

Health Benefits Fund  
For the period ended July 31, 2012  
(amounts expressed in thousands)

	Unaudited Preliminary FY2012	FY2013				
		Adopted Budget	Current Budget	YTD	Controller's Projection	Finance Projection
City Medical Plans	\$ 276,456	\$ 325,770	\$ 325,770	\$ 25,747	\$ 325,770	\$ 325,770
City Dental Plans	9,631	9,739	9,739	807	9,739	9,739
City Life Insurance Plans	5,686	5,812	5,812	478	5,812	5,812
Health Flexible Spending Account	1,908	2,100	2,100	149	2,100	2,100
Dependent Care Reimbursement	246	260	260	20	260	260
<b>Operating Revenues</b>	<u>293,927</u>	<u>343,681</u>	<u>343,681</u>	<u>27,201</u>	<u>343,681</u>	<u>343,681</u>
<b>Operating Expenses</b>						
BCBS and Medicare Advantage	16,387	19,191	19,191	1,477	19,191	19,191
City Medical Plan Claims - Cigna	266,211	301,258	301,258	24,944	301,258	301,258
City Dental Plan Claims	9,631	9,739	9,739	807	9,739	9,739
City Life Insurance Plans	5,686	5,812	5,812	478	5,812	5,812
Administrative Costs	4,353	5,856	5,856	311	5,856	5,856
Health Flexible Spending Account	1,769	2,100	2,100	180	2,100	2,100
Dependent Care	242	260	260	12	260	260
<b>Operating Expenses</b>	<u>304,279</u>	<u>344,216</u>	<u>344,216</u>	<u>28,209</u>	<u>344,216</u>	<u>344,216</u>
Operating Income (Loss)	(10,352)	(535)	(535)	(1,008)	(535)	(535)
<b>Non-Operating Revenues (Expenses)</b>						
Interest Income	342	200	200	10	200	200
Prior Year Expense Recovery	214	0	0	0	0	0
<b>Non-Operating Revenues (Expenses)</b>	<u>556</u>	<u>200</u>	<u>200</u>	<u>10</u>	<u>200</u>	<u>200</u>
Net Income (Loss)	(9,796)	(335)	(335)	(998)	(335)	(335)
Net Assets, Beginning of Year	2,837	(6,959)	(6,959)	(6,959)	(6,959)	(6,959)
Net Assets, End of Year	\$ <u>(6,959)</u>	\$ <u>(7,294)</u>	\$ <u>(7,294)</u>	\$ <u>(7,957)</u>	\$ <u>(7,294)</u>	\$ <u>(7,294)</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.