

Health Benefits Fund
For the period ended October 31, 2011
(amounts expressed in thousands)

	Unaudited Preliminary FY2011	FY2012				
		Adopted Budget	Current Budget	YTD	Controller's Projection	Finance Projection
Operating Revenues						
City Medical Plans	\$ 292,023	\$ 286,945	286,945	\$ 90,316	\$ 286,945	\$ 286,945
City Dental Plans	9,318	9,457	9,457	3,226	9,457	9,457
City Life Insurance Plans	5,779	5,681	5,681	1,895	5,681	5,681
Health Flexible Spending Account	1,229	1,200	1,200	655	1,200	1,200
Dependent Care Reimbursement	227	240	240	82	240	240
Operating Revenues	<u>308,576</u>	<u>303,523</u>	<u>303,523</u>	<u>96,174</u>	<u>303,523</u>	<u>303,523</u>
Operating Expenses						
BCBS and Medicare Advantage	245,830	15,326	20,306	5,168	15,326	15,326
City Medical Plan Claims - Cigna	43,640	267,113	262,133	86,420	267,113	267,113
City Dental Plan Claims	9,325	9,457	9,457	3,226	9,457	9,457
City Life Insurance Plans	5,779	5,681	5,681	1,895	5,681	5,681
Administrative Costs	4,354	4,996	4,996	1,241	4,996	4,996
Health Flexible Spending Account	1,060	1,200	1,200	501	1,200	1,200
Dependent Care	227	240	240	82	240	240
Operating Expenses	<u>310,215</u>	<u>304,013</u>	<u>304,013</u>	<u>98,533</u>	<u>304,013</u>	<u>304,013</u>
Operating Income (Loss)	(1,639)	(490)	(490)	(2,359)	(490)	(490)
Non-Operating Revenues (Expenses)						
Interest Income	255	180	180	140	180	180
Prior Year Expense Recovery	1	0	0	214	0	0
Miscellaneous Revenues	568	0	0	0	0	0
Medicare Part D - Subsidy	0	0	0	0	0	0
Medicare Part D - Distribution	0	0	0	0	0	0
Non-Operating Revenues (Expenses)	<u>824</u>	<u>180</u>	<u>180</u>	<u>354</u>	<u>180</u>	<u>180</u>
Net Income (Loss)	(815)	(310)	(310)	(2,005)	(310)	(310)
Net Assets, Beginning of Year	<u>3,652</u>	<u>2,837</u>	<u>2,837</u>	<u>2,837</u>	<u>2,837</u>	<u>2,837</u>
Net Assets, End of Year	<u>\$ 2,837</u>	<u>\$ 2,527</u>	<u>\$ 2,527</u>	<u>\$ 832</u>	<u>\$ 2,527</u>	<u>\$ 2,527</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.