

Health Benefits Fund
For the period ended March 31, 2017
(amounts expressed in thousands)

	FY2017					
	FY2016 Actual	Adopted Budget	Current Budget	YTD	Controller's Projection	Finance Projection
Operating Revenues						
City Medical Plans	\$ 314,854	\$ 331,438	\$ 331,438	\$ 249,665	\$ 333,981	\$ 333,981
City Dental Plans	10,936	10,981	10,981	8,353	11,138	11,138
City Life Insurance Plans	6,113	6,484	6,484	4,764	6,404	6,404
Vision	2,827	3,008	3,008	2,192	2,924	2,924
Health Flexible Spending Account	4,005	4,500	4,500	3,268	4,400	4,400
Dependent Care Reimbursement	355	375	375	298	411	411
Operating Revenues	<u>339,090</u>	<u>356,786</u>	<u>356,786</u>	<u>268,540</u>	<u>359,258</u>	<u>359,258</u>
Operating Expenses						
Medicare Advantage	24,843	27,223	27,223	19,688	26,279	26,279
City Medical Plan Claims - Cigna	292,023	302,411	302,411	231,157	306,213	306,213
City Dental Plan Claims	10,936	10,981	10,981	8,353	11,138	11,138
Vision	2,827	3,008	3,008	2,192	2,924	2,924
City Life Insurance Plans	6,112	6,484	6,484	4,764	6,404	6,404
Administrative Costs	7,320	9,300	9,300	5,095	8,860	8,860
Health Flexible Spending Account	4,028	4,630	4,630	3,268	4,550	4,550
Dependent Care	355	375	375	298	411	411
Operating Expenses	<u>348,444</u>	<u>364,412</u>	<u>364,412</u>	<u>274,815</u>	<u>366,779</u>	<u>366,779</u>
Operating Income (Loss)	(9,354)	(7,626)	(7,626)	(6,275)	(7,521)	(7,521)
Non-Operating Revenues (Expenses)						
Interest Income	477	486	486	400	510	510
Prior Year Expense Recovery	16	0	0	67	66	66
Miscellaneous Revenue	1,047	0	0	734	734	734
Performance Guarantees	0	0	0	0	0	0
Medicare Part D - Distribution	0	0	0	0	0	0
Non-Operating Revenues (Expenses)	<u>1,540</u>	<u>486</u>	<u>486</u>	<u>1,201</u>	<u>1,310</u>	<u>1,310</u>
Net Income (Loss)	(7,814)	(7,140)	(7,140)	(5,074)	(6,211)	(6,211)
Net Assets, Beginning of Year	<u>31,791</u>	<u>23,977</u>	<u>23,977</u>	<u>23,977</u>	<u>23,977</u>	<u>23,977</u>
Net Assets, End of Year	<u>\$ 23,977</u>	<u>\$ 16,837</u>	<u>\$ 16,837</u>	<u>\$ 18,903</u>	<u>\$ 17,766</u>	<u>\$ 17,766</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.