Fund Summary

Fund Name	:	**Health Benefits**
Business Area	:	**Human Resources**
Fund No./Bus. Area No.	:	**9000 / 8000**

	FY2015 Current Budget	FY2015 Estimate	FY2016 Budget
Beginning Fund Balance	30,089,107	30,089,107	**32,584,354**
Current Revenues	343,826,202	337,924,981	**337,511,858**
Total Available Resources	373,915,309	368,014,088	**370,096,212**
Maintenance and Operations	343,799,513	335,429,734	**346,609,041**
Total Expenditures	343,799,513	335,429,734	**346,609,041**
Planned Ending Fund Balance	30,115,796	32,584,354	**23,487,171**
Total Budget	373,915,309	368,014,088	**370,096,212**

Subsequent to a highly competitive proposal process, effective May 1, 2014, the City awarded CIGNA a three year contract with two one-year renewal options for administrative services only (ASO). The health benefits model is composed of four 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 special plan for retirees not eligible for Medicare, mostly those under age 65, who live outside the limited network service area but who live in Texas. The plan combines the copayment benefits of the limited plan and the network and contributions of the open access plan.

The City continues to provide five Medicare plans with five different vendors, and has made these plans mandatory for all retirees over age 65 who are eligible for Medicare. The medical plans are supported by contributions from the City and subscribers. The Fund also includes two dental plans, funded entirely by participants, a dental health maintenance organization (DHMO) and dental indemnity plan. The Vision plan is funded exclusively by participants. Basic Life Insurance is paid by the City and Voluntary Life Insurance is paid by the subscribers. A Healthcare Flexible Spending Account (HFSA), in addition to the Dependent Care Account, is also in the Health Benefits Fund. Employees and the City benefit from the pre-tax advantages.

Simultaneously with the implementation of the new health benefits vendor, the City changed its funding method from fully-insured to self-insured. Effective May 1, 2013, the City no longer purchases individual and aggregate stop-loss coverage. With the change the City assumes the financial risk of catastrophic and overall claim liability. Enrollment distribution in the medical plans is predicted to be 75% in the limited network plan, 18% in the open access plan, and 7% in the CDHP.

Dental Insurance

Effective May 1, 2011, the City awarded a three year contract with two one-year renewal options to United Healthcare Insurance Company to provide dental benefits for employees and retirees. Participants pay the full cost for the coverage. The City retained the current plan model: a managed care (DHMO) plan and an indemnity plan with an underlying network of dentists providing discounted fees. There is no cost to the City for the dental program. Plan participants pay the full premium. FY2016 DHMO rates will increase by 3% and Indemnity rates will increase by 5% from FY2015.

Life Insurance

Effective October 1, 2013, the City awarded a three year contract with two one-year renewal options to Dearborn National Life Insurance Company. Dearborn offered the most competitive proposal to improve benefits and reduced the basic life insurance premium rate by 2%. Under such contract, the Basic Coverage is one times base annual salary of the employee and the rates are guaranteed for three years and extendable for two optional years. Premiums for Basic Coverage are paid for by the City, with employees funding Voluntary Coverage.

Vision Insurance

Effective May 1, 2013, the City awarded Superior Vision (formerly Block Vision) a three-year contract with two one-year options to provide vision services. The plan year is May through April. The vision plan is provided to city employees, certain retirees and their dependents, and is funded exclusively by participants. Limited vision coverage was previously available through CIGNA.

