

To the Mayor and Members of the City Council

July 28, 2015

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SUBJECT: 15 YEAR BUDGET HISTORY – GROUP HEALTH AND LIFE INSURANCE FUND

In an effort to provide a framework for current and future budget requests, staff will be providing 15 years of historical data by department over the next several months. Data will include Fiscal Year 2000 through Fiscal Year 2015.

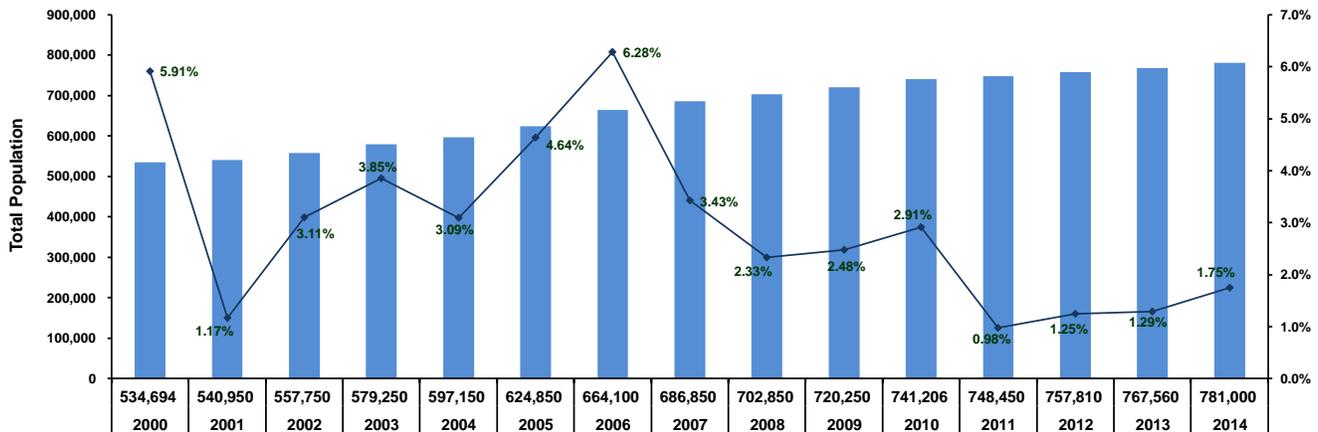
In graph format, the data will include the following components:

1. Population
2. Staffing Levels with Population
3. Square Miles of the City of Fort Worth
4. Adopted Budget with Square Mileage

Population

From 2000 to 2015, the population in Fort Worth has grown by 246,306 new citizens, or about 46 percent. This trend is expected to continue as Fort Worth continues to be singled out as one of the fastest growing cities both in Texas and in America.

Fort Worth Population Growth



Source: North Central Texas Council of Government (NCTCOG)

■ Population ◆ % Change

Square Miles

By comparison, the square mileage in the City has grown from 308 to 353 square miles, or 15 percent. The 25-mile increase from 2002 to 2003 included the annexation of 7,744 acres, known as 287 Zone LPA (M&C PZ-2438).

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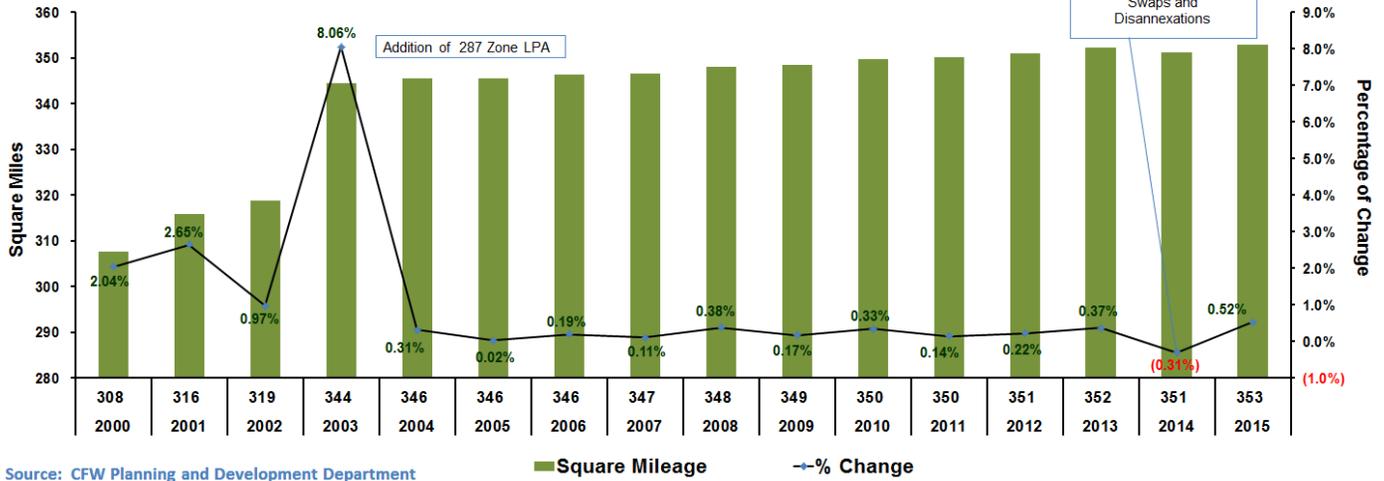
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Fort Worth Square Mileage

