

CITY OF MEMPHIS HUMAN RESOURCES DIVISION



FY 2016 O&M Budget Request
Quintin Robinson, Director
Funds: Healthcare & OPEB
May 12, 2015



Human Resources - FY 2016 Budget Request

Healthcare/OPERB Funds Health, Wellness & Benefits



Overview of New Service Delivery Initiatives in the FY 2016 Budget

Staffing Changes:

- Deletion of Benefits Officer position from complement.

Program Changes and Cost Implementation Reflected in 2016 Plan:

- No increase to healthcare premiums in FY 2016.
- Plan design changes that will implement the working spouse rule for the active population beginning 01/01/2016.
- Move Pre-65 Non-Medicare Retirees to “access only” coverage beginning 01/01/2016.



Program Changes: OPFB Reform

(Estimated Financial Impact: \$10.7M savings in FY16 – Jan. 1 – June 30)

- Effective January 1, 2016, all non-grandfathered Pre-65 retirees will no longer receive a 70% subsidy from the city towards the cost of their medical premiums. This change will impact approximately 860 Pre-65 retirees.
- The City will continue to provide a 70% subsidy to:
 - Pre-65 retirees (grandfathered) receiving Line of Duty (LOD) Pensions. Approximately 167 retirees.
 - Widows and dependents of employees who died in the LOD. This is approximately 13 individuals.
 - Post-65 retirees with no Medicare or those with Medicare A or B Only coverage. Approximately 1,000 retirees.
- The City will continue to provide a 25% subsidy to Post-65 Medicare retirees and their spouses who select supplemental and Part D coverage offered by the City. This includes approximately 3,267 (supplemental) and 1,003 (Part D) retiree and spouses.



Bridge Analysis – Expenditures

Human Resources Division Bridge Analysis - Expenditure		
FY2015 Adopted (Total Division Gross Expenditure Budget)		\$85,858,300
Increases	Explanations	
Personnel		
Pension ARC	Administrative initiative to fund ARC at required levels.	
OPEB		
Other Increases		
Materials & Supplies		
Various		
Total Increase		\$7,184
Decreases		\$53,657
Personnel		
Full-time Salaries	Deletion of Benefits Officer position from complement.	(\$96,251)
Pension	Decrease associated with deletion of Benefits Officer position.	(\$19,032)
Various	Decrease in various benefits associated with reduction in salaries.	(\$6,718)
Attrition	Change in the allocation of salaries to OPEB Fund.	(\$19,751)
Benefits Adjustments	OPEB reduction.	(\$8,496)
Materials & Supplies		
City Hall Printing	Printing associated with Open Enrollment covered by Cigna.	(\$19,500)
Prof. Svcs	Anticipated Reduction in Admin fees associated with decrease in plan participants.	(\$1,116,065)
Various/Other	No furniture expenditures anticipated for FY 2016.	(\$16,673)
Capital Outlay	Anticipated decrease in death benefit premium for Employee population.	(\$5,000)
Grants & Subsidies	Anticipated decrease in claims experience for employee population due to drop in enrollment.	(\$4,800)
Claims Incurred		(\$2,198,143)
Healthcare Reform		(\$205,576)
Oper Trf Out - OPEB	Projected deficit amount in the OPEB Fund is expected to be less than what was anticipated in FY 2015.	(\$2,223,498)
Contributed to Fund Balance		(\$1,649,548)
Total Decrease		(\$7,589,051)
Net Increase/(Decrease)		(\$7,535,394)
FY2016 Budget Proposal (Expenditure Budget)		\$78,322,906



Bridge Analysis – Revenues

Human Resources Division Bridge Analysis - Revenue		
FY2015 Adopted (Total Division Gross Revenue Budget)		\$85,858,300
<u>Increases</u>		
Spousal Surcharge	\$151,339	Additional Rev. from increase in Spousal Surcharge.
Total Increase	\$151,339	
<u>Decreases</u>		
Employer Premium	(\$4,889,485)	Reduction in employee enrollment from FY 2015 to FY 2016.
Employee Premium	(\$2,127,999)	Reduction in employee enrollment from FY 2015 to FY 2016.
Tobacco Surcharge	(\$660,000)	No Tobacco Surcharge budgeted for in FY 2016.
Total Decrease	(\$7,677,484)	
Net Increase/(Decrease)	(\$7,526,145)	
FY2016 Budget Proposal (Revenue Budget)		\$78,332,155
FY2016 Net Budget Proposal		\$9,249



