

FISCAL YEAR 2014 BUDGET

Fund Summary

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

	<u>FY2013 Current Budget</u>	<u>FY2013 Estimate</u>	<u>FY2014 Budget</u>
Beginning Fund Balance	(14,127,726)	(14,127,726)	3,355,128
Current Revenues	343,881,163	345,989,375	357,070,120
Total Available Resources	<u>329,753,437</u>	<u>331,861,649</u>	<u>360,425,248</u>
Maintenance and Operations	331,861,649	328,506,521	357,107,017
Total Expenditures	331,861,649	328,506,521	357,107,017
Planned Ending Fund Balance	<u>(2,108,212)</u>	3,355,128	<u>3,318,231</u>
Total Budget	<u>329,753,437</u>	<u>331,861,649</u>	<u>360,425,248</u>

Subsequent to a highly competitive proposal process, effective May 1, 2011, the City awarded CIGNA a three year contract with two one-year renewal options for administrative services only (ASO). The new 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 six 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 exclusively is funded 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 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 will no longer purchase individual and aggregate stop-loss coverage. The City will assume the financial risk of catastrophic and overall claim liability. Enrollment distribution in the medical plans is predicted to be 76% in the limited network plan, 21% in the open access plan, and 3% 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. FY2014 DHMO and Indemnity rates will be the same as FY2013.

Life Insurance

Effective October 1, 2008, the City awarded a three year contract with two one-year renewal options to Standard Insurance Company. Standard offered the most competitive proposal to improve benefits and reduced the basic life insurance premium rate by 54%. 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 a three year contract with two one-year options to Block Vision to provide vision benefits to city employees, certain retirees and their dependents and is funded exclusively by participants. Limited Vision coverage was previously available through Cigna.

FISCAL YEAR 2014 BUDGET

Business Area Budget Summary

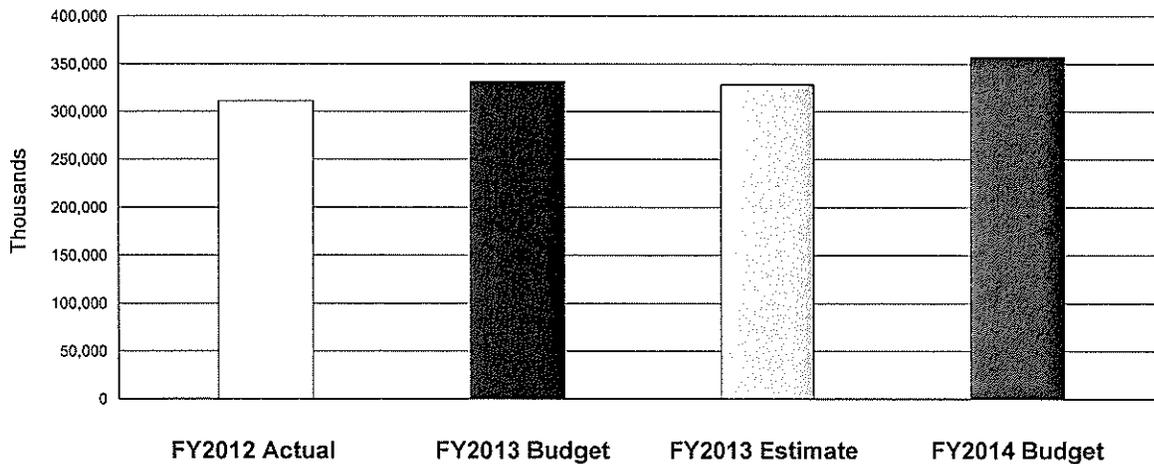
Fund Name : Health Benefits
 Business Area Name : Human Resources
 Fund No./Bus. Area No. : 9000 / 8000