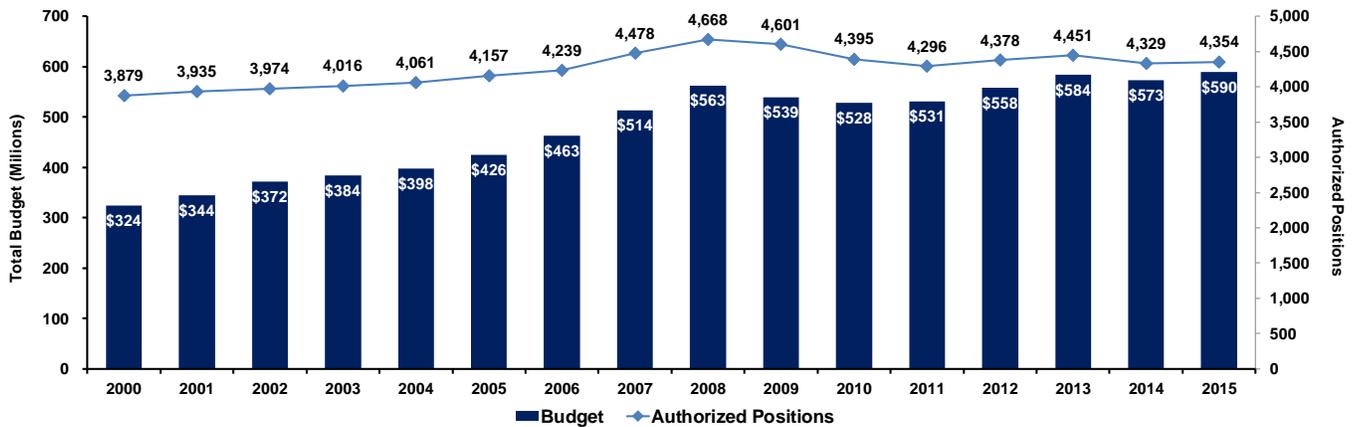


Source: CFW Planning and Development Department

General Fund Annual Budget and Authorized Positions

The overall growth in population and service area has had its impact on the General Fund total budget and authorized positions. The General Fund adopted budget has increased 82 percent from 2000 to 2015, while the authorized positions have increased 12 percent over same period.