Healthcare Fund

5-Yr. Trend Overview

Account Description	FY12	FY13	FY14	FY15	FY15	FY15	FY16
	Total	Total	Total	MAR YTD	Forecast	Budget	Request
500 Personnel Services							
051101 Full-Time Salaries	282,857	349,756	281,922	158,779	273,861	827,214	730,963
051102 Holiday Salary Full Time	14,993	21,273	16,343	9,260	0	0	0
051103 Vacation Leave	14,218	17,984	17,340	7,227	0	0	0
051104 Bonus Leave	2,757	3,623	2,789	1,531	0	0	0
051105 Sick Leave	9,072	18,102	13,115	5,984	0	0	0
051106 Compensated Absence	23,558	3,088	(23,675)	0	0	0	0
051202 Overtime	3,954	435	0	25,644	25,644	0	6,000
051206 Out of Rank Pay	1,738	128	0	0	0	0	0
051218 Retirement Benefits	0	47,858	22,577	1,913	1,913	4,000	2,500
051302 Pension	19,860	24,652	19,891	11,103	16,432	47,453	28,421
051304 Social Security	1,572	905	1,144	1,786	1,903	0	0
051307 051307 Pension ARC Funding	0	0	0	19,127	0	30,376	62,249
051308 Group Life Insurance	861	1,410	1,346	755	976	3,261	2,302
051310 Unemployment	978	2,450	1,320	684	684	1,200	1,100
051314 Medicare	4,856	6,408	4,959	3,249	561	11,400	9,820
051315 Long Term Disability_051315	901	996	895	471	600	1,317	1,421
051320 Health Insurance - Basic	0	0	904	2,617	3,248	0	4,416
051322 Health Insurance - Premier	47,287	52,377	46,069	25,521	36,375	77,018	70,023
051323 Other Post Employment Benefits	76,296	96,312	(1,154)	0	0	0	8,496
051402 Salaries - Part Time/Temporary	25,329	14,598	18,451	29,215	30,692	35,000	35,000
051501 On the Job Injury	0	141	767	0	0	500	500
051601 Payroll Reserve_051601	(19,459)	4,154	1,007	0	0	0	0
051901 Attrition	0	0	0	0	0	0	0
051902 Bonus Pay	5,363	0	0	2,953	0	(393,749)	(413,500)
051326 Benefits Adjustments	0	0	0	0	0	0	0
Total 500 Personnel Services	\$516,991	\$666,650	\$426,010	\$307,819	\$392,889	\$644,990	\$541,215
505 Materials & Supplies							
052102 City Hall Printing	15,635	6,036	17,303	0	0	19,500	0
052106 City Hall Postage	1,900	1,012	0	0	0	0	0
052108 Document Reproduction - City	2,451	0	3,764	3,298	2,851	0	3,420



