

Health Benefits Fund
For the period ended July 31, 2008
(amounts expressed in thousands)

| | Unaudited Preliminary FY2008 | FY2009 | | | | |
|---|------------------------------------|-------------------|-------------------|-----------------|----------------------------|-----------------------|
| | | Adopted Budget | Current Budget | YTD | Controller's Projection | Finance Projection |
| Operating Revenues | | | | | | |
| City Medical Plans | \$ 249,716 | 283,229 | 283,229 | 22,498 | 283,229 | 283,229 |
| City Dental Plans | 7,793 | 7,973 | 7,973 | 664 | 7,973 | 7,973 |
| City Life Insurance Plans | 6,206 | 6,454 | 6,454 | 539 | 6,454 | 6,454 |
| Health Flexible Spending Account | 532 | 1,000 | 1,000 | 67 | 1,000 | 1,000 |
| Dependent Care Reimbursement | 160 | 175 | 175 | 14 | 175 | 175 |
| Operating Revenues | <u>264,407</u> | <u>298,831</u> | <u>298,831</u> | <u>23,782</u> | <u>298,831</u> | <u>298,831</u> |
| Operating Expenses | | | | | | |
| City Medical Plan Claims | 249,214 | 281,911 | 281,911 | 22,459 | 281,911 | 281,911 |
| City Dental Plan Claims | 7,792 | 7,973 | 7,973 | 664 | 7,973 | 7,973 |
| City Life Insurance Plans | 6,201 | 6,454 | 6,454 | 538 | 6,454 | 6,454 |
| Administrative Costs | 3,257 | 4,083 | 4,083 | 237 | 4,083 | 4,083 |
| Health Flexible Spending Account | 460 | 1,000 | 1,000 | 67 | 1,000 | 1,000 |
| Dependent Care | 160 | 175 | 175 | 14 | 175 | 175 |
| Operating Expenses | <u>267,084</u> | <u>301,596</u> | <u>301,596</u> | <u>23,979</u> | <u>301,596</u> | <u>301,596</u> |
| Operating Income (Loss) | (2,677) | (2,765) | (2,765) | (197) | (2,765) | (2,765) |
| Nonoperating Revenues (Expenses) | | | | | | |
| Interest Income | 600 | 550 | 550 | 34 | 550 | 550 |
| Prior Year Expense Recovery | 0 | 0 | 0 | 0 | 0 | 0 |
| Medicare Part D - Subsidy | 1,611 | 1,608 | 1,608 | 0 | 1,608 | 1,608 |
| Medicare Part D - Distribution | (1,611) | (1,608) | (1,608) | 0 | (1,608) | (1,608) |
| Nonoperating Revenues (Expenses) | <u>600</u> | <u>550</u> | <u>550</u> | <u>34</u> | <u>550</u> | <u>550</u> |
| Pension Bond Proceeds | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Income (Loss) | (2,077) | (2,215) | (2,215) | (163) | (2,215) | (2,215) |
| Net Assets, Beginning of Year | 5,728 | 3,651 | 3,651 | 3,651 | 3,651 | 3,651 |
| Net Assets, End of Year | \$ <u>3,651</u> | \$ <u>1,436</u> | \$ <u>1,436</u> | \$ <u>3,488</u> | \$ <u>1,436</u> | \$ <u>1,436</u> |

About the Fund:

The Health Benefits Fund is an Internal Service Fund administered by the Human Resources Department. The Fund was established in 1984 to centralize the financial transactions for the City's benefit plans. In May 1994, the entire health benefits delivery system was revamped with a new system that employs aggressive managed care features. HMOBlueTexas (HMOBTX) provides Health Maintenance Organization (HMO) and Preferred Provider (PPO) plan, with limits on annual increases. 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.