		FY2012 Actual	FY2013 Current Budget	FY2013 Estimate	FY2014 Budget
Expenditures	Personnel Services	3,355,871	3,961,985	3,732,399	4,097,940
	Supplies	78,028	59,715	110,300	118,001
	Other Services and Charges	308,005,736	327,718,656	324,593,519	352,872,126
	Equipment	0	25,348	18,000	0
	Non-Capital Equipment	21,964	95,945	52,303	18,950
	Total M & O Expenditures	<u>311,461,599</u>	<u>331,861,649</u>	<u>328,506,521</u>	<u>357,107,017</u>
	Debt Service & Other Uses	0	0	0	0
	Total Expenditures	<u>311,461,599</u>	<u>331,861,649</u>	<u>328,506,521</u>	<u>357,107,017</u>
Revenues		294,496,199	343,881,163	345,989,375	357,070,120
Staffing	Full-Time Equivalents - Civilian	42.0	49.0	48.4	49.8
	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	<u>42.0</u>	<u>49.0</u>	<u>48.4</u>	<u>49.8</u>
	Full-Time Equivalents - Overtime	0.1	0.1	0.1	0.0

Significant Budget Changes and Highlights

- o Expand Employee Assistance Program (EAP) to address employee demands.
- o Procure and implement data warehouse for benefits management and cost controls.
- o As a self-insured organization, emphasis is placed on strategic planning for long term cost/health control as well as the internal administrative planning and operations support.
- o Enhanced staff to establish self-insured accounting requirements, reporting and internal controls.
- o The FY2014 Budget provides funding for health benefits, pension contribution and municipal employees 3% pay increases.
- o Increased expenditures in FY2014 are mainly driven by increases in health care costs nationwide and implementation of the Affordable Care Act.

**Health Benefits
Human Resources
Expenditure Summary**



FISCAL YEAR 2014 BUDGET

Division Summary							
Fund Name : Health Benefits Business Area Name : Human Resources Fund No./Bus Area No. : 9000 / 8000							
Division Description	FY2012 Actual		FY2013 Estimate		FY2014 Budget		
	FTEs	Cost \$	FTEs	Cost \$	FTEs	Cost \$	
HR - Benefits Administration 800012 Administer and analyze City sponsored benefits by utilizing a customer focused approach for employees, retirees, and their dependents to create a healthy culture throughout the City of Houston that positively affects employee productivity and morale, leading to the City being an "employer of choice."	25.8	2,501,749	29.9	3,452,175	31.8	4,144,524	
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.	3.7	371,688	3.5	340,304	3.0	569,613	
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.	5.0	486,080	7.0	533,808	7.0	643,198	
HR - Benefits Financial/Reporting 800015 Assist in the design, maintenance and interpretation of management reports on operational and financial matter. Prepare the budget and monitor the various benefit plans' financial impact.	7.5	308,102,082	8.0	324,180,234	8.0	351,749,682	
Total	42.0	311,461,599	48.4	328,506,521	49.8	357,107,017	