Healthcare Fund

5-Yr. Trend Overview

Account Description	FY12	FY13	FY14	FY15	FY15	FY15	FY15	FY16
	Total	Total	Total	MAR YTD	Forecast	Budget	Request	
052204 City Computer Svc Equipment	30,742	11,445	14,000	5,179	5,700	6,500	5,700	
052206 Data/Word Processing Equipment	0	0	0	0	535	0	0	
052208 Data/Word Process Software	0	0	0	0	80	701	1,640	
052210 City Telephone/Communications	0	2,056	1,074	919	855	2,600	2,052	
052304 Supplies - Outside	3,635	4,562	2,624	1,328	3,420	5,200	3,420	
052324 Outside Postage	0	477	3,903	3,115	2,451	358	2,851	
052342 Materials and Supplies	1,218	0	0	0	0	326	0	
052343 Miscellaneous Expense_052343	668	90	502	250	570	650	982	
052110 Major Repairs & Carpentry	254	0	0	0	0	0	0	
052510 Accounting/Auditing/Cons	0	0	0	16,579	0	0	0	
052514 Outside Phone/Communications	0	234	0	0	0	260	0	
052518 Janitorial Services	0	0	0	0	0	845	0	
052526 Seminars/Training/Education	76	143	0	0	0	2,926	2,021	
052528 Misc Professional Services	3,702,708	3,953,882	4,179,138	1,948,081	3,384,846	4,095,000	2,978,935	
052730 Mileage	0	279	210	266	570	650	570	
052930 Dues/Memberships/Periodicals	1,273	192	66	0	0	976	570	
052932 Rent	9,254	32,843	35,142	26,665	56,137	33,448	32,635	
052950 Misc Services and Charges	0	9,037	1,658	690	2,565	9,750	1,140	
052959 TV Footage/PSAS	0	1	0	0	0	0	0	
052985 Design Fee	0	3,069	0	0	0	0	0	
057455 Special Events	5,840	0	0	0	0	1,300	0	
056299 Expense Recovery - M & S	0	0	(5,781)	(2,520)	0	0	0	
Total 505 Materials & Supplies	\$3,775,654	\$4,025,358	\$4,253,603	\$2,003,849	\$3,463,145	\$4,180,990	\$3,035,936	
053102 Furniture/Furnishings	0	22,197	0	0	0	5,000	0	
Total 510 Capital Outlay	\$0	\$22,197	\$0	\$0	\$0	\$5,000	\$0	
061078 Death Benefits	0	521,721	105,034	63,640	97,305	102,000	97,200	
Total 515 Grants and Subsidies	\$0	\$521,721	\$105,034	\$63,640	\$97,305	\$102,000	\$97,200	
061180 UHC Health Claims Expense	62,571,032	70,505,699	67,436,195	51,535,157	70,728,594	73,484,484	71,286,341	
061181 UHC Refund & Claims Adjustment	(420,094)	(141,301)	(558,833)	(193,883)	(170,442)	0	0	
Total 521 Claims Incurred	\$62,150,938	\$70,364,398	\$66,877,362	\$51,341,274	\$70,558,152	\$73,484,484	\$71,286,341	



Human Resources - FY 2016 Budget Request

Healthcare Fund

5-Yr. Trend Overview

Account Description	FY12	FY13	FY14	FY15	FY15	FY15	FY15	FY16
	Total	Total	Total	MAR YTD	Forecast	Budget	Request	
061201 PCORI Tax	0	0	20,781	26,316	26,316	33,108	22,642	
061208 Reinsurance Costs	0	0	507,372	0	414,689	533,399	338,289	
Total Healthcare Reform Cost	\$0	\$0	\$528,154	\$26,316	\$441,005	\$566,507	\$360,931	
080853 Operating Trf Out - OPEB	491,930	1,725,467	5,442,558	0	0	5,224,781	3,001,283	
Total Transfers Out	\$491,930	\$1,725,467	\$5,442,558	\$0	\$0	\$5,224,781	\$3,001,283	
089999 Contributed to Fund Balance	0	0	0	0	0	1,649,548	0	
Total Contributed to Fund Balance	\$0	\$0	\$0	\$0	\$0	\$1,649,548	\$0	
Total expenditures	\$66,935,513	\$77,325,791	\$77,632,721	\$53,742,898	\$74,952,496	\$85,858,300	\$78,322,906	
Revenue:								
045100 Interest on Investments	10,945	11,984	14,516	7,759	0	0	0	
045102 Net Income/Investors	24,710	7,771	13,103	5,400	0	0	0	
Total 455 Use of Money and Property	\$35,654	\$19,755	\$27,619	\$13,159	\$0	\$0	\$0	
049128 Employer Premiums	51,372,415	53,119,295	49,516,945	38,084,416	54,112,336	58,675,261	53,785,776	
049181 Class Action Litigation	0	470,944	0	0	0	0	0	
049639 ERPP Revenue	1,573,163	0	0	0	0	0	0	
049900 Recovery/Prior Year Expense	0	0	103,681	(38,400)	(38,400)	0	0	
Total 475 Other Revenues	\$52,945,578	\$53,590,239	\$49,620,626	\$38,046,016	\$54,073,936	\$58,675,261	\$53,785,776	
070111 Oper Trf In - General Fund	0	0	11,608,000	0	0	0	0	
Total 480 Transfers In	\$0	\$0	\$11,608,000	\$0	\$0	\$0	\$0	
049720 Employee Contributed - General	15,700,049	20,124,812	20,140,127	16,428,201	23,326,928	26,206,978	24,078,979	
049171 Gym Fees	0	10,951	9,110	60	60	0	0	
049715 Spousal Surcharge	413,975	734,936	626,623	537,013	845,966	316,061	467,400	
049716 Tobacco Surcharge	369,125	670,811	581,339	520,653	834,012	660,000	0	
Total 570 Employee Contributions	\$16,483,149	\$21,541,509	\$21,357,200	\$17,485,926	\$25,006,966	\$27,183,039	\$24,546,379	



