

**AGENDA MEMORANDUM**  
City Council Meeting of May 22, 2018

**DATE:** May 17, 2018  
**TO:** Keith Selman, Interim City Manager  
**FROM:** Steven Viera, Director of Human Resources  
[SteveV@cctexas.com](mailto:SteveV@cctexas.com)  
361-826-3445

Health Plan Update

**STAFF PRESENTER(S):**

<u>Name</u>	<u>Title/Position</u>	<u>Department</u>
1. Steven Viera	Director of Human Resources	HR
2. Rose Bond	Benefits Manager	HR

**OUTSIDE PRESENTER(S):**

<u>Name</u>	<u>Title/Position</u>	<u>Organization</u>
N/A		

**BACKGROUND :**

Fire is at a \$(750k) loss this year with expenses 1.98% above expected. Police has a net FYTD gain of \$134 thousand with expenditures are 4.21% below budgeted levels. Citicare has a net FTYD gain of \$4.17 million with expenditures currently 18.82% below budget. At the current trend, we will need to request a budget increase in the Fire fund in August.

The budget for group health benefits next year (if all plans remain the same as this year) is \$34.6 million. Premium costs are shared by the City and the Employee. The City's portion of the costs is expected to be \$23.5 million, with the City contributing an average of \$14,660 per employee per year for Uniformed employees and \$5,600 per year for General employees.

In other words, the City's contribution for Uniformed employees is *262% higher* than the contribution for General employees. If the City moves from a \$5,500 deductible to a \$3,000 deductible for General employees and returns to the 50% premium share for dependents, the differential will be reduced from *262% to 189%*. The City can do this in FY 2019 and still realize savings of \$1.7 million over last year's contributions.

We are recommending making a few improvements to the Citicare Value plan in fiscal year 2019 to narrow the 262% gap between Uniformed and non-uniformed employees. While the \$3,000 proposed deductible is still double that of the \$1,500 Texas municipality benchmark, it is a vast improvement over the current deductible of \$5,500.

**LIST OF SUPPORTING DOCUMENTS:**

Monthly Health Plan Reports (Charts)

