

FISCAL YEAR 2017 BUDGET

Fund Summary

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

	<u>FY2016 Current Budget</u>	<u>FY2016 Estimate</u>	<u>FY2017 Budget</u>
Beginning Fund Balance	31,790,932	31,790,932	23,242,244
Current Revenues	337,511,858	339,928,286	357,272,853
Total Available Resources	<u>369,302,790</u>	<u>371,719,218</u>	380,515,097
Maintenance and Operations	348,476,974	348,476,974	364,412,306
Total Expenditures	<u>348,476,974</u>	<u>348,476,974</u>	364,412,306
 Planned Ending Fund Balance	 <u>20,825,816</u>	 <u>23,242,244</u>	 16,102,791
 Total Budget	 <u><u>369,302,790</u></u>	 <u><u>371,719,218</u></u>	 <u>380,515,097</u>

The above summarizes the FY2016 Budget, the FY2016 Estimate and the FY2017 Budget for the Health Benefits Fund. Also included are the beginning and ending fund balances, total revenues and total expenditures.

The Health Benefits Fund is an Internal Service Fund established in 1984 to centralize the financial transactions of the City's benefit plans. The benefit plans include health, vision, dental, life insurance, dependent care reimbursement and a health flexible reimbursement arrangement plan. The City also provides five Medicare plans for all eligible retirees age 65 and over, who are covered by Medicare. The medical plans are supported by contributions from the City and subscribers.

The City became self-insured effective May 1, 2011, and initially purchased stop loss insurance. Effective May 1, 2013, the City no longer purchased individual and aggregate stop-loss coverage, and assumed the financial risk of catastrophic and overall claims liability.

The FY2017 Budget includes an ending fund balance of \$16 million and a \$13 million catastrophic claim reserve, which is in compliance with the City's financial policy of 10% of prior year plan cost.

HR will enculturate the health benefits provider, educate subscribers on plan design and use, promote wellness initiatives and continue to enhance self-insured accounting, reporting, and internal controls in the fiscal aspects of the plan. The Health Benefits Fund complies with governmental accounting standards mandating balanced budgets for Internal Service Fund.

The FY2017 City subscribers' contribution rates will increase by 7.01% effective May 1, 2016 and the City departments' contribution rates will increase by 5.38% in aggregate effective July 1, 2016.

Specific improved efficiencies will be implemented in the Human Resources Department as it continues to automate.