Healthcare Fund

5-Yr. Trend Overview

Account Description	FY12 Total	FY13 Total	FY14 Total	FY15 MAR YTD	FY15 Forecast	FY15 Budget	FY16 Request
Total Revenues	\$69,464,381	\$75,151,502	\$82,613,444	\$55,545,101	\$79,080,902	\$85,858,300	\$78,332,155
Net Operations	\$2,528,868	(\$2,174,289)	\$4,980,724	\$1,802,203	\$4,128,406	\$0	\$9,249



Bridge Analysis – Expenditures

Human Resources Division Bridge Analysis - Expenditure		
0853 OPEB Fund		
FY2015 Adopted (Total Division Gross Expenditure Budget)		\$60,879,455
<u>Increases</u>	<u>Explanations</u>	
Personnel		
Attrition	Change in allocation of personnel to OPEB Fund.	
Materials & Supplies		
Various/Other		
Prof Svc.	Allocation for OPEB Fund increased in FY 2016.	
Grants & Subsidies	Anticipated increase in death benefit premium for retiree population.	
Cigna Insured Premiums	Revenue for new insured plans acts as a pass through to Cigna.	
Total Increase		\$8,881,379
Total Increase		\$9,019,672
<u>Decreases</u>		
Materials & Supplies		
Various/Other		
Claims Incurred	Anticipated decrease in claims experience due to retirees migrating to Cigna Insured Plans and drop in retiree enrollment.	
Healthcare Reform		
Total Decrease		(\$32,761)
Total Decrease		(\$28,287,298)
Net Increase/(Decrease)		(\$19,267,626)
FY2016 Budget Proposal (Expenditure Budget)		\$41,611,829



Bridge Analysis -- Revenues

Human Resources Division Bridge Analysis - Revenue		
0853 OPEB Fund		
FY2015 Adopted (Total Division Gross Revenue Budget)		\$60,879,455
<u>Increases</u>		<u>Explanations</u>
Additional Contributed by the City	\$3,513,552	Additional revenue that will be contributed over Employer Premium Income.
Total Increase	\$3,513,552	
<u>Decreases</u>		
Employer Premium	(\$5,861,535)	Reduction in the amount of retirees in City's medical plan due to OPEB Reform.
Medicare Part D Reim.	(\$250,000)	Reduction in the amount of retirees in City's medical plan.
Employee Premium	(\$13,900,792)	Reduction in the amount of retirees in City's medical plan due to OPEB Reform.
Spousal Surcharge	(\$105,354)	Spousal Surcharge not applicable for retiree population in FY 2016.
Tobacco Surcharge	(\$440,000)	No Tobacco Surcharge budgeted for in FY 2016.
Oper Trf In - HCF	(\$2,223,497)	Projected deficit decreased in FY 2016.
Total Decrease	(\$22,781,178)	
Net Increase/(Decrease)	(\$19,267,626)	
FY2016 Budget Proposal (Revenue Budget)		\$41,611,829
FY2016 Net Budget Proposal		\$0