Business Area Budget Summary

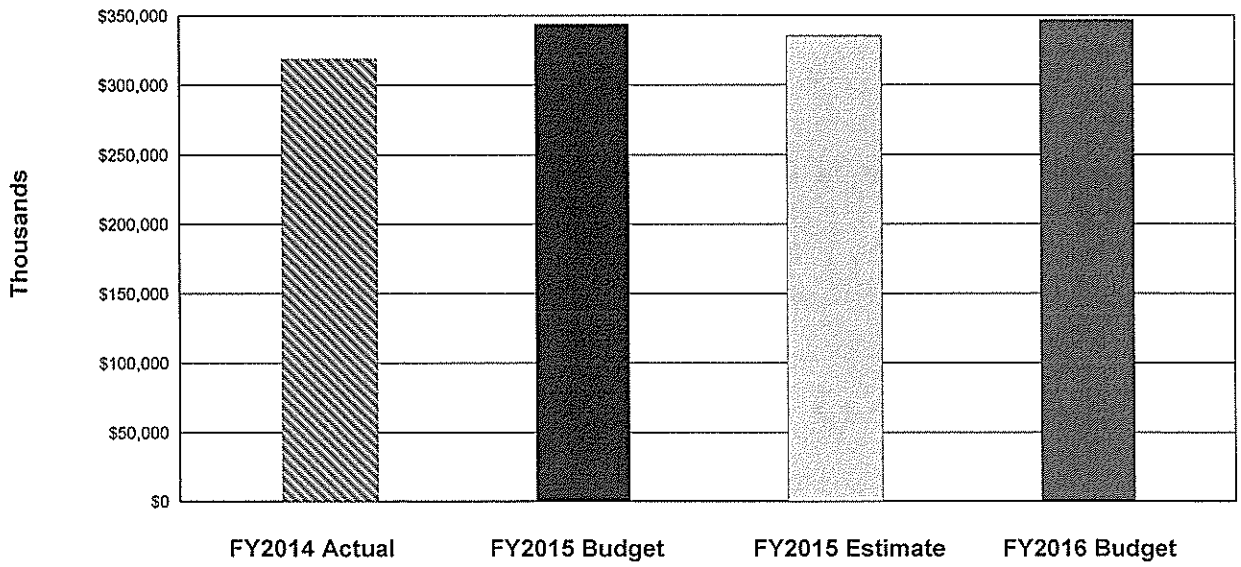
Fund Name : Health Benefits
Business Area : Human Resources
Fund No. /Bus. Area No. : 9000 / 8000

		FY2014 Actual	FY2015 Current Budget	FY2015 Estimate	FY2016 Budget
Expenditures	Personnel Services	4,130,454	4,893,029	4,640,183	**5,043,780**
	Supplies	80,266	129,348	125,848	**129,348**
	Other Services and Charges	314,753,764	338,752,602	330,639,169	**341,421,062**
	Non-Capital Equipment	26,678	24,534	24,534	**14,851**
	Total M & O Expenditures	318,991,162	343,799,513	335,429,734	**346,609,041**
	Debt Service & Other Uses	0	0	0	**0**
	Total Expenditure	318,991,162	343,799,513	335,429,734	**346,609,041**
Revenues		339,764,595	343,826,202	337,924,981	**337,511,858**
Staffing	Full-Time Equivalents - Civilian	45.4	52.6	52.6	**52.1**
	Full-Time Equivalents - Classified	0.0	0.0	0.0	**0.0**
	Full-Time Equivalents - Cadets	0.0	0.0	0.0	**0.0**
	Total	45.4	52.6	52.6	**52.1**
	Full-Time Equivalents - Overtime	1.0	0.1	0.1	**0.0**

Significant Budget Changes and Highlights

- The FY2016 Budget provides funding for health benefits and pension contribution.
- Increased expenditures in FY2016 are mainly driven by managing health care costs and wellness initiatives.
- The FY2016 Budget includes funding for additional staff to enhance self-insured accounting requirements, reporting and internal controls.

Health Benefits
Human Resources
Expenditure Summary



Business Area Performance Measures

Fund Name : Health Benefits
Business Area : Human Resources
Fund No. /Bus. Area No. : 9000 / 8000

Performance Measure	Priority	FY2014 Actual	FY2015 Budget	FY2015 Estimate	FY2016 Budget
Facilitate Biometric Screenings	Q,F	N/A	N/A	N/A	5,000
Health Assessment Participation	Q,F	N/A	N/A	N/A	85%
Respond to Member Inquiries within 1 Work Day	J	N/A	95%	95%	95%
Wellness Milestone Completion	Q,F	N/A	N/A	N/A	85%
Expenditures Budget vs Actual Utilization	F	89%	98%	98%	98%
Revenues Budget vs Actual Utilization	F	95%	100%	98%	100%

Mayor's Five Priorities: Jobs and Sustainable Development (J) Public Safety (P) Infrastructure (I)
Fiscal Responsibility (F) Quality of Life (Q)

Division Summary

Fund Name : Health Benefits
Business Area : Human Resources
Fund No. /Bus Area No. : 9000 / 8000