FISCAL YEAR 2014 BUDGET

Business Area Roster Summary

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

Job Description	Pay Grade	FY2013 Current Budget FTE	FY2014 Budget FTE	Change
ADMINISTRATION MANAGER	26	0.0	2.0	2.0
ADMINISTRATIVE ASSISTANT	17	6.0	6.0	
ADMINISTRATIVE COORDINATOR	24	3.0	2.0	(1.0)
ADMINISTRATIVE SPECIALIST	20	2.0	1.0	(1.0)
ADMINISTRATIVE SUPERVISOR	22	4.0	2.0	(2.0)
ASSISTANT DIRECTOR-HUMAN RESOURCES (EXE LEV)	32	1.0	1.0	
COMMUNICATIONS SPECIALIST	15	0.0	1.0	1.0
COMMUNICATIONS SPECIALIST SUPERVISOR	23	1.0	0.0	(1.0)
CUSTOMER SERVICE CLERK	10	2.0	2.0	
CUSTOMER SERVICE REP. I	13	1.0	1.0	
CUSTOMER SERVICE REP. II	15	2.0	2.0	
DEPUTY DIRECTOR (EXE LEV)	34	1.0	1.0	
DIVISION MANAGER	29	2.0	2.0	
EAP MANAGER	26	1.0	0.0	(1.0)
EXECUTIVE OFFICE ASSISTANT	15	1.0	2.0	1.0
FINANCIAL ANALYST III	21	1.0	1.0	
GRAPHIC DESIGNER	17	1.0	1.0	
HUMAN RESOURCES ASSISTANT	13	4.0	4.0	
HUMAN RESOURCES SPECIALIST	17	1.0	1.0	
HUMAN RESOURCES SUPERVISOR	24	1.0	2.0	1.0
MANAGEMENT ANALYST III	21	1.0	1.0	
SENIOR COMMUNICATIONS SPECIALIST	20	2.0	4.0	2.0
SENIOR COUNSELOR	22	2.0	2.0	
SENIOR PUBLIC HEALTH EDUCATOR	18	2.4	2.8	0.4
SENIOR STAFF ANALYST	28	2.0	2.0	
STAFF ANALYST	26	3.0	2.0	(1.0)
STUDENT INTERN II	10	0.5	0.0	(0.5)
SYSTEMS ACCOUNTANT III	27	2.0	2.0	
Total FTEs		49.9	49.8	(0.1)
Less adjustment for Civilian Vacancy Factor		0.9	0.0	(0.9)
Full-Time Equivalents		49.0	49.8	0.8

FISCAL YEAR 2014 BUDGET

Business Area Revenue Summary

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

Commit Item	Description	FY2013 Current Budget	FY2013 Estimate	FY2014 Budget
8000120001	Strategic Benefits Operations			
432010	Interest on Pooled Investments	200,000	200,000	200,000
434505	Prior Year Expenditure Recovery	0	261,816	0
452030	Miscellaneous Revenue	0	2,930,607	0
Total	Strategic Benefits Operations	200,000	3,392,423	200,000
8000150003	Texan Plus (SelectCare of Texas)			
429030	Retirees - City Insurance Contribution	1,266,140	1,167,892	1,169,389
429080	Retirees Insurance Contribution	445,813	349,016	350,005
Total	Texan Plus (SelectCare of Texas)	1,711,953	1,516,908	1,519,394
8000150004	Texas HealthSprings			
429030	Retirees - City Insurance Contribution	1,518,288	1,121,699	854,257
429080	Retirees Insurance Contribution	526,289	320,895	229,260
Total	Texas HealthSprings	2,044,577	1,442,594	1,083,517
8000150005	Retiree Plan A			
429080	Retirees Insurance Contribution	2,900	2,337	1,632
8000150009	Dental DHMO			
429040	Active Employees-Insurance Contribution	2,787,866	2,644,825	2,726,965
429080	Retirees Insurance Contribution	536,392	534,076	556,055
Total	Dental DHMO	3,324,258	3,178,901	3,283,020
8000150010	Dental Indemnity			
429040	Active Employees-Insurance Contribution	4,689,046	4,796,689	4,885,814
429080	Retirees Insurance Contribution	1,725,432	1,754,637	1,868,139
Total	Dental Indemnity	6,414,478	6,551,326	6,753,953
8000150011	Dependent Care Reimbursement			
429050	Active Employees Dependent Care	260,000	230,000	260,000
8000150012	Health Flexible Spending Account			
429055	Active Employees-Health Flex Account	2,100,000	2,000,000	2,200,000
8000150013	Employee Basic Life			
429020	Active Employees-City Insurance Contrib.	674,032	646,857	891,033
8000150014	Active Employee Voluntary Life			
429040	Active Employees-Insurance Contribution	5,105,140	5,222,694	5,503,212
8000150015	Retiree Voluntary Life \$5,000			
429080	Retirees Insurance Contribution	33,045	30,626	35,621
8000150017	Kelsey HMO			
429030	Retirees - City Insurance Contribution	2,815,864	3,036,121	3,238,006
429080	Retirees Insurance Contribution	976,795	892,632	958,777
Total	Kelsey HMO	3,792,659	3,928,753	4,196,783
8000150019	Kelsey POS (Point-of-Service)			
429030	Retirees - City Insurance Contribution	746,961	728,976	750,851
429080	Retirees Insurance Contribution	268,809	223,747	232,735
Total	Kelsey POS (Point-of-Service)	1,015,770	952,723	983,586
8000150020	UHC Medicare			
429030	Retirees - City Insurance Contribution	4,379,339	4,643,099	5,006,010
429080	Retirees Insurance Contribution	1,611,203	1,423,484	1,592,435
Total	UHC Medicare	5,990,542	6,066,583	6,598,445
8000150021	AETNA ESA PPO			
429030	Retirees - City Insurance Contribution	4,040,235	4,165,139	4,454,197
429080	Retirees Insurance Contribution	1,481,778	1,314,274	1,415,282
Total	AETNA ESA PPO	5,522,013	5,479,413	5,869,479