OPERB Fund

5-Yr. Trend Overview

Account Description	FY12 Total	FY13 Total	FY14 Total	FY15 MAR YTD	FY15 Forecast	FY15 Budget	FY16 Request
500 Personnel Services							
051101 Full-Time Salaries	152,307	188,330	151,804	119,781	0	0	0
051102 Holiday Salary Full Time	8,073	11,455	8,800	6,985	0	0	0
051103 Vacation Leave	7,656	9,684	9,337	5,452	0	0	0
051104 Bonus Leave	1,485	1,951	1,502	1,155	0	0	0
051105 Sick Leave	4,885	9,747	7,062	4,514	0	0	0
051106 Compensated Absence	0	1,663	0	0	0	0	0
051202 Overtime	2,129	234	0	19,345	6	0	0
051206 Out of Rank Pay	936	69	0	0	0	0	0
051218 Retirement Benefits	0	25,770	12,157	1,443	0	0	0
051302 Pension	10,694	13,274	10,710	8,376	0	0	0
051304 Social Security	846	487	616	1,348	0	0	0
051308 Group Life Insurance	464	759	725	570	0	0	0
051310 Unemployment	1,242	0	711	516	0	0	0
051314 Medicare	2,615	3,451	2,670	2,451	0	0	0
051315 Long Term Disability_051315	485	536	482	355	0	0	0
051320 Health Insurance - Basic	0	0	487	1,975	0	0	0
051322 Health Insurance - Premier	25,462	28,203	24,807	19,253	0	0	0
051402 Salaries - Part Time/Temporary	13,638	7,860	9,935	22,040	0	0	0
051501 On the Job Injury	0	15	66	0	0	0	0
051601 Payroll Reserve_051601	(1,662)	0	0	0	0	0	0
051901 Attrition	0	0	0	0	0	0	0
051902 Bonus Pay	2,888	0	0	2,227	0	347,302	0
051326 Benefits Adjustments	0	0	0	0	296,389	0	413,500
Total 500 Personnel Services	\$234,143	\$303,488	\$241,871	\$217,786	\$296,395	\$347,302	\$413,500
505 Materials & Supplies							
052102 City Hall Printing	8,306	608	8,843	0	0	10,500	0
052106 City Hall Postage	829	93	0	0	0	0	0
052108 Document Reproduction - City	1,096	0	0	1,030	2,151	0	2,580



OPERB Fund

5-Yr. Trend Overview

Account Description	FY12 Total	FY13 Total	FY14 Total	FY15 MAR YTD	FY15 Forecast	FY15 Budget	FY16 Request
052204 City Computer Svc Equipment	16,821	5,463	8,535	3,907	4,300	3,500	4,300
052208 Data/Word Process Software	0	1,078	0	0	463	377	1,237
052210 City Telephone/Communications	0	685	228	693	645	1,400	1,548
052304 Supplies - Outside	2,080	2,957	2,765	2,760	2,580	2,800	2,580
052324 Outside Postage	0	8	347	587	1,849	192	2,151
052342 Materials and Supplies	1,339	485	0	0	0	176	0
052343 Miscellaneous Expense_052343	479	442	372	421	430	350	741
052510 Accounting/Auditing/Cons	0	0	0	34,449	0	0	0
052512 Advertising/Publication	666	0	0	0	0	0	0
052514 Outside Phone/Communications	1,074	126	0	0	0	140	0
052518 Janitorial Services	33	1,067	0	0	0	455	0
052526 Seminars/Training/Education	550	77	0	0	1,890	1,576	1,525
052528 Misc Professional Services	1,548,128	1,482,285	2,233,798	1,472,801	2,553,482	2,205,000	2,247,267
052532 Staff Development	0	0	0	0	0	0	0
052537 Medicare Buy-back	1,815,369	0	0	0	0	0	0
052730 Mileage	0	150	113	200	430	0	0
052930 Dues/Memberships/Periodicals	748	1,954	134	0	0	350	430
052932 Rent	4,983	17,685	16,404	20,116	0	526	430
052950 Misc Services and Charges	895	6,795	908	1,215	1,935	18,010	24,620
052985 Design Fee	0	1,653	0	0	0	5,250	860
057454 Catering	49	101	0	0	0	0	0
057455 Special Events	3,560	1,695	0	0	0	700	0
056299 Expense Recovery - M & S	0	0	(1,040)	(1,113)	0	0	0
TBD00 Cigna Insured Premiums	0	0	0	0	4,440,689	0	0
Total 505 Materials & Supplies	\$3,407,005	\$1,525,407	\$2,271,407	\$1,537,066	\$7,010,844	\$2,251,302	\$11,171,648
061078 Death Benefits	0	0	239,522	190,278	254,268	238,000	254,400
Total 515 Grants and Subsidies	\$0	\$0	\$239,522	\$190,278	\$254,268	\$238,000	\$254,400
061180 UHC Health Claims Expense	40,300,528	45,026,529	50,620,427	38,134,854	53,755,379	57,737,809	29,500,000
061181 UHC Refund & Claims Adjustment	0	0	(372,816)	0	0	0	0
Total 521 Claims Incurred	\$40,300,528	\$45,026,529	\$50,247,611	\$38,134,854	\$53,755,379	\$57,737,809	\$29,500,000