Division Description	FY2014 Actual FTEs	FY2014 Actual Costs $	FY2015 Estimate FTEs	FY2015 Estimate Costs $	FY2016 Budget FTEs	FY2016 Budget Costs $
HR - Benefits Administration 800012						
Administer and analyze City sponsored benefits by utilizing a customer focused approach for employees, retirees, and their dependents. Creates a healthy culture throughout the City of Houston that positively affects employee productivity and morale, thereby leading to the City being an "employer of choice".	29.5	4,037,691	33.6	4,313,755	**32.6**	**6,427,332**
HR - Employee Assistance Program 800013						
Offer confidential assessment, referral and short-term counseling to employees with personal concerns that may adversely affect work performance. Serve as a leader in compliance with the Drug Free Workplace Act. Provide consultation and education to supervisors/managers. Serve as a key resource in the prevention and management of workplace violence.	3.1	533,757	3.0	618,373	**2.8**	**601,757**
HR - Communications 800014						
Communicate to employees their roles in the organization and the importance of providing excellent customer service. Improve employee morale, foster teamwork, recognize employee achievements, inform and educate employees about their benefit choices and foster an environment of wellness.	5.2	729,156	8.0	797,687	**7.4**	**778,143**
HR - Benefits Financial/Reporting 800015						
Assist in the design, maintenance and interpretation of management reports on operational and financial matters. Prepare the budget and monitor the various benefit plans' financial impact.	7.6	313,690,558	8.0	329,699,919	**9.3**	**338,801,809**
Total	**45.4**	**318,991,162**	**52.6**	**335,429,734**	**52.1**	**346,609,041**

Business Area Roster Summary

Fund Name : Health Benefits
Business Area : Human Resources
Fund No./Bus. Area No. : 9000 / 8000

Job Description	Pay Grade	FY2015 Current Budget FTE	FY2016 Budget FTE	Change
ADMINISTRATION MANAGER	26	2.0	2.0	0.0
ADMINISTRATIVE ASSISTANT	17	5.0	4.0	(1.0)
ADMINISTRATIVE COORDINATOR	24	3.8	4.0	0.2
ADMINISTRATIVE SPECIALIST	20	2.0	3.0	1.0
ADMINISTRATIVE SUPERVISOR	22	2.0	2.0	0.0
ASSIST. DIRECTOR-HR (EXEC)	32	1.0	1.0	0.0
COMMUNICATIONS SPECIALIST	15	1.0	1.0	0.0
COMMUNICATIONS SPECIALIST SUPERVISOR	23	1.0	1.0	0.0
CUSTOMER SERVICE CLERK	10	2.0	2.0	0.0
CUSTOMER SERVICE REP. I	13	1.0	1.0	0.0
CUSTOMER SERVICE REP. II	15	2.0	2.0	0.0
DEPUTY ASSISTANT DIRECTOR (EXEC)	30	0.0	1.0	1.0
DEPUTY DIRECTOR (EXEC)	34	1.0	1.0	0.0
DIVISION MANAGER	29	2.0	1.0	(1.0)
EXECUTIVE OFFICE ASSISTANT	15	1.0	1.0	0.0
FINANCIAL ANALYST III	21	1.0	1.0	0.0
FINANCIAL ANALYST IV	25	1.8	3.0	1.2
GRAPHIC DESIGNER	17	1.0	1.0	0.0
HUMAN RESOURCES ASSISTANT	13	4.0	3.0	(1.0)
HUMAN RESOURCES SPECIALIST	17	1.0	2.0	1.0
HUMAN RESOURCES SUPERVISOR	24	2.0	2.0	0.0
MANAGEMENT INTERN	11	0.8	0.0	(0.8)
SENIOR COMMUNICATIONS SPECIALIST	20	4.0	4.0	0.0
SENIOR CONTRACT COMPLIANCE OFFICER	18	0.0	1.0	1.0
SENIOR COUNSELOR	22	2.0	2.0	0.0
SENIOR PUBLIC HEALTH EDUCATOR	18	1.0	3.0	2.0
SENIOR STAFF ANALYST	28	3.0	2.0	(1.0)
SENIOR TRAINER	21	2.0	0.0	(2.0)
STAFF ANALYST	26	2.0	3.0	1.0
SYSTEMS ACCOUNTANT III	27	2.0	2.0	0.0
Total FTEs		**54.4**	**56.0**	**1.6**
Less Adjustment for Civilian Vacancy Factor		**1.8**	**3.9**	**2.1**
Full-Time Equivalents		**52.6**	**52.1**	**(0.5)**

Business Area Revenue Summary

Fund Name : Health Benefits
Business Area : Human Resources
Fund No./Bus. Area No. : 9000 / 8000