FY 2018 Health Plans as of April 30, 2018

Target, 7 out of 12 months: 58.33%

5/12/2018

Beginning fund balance, 10/1/2017

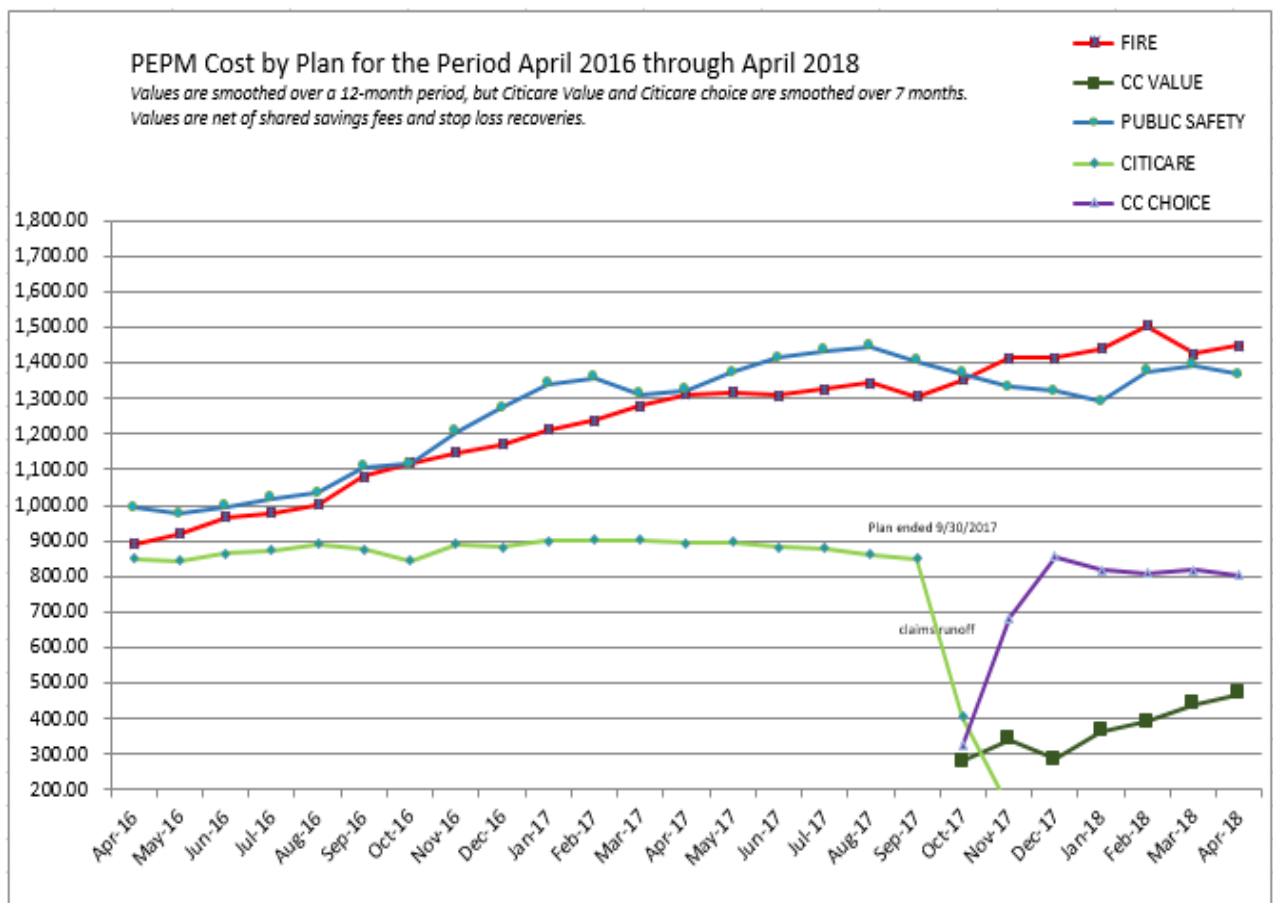
Citicare - Fund 5610					
	Original Budget	Amended Budget	YTD Actuals	% of Budget	Variance
Revenues	\$ 26,171,112	\$ 26,171,112	\$ 12,732,088	48.65%	-9.68%
Expenditures	\$ (21,664,351)	\$ (21,664,351)	\$ (8,594,986)	39.51%	-18.82%
Pending Stop Loss Reimbursements			\$ 34,875		
<b>Change in FB</b>	<b>\$4,506,761</b>	<b>\$4,506,761</b>	<b>\$4,171,977</b>		
Current cash fund balance			<b>\$7,964,906</b>		