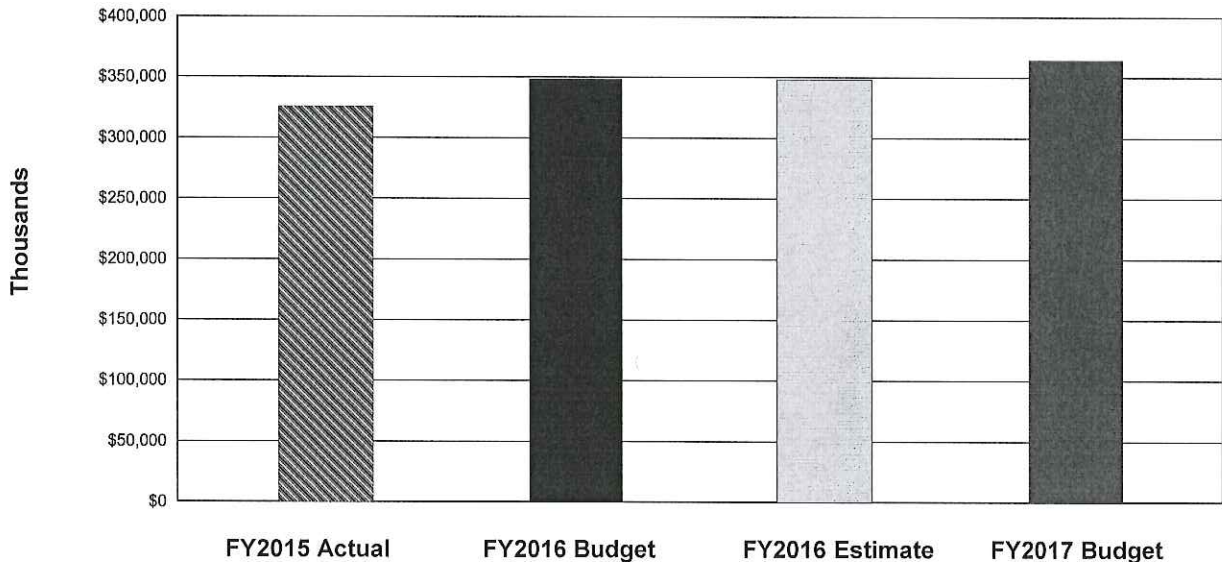
FISCAL YEAR 2017 BUDGET

Business Area Budget Summary

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

		FY2015 Actual	FY2016 Current Budget	FY2016 Estimate	FY2017 Budget
Expenditures	Personnel Services	4,480,497	5,061,099	5,061,099	5,334,763
	Supplies	53,899	129,348	129,348	110,924
	Other Services and Charges	321,364,067	343,270,565	343,270,565	358,958,619
	Non-Capital Equipment	14,912	15,962	15,962	8,000
	Total M & O Expenditures	325,913,375	348,476,974	348,476,974	364,412,306
	Debt Service & Other Uses	0	0	0	0
	Total Expenditure	325,913,375	348,476,974	348,476,974	364,412,306
Revenues		327,866,459	337,511,858	339,928,286	357,272,853
Staffing	Full-Time Equivalents - Civilian	47.7	52.6	52.6	53.6
	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	47.7	52.6	52.6	53.6
	Full-Time Equivalents - Overtime	0.4	0.1	0.1	0.0
Significant Budget Changes and Highlights	<ul style="list-style-type: none"> o The FY2017 Budget provides funding for health benefits, pension contribution and municipal employees contractual pay increases. o The FY2017 Revenues Budget includes the increase in City and subscribers' contribution, and Active Employee Health Surcharge. o Strengthen due diligence and analytical procedures to manage utilization data. o Implement Records Automation System for employee retiree benefits records. o Improve processes to identify, benchmark, and reduce chronic health conditions. o Develop long-term program initiatives to mitigate future and short term cost. <ul style="list-style-type: none"> - Provide Biometric Screening - Chronic Disease Management Program - Wellness Engagement Initiatives 				

**Health Benefits
Human Resources
Expenditure Summary**



FISCAL YEAR 2017 BUDGET

Business Area Performance Measures				
Fund Name : Health Benefits Business Area : Human Resources Fund No. /Bus. Area No. : 9000 / 8000				
Performance Measures	FY2015 Actual	FY2016 Budget	FY2016 Estimate	FY2017 Budget
Facilitate Biometric Screenings	N/A	N/A	N/A	5,000
Health Assessment Participation	N/A	N/A	N/A	85%
Respond to Member Inquiries within 1 Work Day	N/A	95%	95%	95%
Wellness Milestone Completion	N/A	N/A	N/A	85%
Expenditures Adopted Budget vs Actual Utilization	95%	98%	101%	98%
Revenues Adopted Budget vs Actual Utilization	95%	100%	101%	100%

FISCAL YEAR 2017 BUDGET

Division Summary							
Fund Name : Health Benefits Business Area : Human Resources Fund No. /Bus Area No. : 9000 / 8000							
Division Description	FY2015 Actual		FY2016 Estimate		FY2017 Budget		
	FTEs	Costs \$	FTEs	Costs \$	FTEs	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".	29.4	3,906,282	33.6	5,504,909	33.5	6,058,226	
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.	3.0	577,673	3.0	604,028	2.9	817,751	
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.	7.3	797,252	8.0	762,858	7.6	797,529	
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.	8.0	320,632,168	8.0	341,605,179	9.6	356,738,800	
Total	47.7	325,913,375	52.6	348,476,974	53.6	364,412,306	

FISCAL YEAR 2017 BUDGET

Business Area Revenues Summary

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

Category	FY2015 Actual	FY2016 Current Budget	FY2016 Estimate	FY2017 Budget
Intergovernmental	(50,820)	0	0	0
Charges for Services	11	0	0	0
Interest	510,476	425,000	486,000	486,000
Miscellaneous/Other	327,406,792	337,086,858	339,442,286	356,786,853
Grand Total Revenues	<u>327,866,459</u>	<u>337,511,858</u>	<u>339,928,286</u>	<u>357,272,853</u>