affordability of health insurance for County employee's and remain competitive with other employers. The cost of health insurance has become a major consideration to workers as they assess job opportunities. I am pleased that the County's external auditor agreed with our finding that these funds should be separately segregated, and that the Administration has moved ahead in implementing this change."

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