OPERB Fund

5-Yr. Trend Overview

Account Description	FY12	FY13	FY14	FY15	FY15	FY15	FY16
	Total	Total	Total	MAR YTD	Forecast	Budget	Request
061201 PCORI Tax	0	0	8,434	19,056	19,056	17,828	17,081
061208 Reinsurance Costs	0	0	207,237	0	312,835	287,214	255,200
Total Healthcare Reform Cost	\$0	\$0	\$215,670	\$19,056	\$331,891	\$305,042	\$272,281
061701 Investment Fee - 1st Tn	2,417	2,717	2,080	1,852	0	0	0
061716 Investment Fee	0	307	(307)	0	0	0	0
Total Healthcare Reform Cost	\$2,417	\$3,023	\$1,773	\$1,852	\$0	\$0	\$0
Total expenditures	\$43,944,093	\$46,858,448	\$53,217,855	\$40,100,892	\$61,648,777	\$60,879,455	\$41,611,829
Revenue:							
045100 Interest on Investments	0	0	0	0	170,839	0	0
045102 Net Income/Investors	0	0	0	0	0	0	0
045120 Interest Income	423,099	383,655	376,784	182,674	0	0	0
Total 455 Use of Money and Property	\$423,099	\$383,655	\$376,784	\$182,674	\$170,839	\$0	\$0
049128 Employer Premiums	26,248,854	10,932,908	32,339,341	3,992,025	27,948,086	21,847,983	15,986,448
049622 Medicare Part D Reimbursement	2,011,542	2,227,615	2,533,804	1,162,196	735,379	1,000,000	750,000
049639 ERRP Revenue	3,670,713	0	0	0	0	0	0
049900 Recovery Prior Year Expense	0	0	0	(38,400)	(38,400)	0	0
Total Other Revenues	\$31,931,109	\$13,160,523	\$34,873,144	\$5,115,821	\$28,645,065	\$22,847,983	\$16,736,448
070111 Oper Tfr In - General Fund	0	0	0	0	0	0	3,513,552
070721 Oper Tfr In - Healthcare Fund	491,930	1,725,467	5,442,558	0	0	5,224,781	3,001,283
000000 Oper Tfr In - OPEB Trust	0	0	0	0	19,000,000	0	0
Total 480 Transfers In	\$491,930	\$1,725,467	\$5,442,558	\$0	\$19,000,000	\$5,224,781	\$6,514,835
049720 Employee Contributed - General	10,642,631	10,929,002	11,937,070	10,238,275	13,403,208	32,261,337	18,360,546
049715 Spousal Surcharge	159,325	239,250	203,100	89,430	127,805	105,354	0
049716 Tobacco Surcharge	296,000	420,550	385,200	262,055	301,860	440,000	0
Total 570 Employee Contributions	\$11,097,956	\$11,588,802	\$12,525,370	\$10,589,760	\$13,832,873	\$32,806,691	\$18,360,546



