

Health Benefits Fund
For the period ended September 30, 2012
(amounts expressed in thousands)

	Unaudited	FY2013				
	Preliminary FY2012	Adopted Budget	Current Budget	YTD	Controller's Projection	Finance Projection
City Medical Plans	\$ 276,456	\$ 325,770	\$ 325,770	\$ 77,496	\$ 325,770	\$ 325,770
City Dental Plans	9,631	9,739	9,739	2,425	9,739	9,739
City Life Insurance Plans	5,686	5,812	5,812	1,441	5,812	5,812
Health Flexible Spending Account	1,908	2,100	2,100	445	2,100	2,100
Dependent Care Reimbursement	246	260	260	60	260	260
Operating Revenues	<u>293,927</u>	<u>343,681</u>	<u>343,681</u>	<u>81,867</u>	<u>343,681</u>	<u>343,681</u>
Operating Expenses						
BCBS and Medicare Advantage	16,387	19,191	19,191	4,477	19,191	19,191
City Medical Plan Claims - Cigna	273,395	301,258	301,258	73,160	301,258	301,258
City Dental Plan Claims	9,631	9,739	9,739	2,425	9,739	9,739
City Life Insurance Plans	5,686	5,812	5,812	1,441	5,812	5,812
Administrative Costs	4,270	5,856	5,856	1,016	5,856	5,856
Health Flexible Spending Account	1,847	2,100	2,100	453	2,100	2,100
Dependent Care	246	260	260	60	260	260
Operating Expenses	<u>311,462</u>	<u>344,216</u>	<u>344,216</u>	<u>83,032</u>	<u>344,216</u>	<u>344,216</u>
Operating Income (Loss)	(17,535)	(535)	(535)	(1,165)	(535)	(535)
Non-Operating Revenues (Expenses)						
Interest Income	342	200	200	49	200	200
Prior Year Expense Recovery	227	0	0	0	0	0
Non-Operating Revenues (Expenses)	<u>569</u>	<u>200</u>	<u>200</u>	<u>49</u>	<u>200</u>	<u>200</u>
Net Income (Loss)	(16,966)	(335)	(335)	(1,116)	(335)	(335)
Net Assets, Beginning of Year	2,837	(14,129)	(14,129)	(14,129)	(14,129)	(14,129)
Net Assets, End of Year	<u>\$ (14,129)</u>	<u>\$ (14,464)</u>	<u>\$ (14,464)</u>	<u>\$ (15,245)</u>	<u>\$ (14,464)</u>	<u>\$ (14,464)</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.