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Business Area Revenue Summary

Fund Name : Health Benefits
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Commit Item	Description	FY2013 Current Budget	FY2013 Estimate	FY2014 Budget
8000150022	CIGNA Kelseycare - EPO Limited			
429020	Active Employees-City Insurance Contrib.	171,066,794	163,434,664	168,537,927
429030	Retirees - City Insurance Contribution	13,984,906	15,786,834	14,677,305
429040	Active Employees-Insurance Contribution	35,640,277	31,906,187	33,215,924
429080	Retirees Insurance Contribution	16,991,679	16,470,843	18,255,026
429110	Active Employee Health Surcharge	310,175	160,388	0
Total	CIGNA Kelseycare - EPO Limited	237,993,831	227,758,916	234,686,182
8000150023	CIGNA Open Access Plan - EPO Full			
429020	Active Employees-City Insurance Contrib.	33,363,967	41,720,991	43,577,962
429030	Retirees - City Insurance Contribution	2,490,740	2,418,324	1,946,675
429040	Active Employees-Insurance Contribution	10,962,055	12,817,386	13,311,652
429080	Retirees Insurance Contribution	8,499,385	6,195,425	6,844,983
429110	Active Employee Health Surcharge	154,850	153,188	0
Total	CIGNA Open Access Plan - EPO Full	55,470,997	63,305,314	65,681,272
8000150024	CIGNA Consumer Driven Health Plan			
429020	Active Employees-City Insurance Contrib.	5,606,485	6,853,691	7,010,804
429030	Retirees - City Insurance Contribution	1,857,971	2,271,716	2,169,715
429040	Active Employees-Insurance Contribution	666,268	800,713	815,355
429080	Retirees Insurance Contribution	1,791,478	1,931,317	2,180,644
429110	Active Employee Health Surcharge	9,975	7,988	0
Total	CIGNA Consumer Driven Health Plan	9,932,177	11,865,425	12,176,518
8000150025	CIGNA - Out of Area			
429030	Retirees - City Insurance Contribution	523,162	510,445	427,916
429080	Retirees Insurance Contribution	1,769,629	1,361,359	1,443,902
Total	CIGNA - Out of Area	2,292,791	1,871,804	1,871,818
8000150035	HR - Vision			
429040	Active Employees-Insurance Contribution	0	469,520	2,817,111
429080	Retirees Insurance Contribution	0	76,258	457,544
Total	HR - Vision	0	545,778	3,274,655
Total	Human Resources	343,881,163	345,989,375	357,070,120