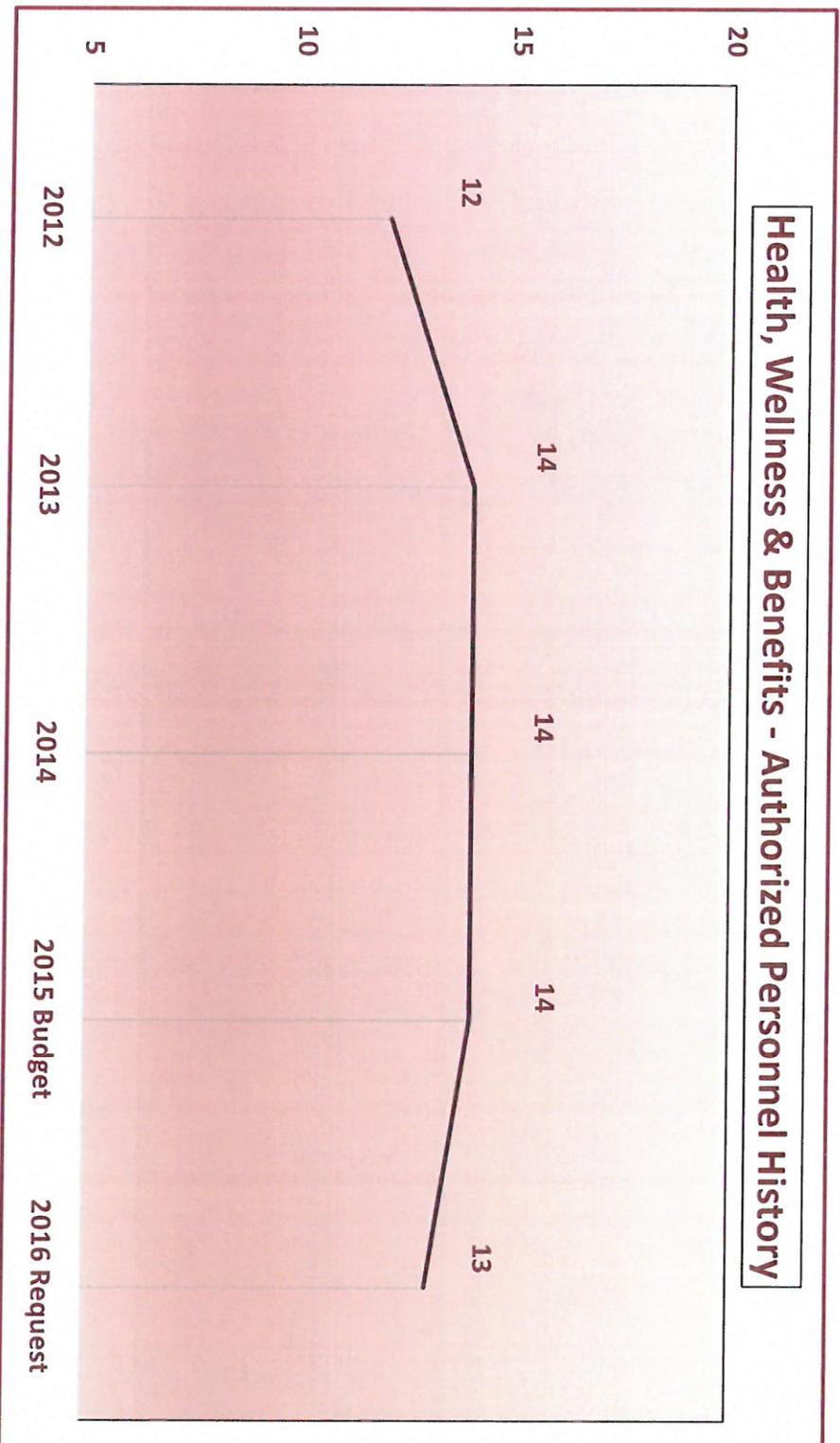
OPFB Fund

5-Yr. Trend Overview

Account Description	FY12 Total	FY13 Total	FY14 Total	FY15 MAR YTD	FY15 Forecast	FY15 Budget	FY16 Request
Total Revenues	\$43,944,094	\$26,858,448	\$53,217,855	\$15,888,254	\$61,648,777	\$60,879,455	\$41,611,829
Net Operations	\$0	(\$20,000,000)	\$0	(\$24,212,638)	\$0	\$0	\$0



Authorized Complement History



Staffing by Service Area

