

Health Benefits Fund
For the period ended September 30, 2013
(amounts expressed in thousands)

	Unaudited Preliminary FY2013	FY2014				
		Adopted Budget	Current Budget	YTD	Controller's Projection	Finance Projection
Operating Revenues						
City Medical Plans	\$ 313,256	\$ 334,668	\$ 334,668	\$ 83,113	\$ 334,668	\$ 334,668
City Dental Plans	9,726	10,037	10,037	2,452	10,037	10,037
City Life Insurance Plans	5,810	6,430	6,430	1,392	6,430	6,430
Vision	369	3,275	3,275	569	3,275	3,275
Health Flexible Spending Account	1,938	2,200	2,200	711	2,200	2,200
Dependent Care Reimbursement	235	260	260	70	260	260
Operating Revenues	<u>331,334</u>	<u>356,870</u>	<u>356,870</u>	<u>88,307</u>	<u>356,870</u>	<u>356,870</u>
Operating Expenses						
Medicare Advantage	18,256	19,114	19,114	4,745	19,114	19,114
City Medical Plan Claims - Cigna	271,499	309,429	309,429	67,182	309,429	309,429
City Dental Plan Claims	9,726	10,037	10,037	2,452	10,037	10,037
Vision	369	3,275	3,275	569	3,275	3,275
City Life Insurance Plans	5,810	6,430	6,430	977	6,430	6,430
Administrative Costs	5,104	6,363	6,363	1,217	6,363	6,363
Health Flexible Spending Account	1,940	2,200	2,200	711	2,200	2,200
Dependent Care	235	260	260	70	260	260
Operating Expenses	<u>312,939</u>	<u>357,108</u>	<u>357,108</u>	<u>77,923</u>	<u>357,108</u>	<u>357,108</u>
Operating Income (Loss)	18,395	(238)	(238)	10,384	(238)	(238)
Non-Operating Revenues (Expenses)						
Interest Income	213	200	200	79	200	200
Prior Year Expense Recovery	262	0	0	0	0	0
Miscellaneous Revenue	4,491	0	0	0	0	0
Performance Guarantees	0	0	0	0	0	0
Medicare Part D - Subsidy	0	0	0	0	0	0
Medicare Part D - Distribution				0	0	0
Non-Operating Revenues (Expenses)	<u>4,966</u>	<u>200</u>	<u>200</u>	<u>79</u>	<u>200</u>	<u>200</u>
Net Income (Loss)	23,361	(38)	(38)	10,463	(38)	(38)
Net Assets, Beginning of Year	(14,128)	9,233	9,233	9,233	9,233	9,233
Net Assets, End of Year	\$ <u>9,233</u>	\$ <u>9,195</u>	\$ <u>9,195</u>	\$ <u>19,696</u>	\$ <u>9,195</u>	\$ <u>9,195</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.