FISCAL YEAR 2014 BUDGET

Business Area Expenditure Summary

Fund Name : Health Benefits
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Commit Item	Description	FY2012 Actual	FY2013 Current Budget	FY2013 Estimate	FY2014 Budget
500010	Salary Base Pay - Civilian	2,323,310	2,690,207	2,577,795	2,799,538
500030	Salary Part Time - Civilian	8,255	138,482	80,192	34,095
500060	Overtime - Civilian	8,298	0	7,596	3,871
500110	Bilingual Pay - Civilian	6,009	5,424	4,587	4,500
501070	Pension - Civilian	450,650	575,705	535,521	635,212
501120	Termination Pay - Civilian	88,466	0	0	0
501160	Vehicle Allowance - Civilian	743	0	0	0
502010	FICA - Civilian	180,230	214,908	190,751	217,740
503010	Health Ins-Act Civilian	252,625	296,891	297,319	360,484
503015	Basic Life Insurance - Active Civilian	1,355	1,598	1,418	2,169
503050	Health/Life Insurance - Retiree Civilian	23,912	21,217	22,371	22,637
503060	Long Term Disability-Civilian	3,444	3,995	3,577	4,165
503090	Workers Compensation-Civilian-Admin	8,076	11,948	11,272	11,919
503100	Workers Compensation-Civilian-Claim	498	0	0	0
504030	Unemployment Claims - Administration	0	1,610	0	1,610
Total	Personnel Services	3,355,871	3,961,985	3,732,399	4,097,940
511040	Audiovisual Supplies	232	1,000	1,000	0
511045	Computer Supplies	19,697	6,900	14,900	10,300
511050	Paper & Printing Supplies	1,405	10,400	18,400	23,838
511055	Publications & Printed Materials	2,518	6,600	5,950	9,563
511060	Postage	20,094	7,700	35,250	28,700
511070	Miscellaneous Office Supplies	21,951	20,615	22,800	31,000
511110	Fuel	0	1,000	0	0
511125	Food Supplies	4,300	0	0	0
511150	Miscellaneous Parts & Supplies	7,831	5,500	12,000	14,600
Total	Supplies	78,028	59,715	110,300	118,001
520100	Temporary Personnel Services	74,331	31,186	41,702	55,000
520107	Computer Info/Contr	0	0	0	25,000
520108	Information Resource Services	0	7,120	6,000	3,000
520109	Medical Dental & Laboratory Services	412	100	150	150
520110	Management Consulting Services	232,293	400,080	445,000	445,000
520114	Miscellaneous Support Services	18,643	78,935	75,000	153,000
520115	Real Estate Lease/Office Rental	158,210	168,210	168,210	168,210
520119	Computer Equipment/Software Maintenance	11,155	218,090	6,000	240,000
520121	IT Application Svcs	32,387	66,458	66,458	9,487
520122	Office Equipment Services	0	500	500	16,500
520123	Vehicle & Motor Equipment Services	0	494	0	0
520126	Construction Site Work Services	1,229	77,475	15,000	57,500
520510	Mail/Delivery Services	0	0	0	1,500
520515	Print Shop Services	36,000	12,355	131,300	129,300
520520	Printing & Reproduction Services	113,473	129,370	1,300	3,900
520605	Advertising Services	1,758	3,440	6,000	5,000
520705	Insurance Fees	624,822	674,500	647,325	891,501
520765	Membership & Professional Fees	6,310	9,626	9,426	10,778
520771	Cigna - Active Ins Administration Fees	7,214,654	7,701,970	7,566,135	7,481,177
520772	Cigna - Reti <65 Ins Administration Fees	1,588,892	1,679,931	1,590,489	1,566,424
520773	Cigna - Reti >65 No Med Ins Admin Fees	25,485	36,105	20,411	22,147
520774	Cigna - Reti >65 with Med Ins Admin Fees	25,737	7,091	12,707	17,364
520805	Education & Training	24,174	32,400	33,000	54,351
520905	Travel - Training Related	3,188	19,000	18,700	28,441
520910	Travel - Non-Training Related	10,443	11,000	9,500	8,500

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Business Area Expenditure Summary

