

Health Benefits Fund
For the period ended June 30, 2015
(amounts expressed in thousands)

	FY2014 Actual	FY2015				Finance Projection
		Adopted Budget	Current Budget	YTD	Controller's Projection	
Operating Revenues						
City Medical Plans	\$ 314,151	\$ 321,757	\$ 321,757	\$ 323,942	\$ 305,771	\$ 305,771
City Dental Plans	9,874	10,278	10,278	10,276	10,276	10,276
City Life Insurance Plans	5,488	5,808	5,808	5,705	5,705	5,705
Vision	2,346	2,363	2,363	2,652	2,652	2,652
Health Flexible Spending Account	2,914	2,950	2,950	3,341	3,341	3,341
Dependent Care Reimbursement	301	265	265	316	316	316
Operating Revenues	<u>335,074</u>	<u>343,421</u>	<u>343,421</u>	<u>346,231</u>	<u>328,060</u>	<u>328,060</u>
Operating Expenses						
Medicare Advantage	20,757	24,366	24,058	23,320	23,320	23,320
City Medical Plan Claims - Cigna	270,981	290,606	290,608	274,770	274,770	274,770
City Dental Plan Claims	9,874	10,278	10,278	10,276	10,276	10,276
Vision	2,346	2,363	2,363	2,652	2,652	2,652
City Life Insurance Plans	5,488	5,808	5,808	5,705	5,705	5,705
Administrative Costs	6,330	7,163	7,469	6,397	6,397	6,397
Health Flexible Spending Account	2,914	2,950	2,950	3,341	3,341	3,341
Dependent Care	301	265	265	289	316	316
Operating Expenses	<u>318,991</u>	<u>343,799</u>	<u>343,799</u>	<u>326,750</u>	<u>326,777</u>	<u>326,777</u>
Operating Income (Loss)	16,083	(378)	(378)	19,481	1,284	1,284
Non-Operating Revenues (Expenses)						
Interest Income	378	405	405	511	511	511
Prior Year Expense Recovery	147	0	0	22	22	22
Miscellaneous Revenue	4,135	0	0	396	396	396
Performance Guarantees	0	0	0	0	0	0
Medicare Part D - Subsidy	30	0	0	0	0	0
Medicare Part D - Distribution				(30)	(30)	(30)
Non-Operating Revenues (Expenses)	<u>4,690</u>	<u>405</u>	<u>405</u>	<u>899</u>	<u>899</u>	<u>899</u>
Net Income (Loss)	20,773	27	27	20,380	2,183	2,183
Net Assets, Beginning of Year	9,316	30,089	30,089	30,089	30,089	30,089
Net Assets, End of Year	<u>\$ 30,089</u>	<u>\$ 30,116</u>	<u>\$ 30,116</u>	<u>\$ 50,469</u>	<u>\$ 32,272</u>	<u>\$ 32,272</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.