Commit Item	Description	FY2015 Current Budget	FY2015 Estimate	FY2016 Budget
8000120001	**Strategic Benefits Operations**			
432010	Interest on Pooled Investments	405,000	405,000	425,000
452030	Miscellaneous Revenue	0	389,559	0
8000120004	**Wellness**			
429110	Active Employee Health Surcharge	0	0	1,672,800
452030	Miscellaneous Revenue	0	5,000	0
8000150001	**Benefits Financial/ Reporting**			
426330	Miscellaneous Copies Fees	0	11	0
8000150003	**Texan Plus (SelectCare of Texas)**			
429030	Retirees - City Insurance Contribution	1,408,190	1,325,687	1,112,119
429080	Retirees Insurance Contribution	425,590	347,633	334,152
8000150004	**Texas HealthSprings**			
429030	Retirees - City Insurance Contribution	893,905	841,754	1,190,140
429080	Retirees Insurance Contribution	236,128	267,975	349,272
8000150005	**Retiree Plan A**			
429080	Retirees Insurance Contribution	1,936	1,936	1,632
8000150009	**Dental DHMO**			
429040	Active Employees-Insurance Contribution	2,621,477	2,476,388	2,596,011
429080	Retirees Insurance Contribution	575,641	561,926	585,241
8000150010	**Dental Indemnity**			
429040	Active Employees-Insurance Contribution	5,145,111	5,266,603	5,578,229
429080	Retirees Insurance Contribution	1,935,823	1,945,934	2,073,145
8000150011	**Dependent Care Reimbursement**			
429050	Active Employees Dependent Care	265,000	315,000	325,000
8000150012	**Health Flexible Spending Account**			
429055	Active Employees-Health Flex Account	2,950,000	3,275,000	3,500,000
434505	Prior Year Expenditure Recovery	0	22,405	0
8000150013	**Employee Basic Life**			
429020	Active Employees-City Insurance Contrib.	722,236	674,743	720,969
8000150014	**Active Employee Voluntary Life**			
429040	Active Employees-Insurance Contribution	5,023,736	4,940,839	5,230,478
8000150015	**Retiree Voluntary Life $5,000**			
429080	Retirees Insurance Contribution	61,950	77,149	82,515
8000150017	**Kelsey HMO**			
429030	Retirees - City Insurance Contribution	4,263,194	4,977,364	5,908,870
429080	Retirees Insurance Contribution	1,264,423	1,489,192	1,793,520
8000150019	**Kelsey POS (Point-of-Service)**			
429030	Retirees - City Insurance Contribution	945,684	549,868	0
429080	Retirees Insurance Contribution	293,954	141,149	0
8000150020	**UHC Medicare**			
429030	Retirees - City Insurance Contribution	6,090,471	6,519,058	6,798,378
429080	Retirees Insurance Contribution	1,930,204	1,884,865	2,167,788
8000150021	**AETNA ESA PPO**			
429030	Retirees - City Insurance Contribution	5,833,527	5,787,819	5,451,054
429080	Retirees Insurance Contribution	1,864,619	1,700,255	1,754,598
8000150022	**CIGNA Kelseycare - EPO Limited**			
424110	Other Interfund Services	0	(9,057,735)	0
429020	Active Employees-City Insurance Contrib.	158,548,482	160,620,110	150,952,643

Business Area Revenue Summary

Fund Name : Health Benefits
Business Area : Human Resources
Fund No./Bus. Area No. : 9000 / 8000

Commit Item	Description	FY2015 Current Budget	FY2015 Estimate	FY2016 Budget
429030	Retirees - City Insurance Contribution	15,148,152	15,104,058	12,832,034
429040	Active Employees-Insurance Contribution	31,068,803	31,118,728	32,416,558
429060	Active Employees-LWOP Contribution	0	49,575	0
429070	Cobra Contributions	0	105,746	0
429080	Retirees Insurance Contribution	17,504,667	16,211,685	17,669,778
429110	Active Employee Health Surcharge	0	630,778	0
8000150023	**CIGNA Open Access Plan - EPO Full**			
429020	Active Employees-City Insurance Contrib.	34,106,630	34,018,942	31,498,414
429030	Retirees - City Insurance Contribution	2,229,490	1,906,453	1,488,473
429040	Active Employees-Insurance Contribution	10,319,664	10,104,289	10,528,679
429060	Active Employees-LWOP Contribution	0	15,266	0
429070	Cobra Contributions	0	18,062	0
429080	Retirees Insurance Contribution	5,223,191	4,054,252	4,475,096
429110	Active Employee Health Surcharge	0	233,088	0
8000150024	**CIGNA Consumer Driven Health Plan**			
429020	Active Employees-City Insurance Contrib.	14,045,992	15,854,449	15,019,920
429030	Retirees - City Insurance Contribution	2,632,980	2,773,425	2,443,314
429040	Active Employees-Insurance Contribution	1,559,335	1,735,083	1,820,253
429060	Active Employees-LWOP Contribution	0	4,502	0
429070	Cobra Contributions	0	3,305	0
429080	Retirees Insurance Contribution	2,514,142	2,429,916	2,717,805
429110	Active Employee Health Surcharge	0	70,950	0
8000150025	**CIGNA - Out of Area**			
429030	Retirees - City Insurance Contribution	338,087	388,602	287,251
429080	Retirees Insurance Contribution	1,065,756	947,552	1,042,855
8000150035	**HR - Vision**			
429040	Active Employees-Insurance Contribution	2,169,250	2,132,767	2,389,161
429080	Retirees Insurance Contribution	193,782	261,021	278,713
Total Human Resources		**343,826,202**	**337,924,981**	**337,511,858**