Fund Name : Health Benefits
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Commit Item	Description	FY2012 Actual	FY2013 Current Budget	FY2013 Estimate	FY2014 Budget
521405	Building Maintenance Services	3,980	0	0	0
521605	Data Services	5,243	9,662	9,662	5,057
521610	Voice Services	23,576	36,576	14,059	24,558
521620	Voice Equipment	36	1,226	1,226	1,132
521625	Voice Labor	840	506	1,130	1,435
521630	GIS Revolving Fund Services	1,520	1,728	2,023	2,524
521715	Office Equipment Rental	2,639	8,500	4,572	4,733
521730	Parking Space Rental	22,914	25,272	23,772	26,272
521905	Legal Services	784	6,513	25,000	25,000
522205	Metro Commuter Passes	19,124	18,000	18,000	19,000
522430	Miscellaneous Other Services & Charges	5,466	207,208	50,180	267,580
522445	Wellness Initiative	320	122,396	160,000	333,116
522505	Employee Premiums	7,123,635	7,465,140	7,452,694	7,963,212
522510	Retiree Premiums	16,417,229	19,222,925	18,127,059	19,149,596
522525	Cigna - Active Individual Stop Loss Fees	3,860,783	3,750,916	3,946,877	0
522526	Cigna - Retiree <65 Indv Stop Loss Fees	805,859	785,129	820,912	0
522527	Cigna - Retiree >65 No Med Indv Stop Loss Fees	12,287	9,799	10,084	0
522528	Cigna - Retiree >65 with Med Indv Stop Loss Fees	38,873	10,164	8,579	0
522530	Cigna - Active Aggregate Stop Loss Fees	8,297,313	7,326,635	7,705,125	0
522531	Cigna - Retiree<65 Aggregate Stop Loss Fees	1,731,317	1,531,247	1,602,597	0
522532	Cigna - Retiree>65 No Med Aggr Stop Loss Fees	26,408	21,201	19,684	0
522533	Cigna - Retiree>65 with Med Aggr Stop Loss Fees	85,032	15,782	16,746	0
522535	Cigna - Retiree>65 with Medi Hlth Care Acct	8,222	1,435	1,603	1,880
522536	Cigna - Retiree<65 Health Care Acct	333,699	230,681	218,551	330,359
522537	Cigna - Active Health Care Account	577,759	448,162	396,401	590,285
522538	Cigna - Retiree>65 No Medi Hlth Care Acct	1,093	3,600	2,190	2,358
522605	Active Employee Incurred Claims	7,434,212	7,476,912	7,911,034	10,429,890
522610	Retiree Insurred Claims	2,196,848	2,261,824	2,364,971	2,881,738
522615	Retiree "A" Medical Claims	0	0	12	1,632
522625	Cigna - Active Medical Claims Expense	208,560,769	223,169,800	222,746,925	254,283,489
522630	Cigna - Retiree<65 Medical Claims Expense	38,004,858	40,133,494	38,869,253	43,617,377
522635	Cigna - Retiree>65 No Med Medical Claims Expense	1,133,110	1,714,321	847,518	1,134,830
522640	Cigna - Retiree>65 with Med Medical Claims	1,062,374	326,080	336,811	379,474
522722	KRONOS Service Chargeback	824	1,456	1,456	1,869
522730	Interfund Engineering Services	0	2,430	0	0
522780	Interfund Photo Copy Services	3,194	6,500	6,500	500
Total	Other Services and Charges	308,005,736	327,718,656	324,593,519	352,872,126
560210	Furniture Fixtures and Equipment	0	25,348	0	0
560230	Computer HW and Developed SW	0	0	18,000	0
Total	Equipment	0	25,348	18,000	0
551010	Non-Capital Office Furniture & Equipment	14,268	29,293	15,570	0
551015	Non-Capital Computer Equipment	3,130	27,265	16,333	15,000
551020	Non-Capital Communication Equipment	0	23,992	16,400	2,750
551030	Non-Capital Machinery & Equipment	4,566	12,256	0	0
551040	Non-Capital Other	0	3,139	4,000	1,200
Total	Non-Capital Equipment	21,964	95,945	52,303	18,950
Grand Total Expenditures		311,461,599	331,861,649	328,506,521	357,107,017