Beginning fund balance, 10/1/2017

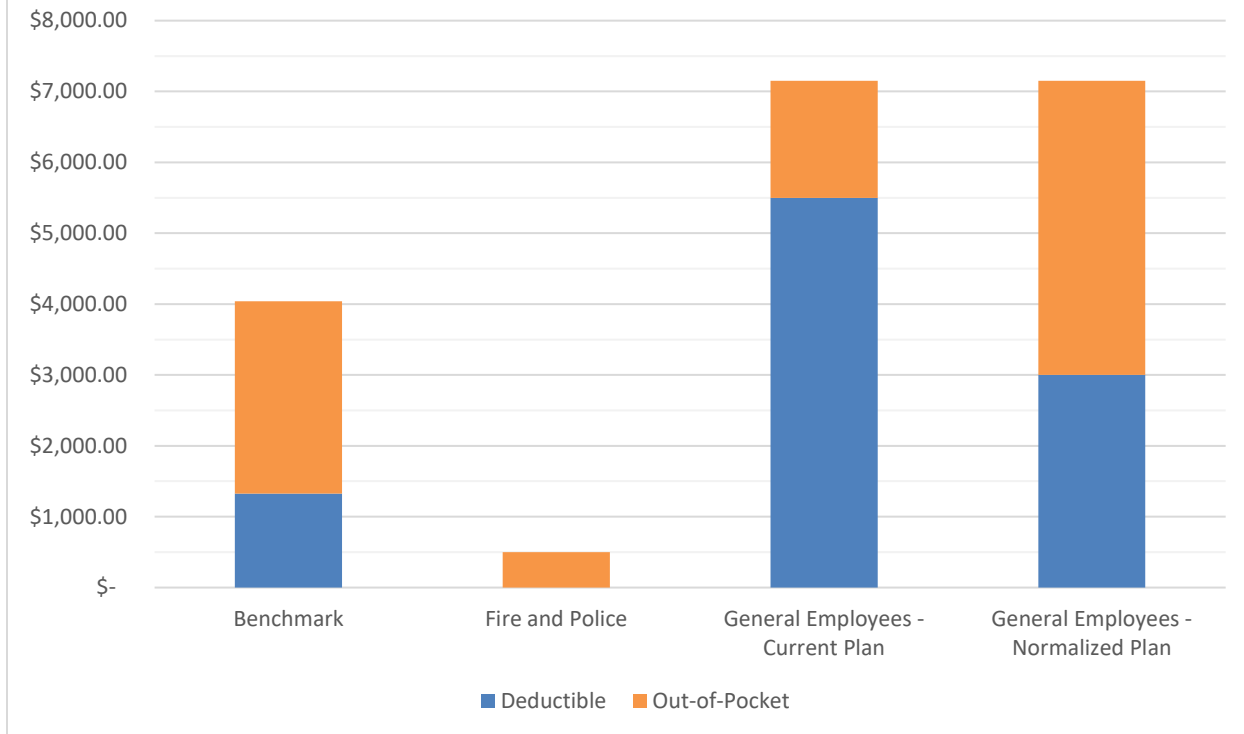
Citicare Fire - Fund 5608					
	Original Budget	Amended Budget	YTD Actuals	% of Budget	Variance
Revenues	\$ 8,482,538	\$ 8,482,538	\$ 4,869,452	57.41%	-0.93%
Expenditures	\$ (9,316,636)	\$ (9,316,636)	\$ (5,718,039)	60.32%	1.98%
Pending Stop Loss Reimbursements			\$ 98,603		
<b>Change in FB</b>	<b>(\$834,098)</b>	<b>(\$834,098)</b>	<b>(\$749,984)</b>		
Current cash fund balance			<b>\$4,975,905</b>		

Beginning fund balance, 10/1/2017

Citicare Police - Fund 5609					
	Original Budget	Amended Budget	YTD Actuals	% of Budget	Variance
Revenues	\$ 9,731,876	\$ 9,731,876	\$ 5,398,050	55.47%	-2.87%
Expenditures	\$ (9,726,140)	\$ (9,726,140)	\$ (5,398,286)	54.12%	-4.21%
Pending Stop Loss Reimbursements			\$ 134,349		
<b>Change in FB</b>	<b>\$5,736</b>	<b>\$5,736</b>	<b>\$134,113</b>		
Current cash fund balance			<b>\$3,721,029</b>		



### Plan Design Comparison



	<b>Deductible</b>	<b>Out-of-Pocket</b>	<b>Dependent Contribution</b>
<b>Benchmark</b>	\$ 1,328	\$ 4,038	50%
<b>Fire &amp; Police</b>	\$ -	\$ 500	50%
<b>General Employees - Current</b>	\$ 5,500	\$ 7,150	25%
<b>General Employees - Plan Change</b>	\$ 3,000	\$ 7,150	50%

### Savings Allocation by Fund

	<b>Cost Savings/Avoidance</b>	<b>3-YR Savings/Avoidance</b>
<b>General Fund</b>	\$ 550,973	\$ 1,652,919
<b>Enterprise Funds</b>	\$ 562,493	\$ 1,687,479
<b>Special Revenue Funds</b>	\$ 282,529	\$ 847,587
<b>Internal Service Funds</b>	\$ 338,057	\$ 1,014,171
	<b>\$ 1,734,052</b>	<b>\$ 5,202,156</b>