Fort Worth General Fund Annual Budget and Authorized Position Growth



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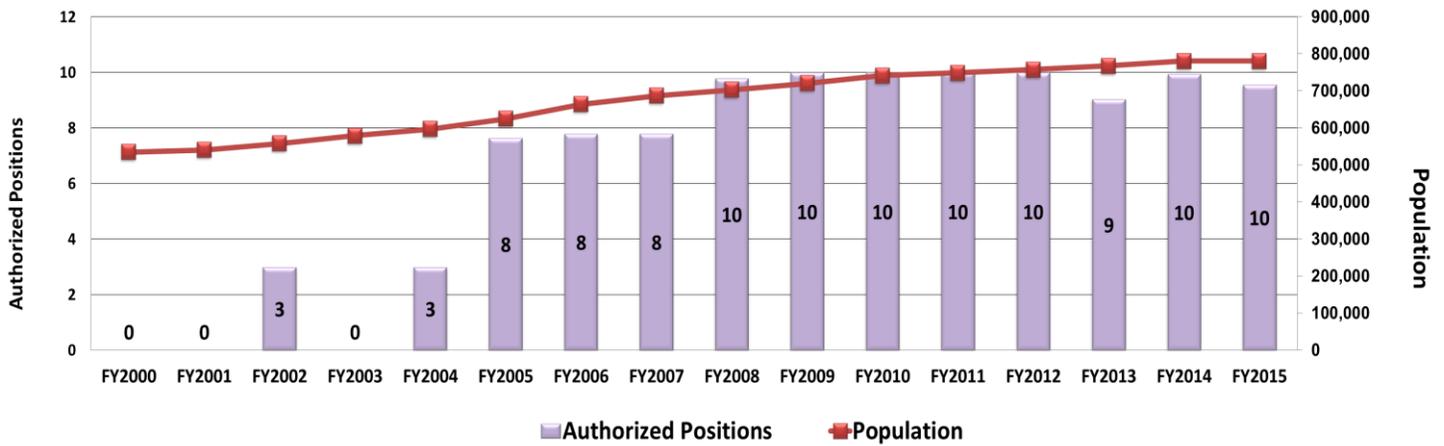


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Impact of Growth in Population and Square Mileage Relative to Budget

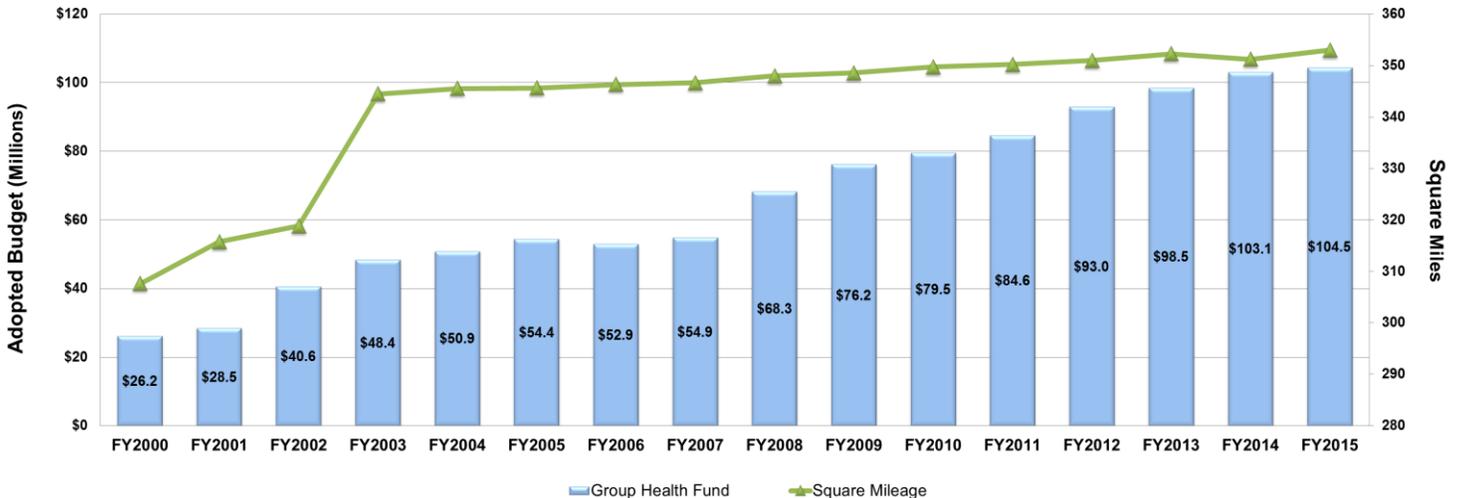
The Group Health and Life Insurance Fund authorized positions (APs) have increased from 0 staff members in 2000 to 9.57 in 2015. The primary reason for the change in allocated positions over the past 15 years is related to the alignment of job responsibilities for overseeing the administration of the Group Health and Life Insurance Fund.

Group Health and Life Insurance Fund Authorized Strength



The following chart shows the changes in the annual adopted budget for the Group Health and Life Insurance Fund Budget relative to the geographical size of the City. The Group Health and Life Insurance Fund annual budget has increased from about \$26.2M in FY2000 to \$104.5M in FY2015, reflecting about a 299 percent increase primarily resulting from higher costs of healthcare.

