

Health Benefits Fund
For the period ended February 29, 2012
(amounts expressed in thousands)

	FY2011 Actual	FY2012				
		Adopted Budget	Current Budget	YTD	Controller's Projection	Finance Projection
Operating Revenues						
City Medical Plans	\$ 292,023	\$ 286,945	286,945	\$ 180,104	\$ 278,860	\$ 278,860
City Dental Plans	9,318	9,457	9,457	6,421	9,629	9,629
City Life Insurance Plans	5,779	5,681	5,681	3,786	5,684	5,684
Health Flexible Spending Account	1,229	1,200	1,200	1,298	2,000	2,000
Dependent Care Reimbursement	227	240	240	164	250	250
Operating Revenues	<u>308,576</u>	<u>303,523</u>	<u>303,523</u>	<u>191,773</u>	<u>296,423</u>	<u>296,423</u>
Operating Expenses						
BCBS and Medicare Advantage	245,830	15,326	20,306	10,525	16,357	16,357
City Medical Plan Claims - Cigna	43,640	267,113	262,133	168,565	258,631	258,631
City Dental Plan Claims	9,325	9,457	9,457	6,421	9,629	9,629
City Life Insurance Plans	5,779	5,681	5,681	3,786	5,684	5,684
Administrative Costs	4,354	4,996	4,996	2,703	4,772	4,772
Health Flexible Spending Account	1,060	1,200	1,200	998	2,000	2,000
Dependent Care	227	240	240	164	250	250
Operating Expenses	<u>310,215</u>	<u>304,013</u>	<u>304,013</u>	<u>193,162</u>	<u>297,323</u>	<u>297,323</u>
Operating Income (Loss)	(1,639)	(490)	(490)	(1,389)	(900)	(900)
Non-Operating Revenues (Expenses)						
Interest Income	255	180	180	263	362	362
Prior Year Expense Recovery	1	0	0	214	214	214
Miscellaneous Revenues	568	0	0	0	0	0
Medicare Part D - Subsidy	0	0	0	1,378	0	1,378
Medicare Part D - Distribution	0	0	0	(1,378)	0	(1,378)
Non-Operating Revenues (Expenses)	<u>824</u>	<u>180</u>	<u>180</u>	<u>477</u>	<u>576</u>	<u>576</u>
Net Income (Loss)	(815)	(310)	(310)	(912)	(324)	(324)
Net Assets, Beginning of Year	<u>4,005</u>	<u>3,190</u>	<u>3,190</u>	<u>3,190</u>	<u>3,190</u>	<u>3,190</u>
Net Assets, End of Year	<u>\$ 3,190</u>	<u>\$ 2,880</u>	<u>\$ 2,880</u>	<u>\$ 2,278</u>	<u>\$ 2,866</u>	<u>\$ 2,866</u>

About the Fund:

The Health Benefits Fund, an Internal Service Fund administered by the Human Resources Department, was established in 1984 to centralize the financial transactions for the City's benefit plans.

Effective May 1, 2011, the City elected to be substantially self-insured and awarded CIGNA a three year contract with two (2) one-year renewal options for 4 new health plans. The new health benefits model is composed of four (4) plans, all of which have heavy emphasis on a wellness component, and includes: 1) a limited network HMO-type plan, 2) an open access PPO-type plan with no out-of-network coverage, 3) a consumer driven high deductible Health Plan (CDHP), partnered with a health reimbursement account, and 4) a specific plan for retirees, mostly those under age 65, who live outside the limited network service area but who live in Texas. Effective 08/01/11 all 65+ Medicare eligible retirees must enroll in the 6 MA plans or opt out.

These plans are supported by contributions from the city and participants. The Fund also includes two dental plans, a dental/health maintenance organization (DHMO) and a dental indemnity plan. Both plans are supported exclusively by participants.