Business Area Expenditure Summary

Fund Name : Health Benefits
Business Area : Human Resources
Fund No./Bus. Area No. : 9000 / 8000

Commit Item	Description	FY2014 Actual	FY2015 Current Budget	FY2015 Estimate	FY2016 Budget
500010	Salary Base Pay - Civilian	2,770,029	3,289,380	3,070,609	**3,310,431**
500030	Salary Part Time - Civilian	16,121	0	37,374	**42,224**
500060	Overtime - Civilian	49,229	0	15,149	**0**
500110	Bilingual Pay - Civilian	3,633	3,615	4,590	**4,524**
501050	Employee Awards	4,160	0	0	**0**
501070	Pension - Civilian	633,845	834,188	780,147	**905,733**
501120	Termination Pay - Civilian	18,678	0	12,648	**0**
502010	FICA - Civilian	202,945	250,451	226,458	**253,311**
503010	Health Ins-Act Civilian	376,918	465,993	441,088	**483,188**
503015	Basic Life Insurance - Active Civilian	1,577	1,909	1,762	**1,930**
503050	Health/Life Insurance - Retiree Civilian	23,518	27,259	24,635	**21,076**
503060	Long Term Disability-Civilian	3,831	4,562	4,159	**4,345**
503090	Workers Compensation-Civilian-Admin	9,774	14,062	13,388	**15,392**
503100	Workers Compensation-Civilian-Claim	1,909	0	296	**296**
504030	Unemployment Claims - Administration	14,287	1,610	7,880	**1,330**
Total	**Personnel Services**	**4,130,454**	**4,893,029**	**4,640,183**	**5,043,780**
511020	Construction Materials	2,296	0	0	**0**
511045	Computer Supplies	1,537	9,800	8,800	**9,800**
511050	Paper & Printing Supplies	14,627	22,900	22,400	**22,900**
511055	Publications & Printed Materials	896	19,748	19,748	**19,748**
511060	Postage	7,327	28,300	28,300	**28,300**
511070	Miscellaneous Office Supplies	33,934	34,000	33,000	**34,000**
511125	Food Supplies	5,491	0	0	**0**
511150	Miscellaneous Parts & Supplies	14,158	14,600	13,600	**14,600**
Total	**Supplies**	**80,266**	**129,348**	**125,848**	**129,348**
520100	Temporary Personnel Services	89,040	99,100	226,573	**87,000**
520108	Information Resource Services	0	3,000	3,000	**3,000**
520109	Medical Dental & Laboratory Services	285	150	150	**150**
520110	Management Consulting Services	762,007	602,578	602,578	**713,500**
520114	Miscellaneous Support Services	62,681	133,000	133,000	**133,000**
520115	Real Estate Lease/Office Rental	158,460	168,210	168,210	**168,210**
520119	Computer Eq/SW Mnt	36,201	313,100	63,600	**321,399**
520121	IT Application Svcs	59,500	52,339	56,531	**55,991**
520122	Office Equipment Services	0	1,500	1,500	**1,500**
520126	Construction Site Work Services	36,203	0	0	**0**
520510	Mail/Delivery Services	0	1,500	1,500	**1,500**
520515	Print Shop Services	125,474	113,300	122,300	**113,774**
520520	Printing & Reproduction Services	13,504	3,900	3,900	**3,900**
520605	Advertising Services	2,242	5,000	5,000	**5,000**
520705	Insurance Fees	652,866	722,704	675,211	**721,437**
520765	Membership & Professional Fees	11,598	13,486	13,486	**23,639**
520771	Cigna - Active Ins Administration Fees	7,664,759	7,270,256	7,420,483	**7,555,466**
520772	Cigna - Reti <65 Ins Administration Fees	1,545,106	1,481,821	1,435,726	**1,474,739**
520773	Cigna - Reti >65 No Med Ins Admin Fees	17,889	19,965	14,431	**18,223**
520774	Cigna - Reti >65 with Med Ins Admin Fees	16,681	22,072	13,240	**19,597**
520805	Education & Training	34,730	48,946	43,946	**55,482**
520905	Travel - Training Related	13,615	25,350	25,350	**55,260**