Group Health and Life Insurance Fund Adopted Budget



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The City of Fort Worth's health benefits program is self-funded and utilizes a third party administrator to process claims. The City's program also employs a financial back stop in the form of third-party specific stop loss insurance, which is used to defray costs when claims are higher than anticipated for an individual program participant.

The Group Health and Life Insurance Fund provides funds for the health insurance for employees, retirees, and their dependents, basic life insurance for employees and funding for the Employees' Wellness Program. Expenditures are dependent on the aggregate cost of annual claims. The Fund's revenues come from active employee and retiree contributions, contributions from City funds, interest on investments, rebates on prescription drugs used and a subsidy from the Retiree Drug Subsidy (RDS) program of the Social Security.

The significant changes to the department, both in authorized positions and budget, are as follows:

- FY2001: The adopted budget increased by \$2.2M due to a 16.6% increase in total expenditures. The increases are related to a nine percent increase in the health maintenance organization (HMO) and preferred provider organization (PPO) benefits, 12.3% increase in funds budgeted to finance the City's self-funded plan and stop loss insurance premiums and an increase in the total number of active and retired employees covered through the City's plan.
- FY2002: Three positions were added to support the Employee Wellness Program initiated by the City. The adopted budget increased by \$12.2M due to increased costs of healthcare and implementation of the City's program to self-insure for the medical benefits it offers City employees, retirees and their eligible spouses and/or dependents.
- FY2003: The adopted budget increased by \$7.8M and decreased by (3) APs. The personnel changes were mainly due to the transfer of three Wellness Program employees to the Human Resources department. The costs increased based on group health insurance and healthcare cost increases for the year. Also, this was the second year that the City was self-insured for the medical benefits it offers City employees, retirees and their eligible spouses and/or dependents.
- FY2004: The adopted budget increased by \$2.5M and 3 APs. The personnel changes are due to transferring the three employees from Human Resources-Wellness program back to the fund due to the functionality of the program. The budget increase is based on an increase in the number of participants enrolled and anticipated FY2003-04 healthcare cost increases.
- FY2005: The adopted budget increased by \$3.5M and 5 APs. The increase in personnel is related to the transfer of positions from Human Resources for the alignment of job responsibilities to overseeing the administration of the fund. The budget increase is based on an increase in the number of participants enrolled and anticipated FY2004-05 healthcare cost increases.

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- FY2006: The adopted budget decreased by (\$1.4M) as a result of change in the specific stop loss insurance limits from \$60K to \$350K and a decrease in the number of participants enrolled.
- FY2007: The adopted budget increased by \$1.9M based on employee plan selection and employee participation.
- FY2008: The adopted budget increased by \$13.4M and 2 APs. The increase in positions is due to the addition of an administrative technician and public education specialist. The increase in budget is based on employee plan selections and participants in the plan.
- FY2009: The adopted budget increased by \$8.0M resulting from changes in employees plan selection and the number of participants in the plan.
- FY2010: The adopted budget increased by \$3.3M based on plan migration, turnover and a 12% increase for group health insurance. The change was also due to specific stop loss insurance had changed from \$350K to \$400K.
- FY2011: The adopted budget increased by \$5.1M based on plan migration, turnover and a 15% increase in the city's contribution to group health.
- FY2012: The adopted budget increased by \$8.3M based on plan migration, turnover and a 10.44% increase in the city's contribution to group health. The change was also due to specific stop loss insurance had changed from \$400K to \$750K.
- FY2013: The adopted budget increased by \$5.6M based on plan migration, turnover and an 8% increase in the city's contribution to group health.
- FY2014: The adopted budget increased by \$4.6M based on plan migration, turnover and a 2.7% increase in the city's contributions to group health and health savings accounts. The change was also due to specific stop loss insurance had changed from \$750K to \$1M.
- FY2015: The adopted budget increased by \$1.3M resulting from changes in employees plan selection and the number of participants in the plan.

Hopefully you find this information helpful. If you have any questions, please call Brian Dickerson, Director of Human Resources, at 817-392-7783, or Aaron Bovos, Financial Management Services Director at 817-392-8517.

David Cooke
City Manager