

Health Benefits Fund
For the period ended September 30, 2014
(amounts expressed in thousands)

	Unaudited Preliminary FY2014	FY2015				
		Adopted Budget	Current Budget	YTD	Controller's Projection	Finance Projection
Operating Revenues						
City Medical Plans	\$ 314,151	\$ 321,757	\$ 321,757	\$ 81,649	\$ 324,865	\$ 324,865
City Dental Plans	9,874	10,278	10,278	2,541	10,278	10,278
City Life Insurance Plans	5,488	5,808	5,808	1,400	5,808	5,808
Vision	2,346	2,363	2,363	654	2,363	2,363
Health Flexible Spending Account	2,914	2,950	2,950	822	2,950	2,950
Dependent Care Reimbursement	301	265	265	83	265	265
Operating Revenues	<u>335,074</u>	<u>343,421</u>	<u>343,421</u>	<u>87,149</u>	<u>346,529</u>	<u>346,529</u>
Operating Expenses						
Medicare Advantage	20,757	24,366	24,058	5,804	24,059	24,059
City Medical Plan Claims - Cigna	270,981	290,606	290,608	69,384	282,197	282,197
City Dental Plan Claims	9,874	10,278	10,278	2,543	10,278	10,278
Vision	2,346	2,363	2,363	654	2,363	2,363
City Life Insurance Plans	5,488	5,808	5,808	1,400	5,808	5,808
Administrative Costs	6,273	7,163	7,469	1,352	7,309	7,309
Health Flexible Spending Account	2,914	2,950	2,950	822	2,950	2,950
Dependent Care	301	265	265	83	265	265
Operating Expenses	<u>318,934</u>	<u>343,799</u>	<u>343,799</u>	<u>82,042</u>	<u>335,229</u>	<u>335,229</u>
Operating Income (Loss)	16,140	(378)	(378)	5,107	11,300	11,300
Non-Operating Revenues (Expenses)						
Interest Income	378	405	405	114	405	405
Prior Year Expense Recovery	147	0	0	0	0	0
Miscellaneous Revenue	4,135	0	0	5	5	5
Medicare Part D - Subsidy	30	0	0	0	0	0
Non-Operating Revenues (Expenses)	<u>4,690</u>	<u>405</u>	<u>405</u>	<u>119</u>	<u>410</u>	<u>410</u>
Net Income (Loss)	20,830	27	27	5,226	11,710	11,710
Net Assets, Beginning of Year	<u>9,233</u>	<u>30,063</u>	<u>30,063</u>	<u>30,063</u>	<u>30,063</u>	<u>30,063</u>
Net Assets, End of Year	\$ <u>30,063</u>	\$ <u>30,090</u>	\$ <u>30,090</u>	\$ <u>35,289</u>	\$ <u>41,773</u>	\$ <u>41,773</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.