Business Area Expenditure Summary

Fund Name : Health Benefits
Business Area : Human Resources
Fund No./Bus. Area No. : 9000 / 8000

Commit Item	Description	FY2014 Actual	FY2015 Current Budget	FY2015 Estimate	FY2016 Budget
520910	Travel - Non-Training Related	11,250	8,500	8,500	**8,500**
521605	Data Services	7,025	4,233	4,233	**15,853**
521610	Voice Services	34,284	58,043	58,043	**51,275**
521620	Voice Equipment	6,257	1,132	1,132	**340**
521625	Voice Labor	2,415	1,435	1,435	**2,211**
521630	GIS Revolving Fund Services	2,011	2,768	2,748	**2,933**
521635	Voice Services -Wireless	9,262	7,871	7,871	**9,134**
521715	Office Equipment Rental	12,704	11,936	11,936	**11,936**
521730	Parking Space Rental	16,115	16,572	16,572	**17,372**
521735	Hobby Parking Space Rental	19,350	9,700	9,700	**16,000**
521905	Legal Services	226	5,000	5,000	**5,000**
522205	Metro Commuter Passes	17,954	19,000	19,000	**19,000**
522430	Misc Othr Svcs & Chrg	258,998	266,995	266,495	**266,995**
522445	Wellness Initiative	285,458	420,000	420,000	**1,920,000**
522505	Employee Premiums	10,003,889	10,407,986	10,663,606	**11,444,639**
522510	Retiree Premiums	20,958,782	24,314,674	23,596,204	**25,769,359**
522535	Cigna - Retiree>65 with Medi Hlth Care Acct	398	8,359	1,729	**7,217**
522536	Cigna - Retiree<65 Health Care Acct	139,572	405,775	419,626	**388,757**
522537	Cigna - Active Health Care Account	442,951	1,249,918	1,124,489	**1,307,842**
522538	Cigna - Retiree>65 No Medi Hlth Care Acct	4,930	5,520	4,571	**5,717**
522605	Active Employee Incurred Claims	7,658,666	7,766,588	7,742,991	**8,174,240**
522610	Retiree Insurred Claims	2,406,149	2,511,464	2,507,860	**2,658,386**
522615	Retiree "A" Medical Claims	0	1,632	1,632	**1,632**
522625	Cigna - Active Medical Claims Expense	222,813,034	238,307,766	234,193,468	**238,024,177**
522630	Cigna - Retiree<65 Medical Claims Expense	37,221,087	40,204,050	37,596,170	**38,349,448**
522635	Cigna - Retiree>65 No Med Medical Claims E	812,268	1,113,118	680,895	**955,876**
522640	Cigna - Retiree>65 with Med Medical Claims	302,287	517,761	240,043	**450,761**
522721	Interfund HR Client Services	0	777	777	**1,482**
522722	KRONOS Service Chargeback	1,939	2,252	2,228	**2,713**
522730	Interfund Engineering Services	1,662	0	0	**0**
522780	Interfund Photo Copy Services	0	500	500	**500**
Total	**Other Services and Charges**	**314,753,764**	**338,752,602**	**330,639,169**	**341,421,062**
551010	Non-Cap Office Furniture & Equipment	4,859	8,000	8,000	**8,000**
551015	Non-Capital Computer Equipment	4,097	13,849	13,849	**4,666**
551020	Non-Capital Communication Equipment	0	1,500	1,500	**1,000**
551040	Non-Capital Other	17,722	1,185	1,185	**1,185**
Total	**Non-Capital Equipment**	**26,678**	**24,534**	**24,534**	**14,851**
Grand Total Expenditures		**318,991,162**	**343,799,513**	**335,429,734**	**346,609,041**