

Health Benefits Fund
For the period ended June 30, 2016
(amounts expressed in thousands)

	FY2015 Actual	FY2016				Controller's Projection	Finance Projection
		Adopted Budget	Current Budget	YTD			
Operating Revenues							
City Medical Plans	\$ 304,678	\$ 313,727	\$ 313,727	\$ 314,824	\$ 314,824	\$ 314,824	
City Dental Plans	10,276	10,833	10,833	10,936	10,936	10,936	
City Life Insurance Plans	5,705	6,034	6,034	6,113	6,113	6,113	
Vision	2,652	2,668	2,668	2,827	2,827	2,827	
Health Flexible Spending Account	3,341	3,500	3,500	4,005	4,005	4,005	
Dependent Care Reimbursement	316	325	325	355	355	355	
Operating Revenues	<u>326,968</u>	<u>337,087</u>	<u>337,087</u>	<u>339,060</u>	<u>339,060</u>	<u>339,060</u>	
Operating Expenses							
Medicare Advantage	23,321	25,408	25,408	24,843	24,843	24,843	
City Medical Plan Claims - Cigna	273,793	288,559	290,427	292,079	292,079	292,079	
City Dental Plan Claims	10,276	10,833	10,833	10,936	10,936	10,936	
Vision	2,652	2,668	2,668	2,827	2,827	2,827	
City Life Insurance Plans	5,704	6,034	6,034	6,112	6,112	6,112	
Administrative Costs	6,537	9,282	9,282	6,881	7,381	7,381	
Health Flexible Spending Account	3,341	3,500	3,500	4,005	4,005	4,005	
Dependent Care	289	325	325	355	355	355	
Operating Expenses	<u>325,913</u>	<u>346,609</u>	<u>348,477</u>	<u>348,038</u>	<u>348,538</u>	<u>348,538</u>	
Operating Income (Loss)	1,055	(9,522)	(11,390)	(8,978)	(9,478)	(9,478)	
Non-Operating Revenues (Expenses)							
Interest Income	510	425	425	477	477	477	
Prior Year Expense Recovery	22	0	0	12	12	12	
Miscellaneous Revenue	396	0	0	1,047	1,047	1,047	
Medicare Part D - Distribution	(30)	0	0	0	0	0	
Non-Operating Revenues (Expenses)	<u>898</u>	<u>425</u>	<u>425</u>	<u>1,536</u>	<u>1,536</u>	<u>1,536</u>	
Net Income (Loss)	1,953	(9,097)	(10,965)	(7,442)	(7,942)	(7,942)	
Net Assets, Beginning of Year	<u>29,838</u>	<u>31,791</u>	<u>31,791</u>	<u>31,791</u>	<u>31,791</u>	<u>31,791</u>	
Net Assets, End of Year	<u>\$ 31,791</u>	<u>\$ 22,694</u>	<u>\$ 20,826</u>	<u>\$ 24,349</u>	<u>\$ 23,849</u>	<u>\$ 23,849</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 a vision plan, two dental plans, a dental/health maintenance organization (DHMO) and a dental indemnity plan. All three plans are supported exclusively by participants.