

Health Benefits Fund
For the period ended March 31, 2013
(amounts expressed in thousands)

	FY2012 Actual	FY2013				Finance Projection
		Adopted Budget	Current Budget	YTD	Controller's Projection	
Operating Revenues						
City Medical Plans	\$ 276,456	\$ 325,770	\$ 325,770	\$ 231,650	\$ 324,191	\$ 324,191
City Dental Plans	9,631	9,739	9,739	7,288	9,730	9,730
City Life Insurance Plans	5,686	5,812	5,812	4,393	5,900	5,900
Vision	0	0	0	0	546	546
Health Flexible Spending Account	1,908	2,100	2,100	1,324	2,000	2,000
Dependent Care Reimbursement	246	260	260	174	230	230
Operating Revenues	<u>293,927</u>	<u>343,681</u>	<u>343,681</u>	<u>244,829</u>	<u>342,597</u>	<u>342,597</u>
Operating Expenses						
Medicare Advantage	16,387	19,191	19,191	13,611	18,096	18,096
City Medical Plan Claims - Cigna	273,394	301,258	301,258	210,972	286,740	286,740
City Dental Plan Claims	9,631	9,739	9,739	7,288	9,730	9,730
Vision	0	0	0	0	546	546
City Life Insurance Plans	5,686	5,812	5,812	4,393	5,900	5,900
Administrative Costs	4,270	5,856	5,856	3,186	5,264	5,264
Health Flexible Spending Account	1,847	2,100	2,100	1,326	2,000	2,000
Dependent Care	246	260	260	174	230	230
Operating Expenses	<u>311,461</u>	<u>344,216</u>	<u>344,216</u>	<u>240,950</u>	<u>328,506</u>	<u>328,506</u>
Operating Income (Loss)	(17,534)	(535)	(535)	3,879	14,091	14,091
Non-Operating Revenues (Expenses)						
Interest Income	342	200	200	157	200	200
Prior Year Expense Recovery	227	0	0	262	262	262
Miscellaneous Revenue	0	0	0	1,258	2,931	2,931
Non-Operating Revenues (Expenses)	<u>569</u>	<u>200</u>	<u>200</u>	<u>1,677</u>	<u>3,393</u>	<u>3,393</u>
Net Income (Loss)	(16,965)	(335)	(335)	5,556	17,484	17,484
Net Assets, Beginning of Year	2,837	(14,128)	(14,128)	(14,128)	(14,128)	(14,128)
Net Assets, End of Year	\$ <u>(14,128)</u>	\$ <u>(14,463)</u>	\$ <u>(14,463)</u>	\$ <u>(8,572)</u>	\$ <u>3,356</u>	\$ <u>3,356</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.