

Health Benefits Fund
For the period ended June 30, 2013
(amounts expressed in thousands)

	FY2012 Actual	FY2013				
		Adopted Budget	Current Budget	YTD	Controller's Projection	Finance Projection
Operating Revenues						
City Medical Plans	\$ 276,456	\$ 325,770	\$ 325,770	\$ 329,660	\$ 327,308	\$ 327,308
City Dental Plans	9,631	9,739	9,739	9,723	9,723	9,723
City Life Insurance Plans	5,686	5,812	5,812	5,810	5,810	5,810
Vision	0	0	0	368	368	368
Health Flexible Spending Account	1,908	2,100	2,100	1,938	1,938	1,938
Dependent Care Reimbursement	246	260	260	235	235	235
Operating Revenues	<u>293,927</u>	<u>343,681</u>	<u>343,681</u>	<u>347,734</u>	<u>345,382</u>	<u>345,382</u>
Operating Expenses						
Medicare Advantage	16,387	19,191	19,191	18,256	18,256	18,256
City Medical Plan Claims - Cigna	273,394	301,258	288,904	258,634	275,331	275,331
City Dental Plan Claims	9,631	9,739	9,739	9,723	9,723	9,723
Vision	0	0	0	369	369	369
City Life Insurance Plans	5,686	5,812	5,812	6,282	5,810	5,810
Administrative Costs	4,270	5,856	5,856	4,944	5,264	5,264
Health Flexible Spending Account	1,847	2,100	2,100	1,940	1,940	1,940
Dependent Care	246	260	260	230	235	235
Operating Expenses	<u>311,461</u>	<u>344,216</u>	<u>331,862</u>	<u>300,378</u>	<u>316,928</u>	<u>316,928</u>
Operating Income (Loss)	(17,534)	(535)	11,819	47,356	28,454	28,454
Non-Operating Revenues (Expenses)						
Interest Income	342	200	200	213	213	213
Prior Year Expense Recovery	227	0	0	262	262	262
Miscellaneous Revenue	0	0	0	1,258	4,359	4,359
Performance Guarantees	0	0	0	0	0	0
Medicare Part D - Subsidy	0	0	0	96	96	96
Medicare Part D - Distribution				0	(96)	(96)
Non-Operating Revenues (Expenses)	<u>569</u>	<u>200</u>	<u>200</u>	<u>1,829</u>	<u>4,834</u>	<u>4,834</u>
Net Income (Loss)	(16,965)	(335)	12,019	49,185	33,288	33,288
Net Assets, Beginning of Year	<u>2,837</u>	<u>(14,128)</u>	<u>(14,128)</u>	<u>(14,128)</u>	<u>(14,128)</u>	<u>(14,128)</u>
Net Assets, End of Year	\$ <u>(14,128)</u>	\$ <u>(14,463)</u>	\$ <u>(2,109)</u>	\$ <u>35,057</u>	\$ <u>19,160</u>	\$ <u>19,160</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.