

Reply to Common Council File No. 100932  
From DOA-Budget and Management Division

December 13, 2010

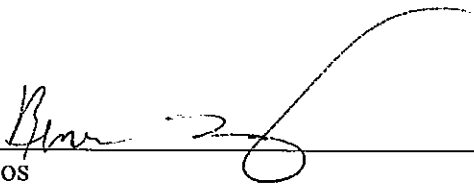
Ref: 10009

Common Council File Number 100932 contains a resolution appropriating \$800,000 from the 2010 Common Council Contingent Fund to the Health Care HMO Special Purpose Account.

Total projected 2010 Employee Health Care Benefits expenditures are approximately \$127.9 million with current available funds of \$126.2 million and a projected gap of \$1.7 - \$2.0 million. The 2010 HMO shortage is a result of enrollment shifts between the HMO and Claims account, a lower than estimated Health Care appropriations carry over from 2009 to 2010, lower than estimated savings from position eliminations in 2010, and the timing of collective bargaining settlements and estimated premium income.

This transfer will allow the account to make remaining year end payments and bridge a portion of the total projected shortfall. It is likely that an additional contingent fund transfer will be needed during the first quarter of 2011 to cover accrual amounts in the claims account. The total projected Contingent Fund exposure constitutes an approximate 1.3% shortfall from the Employee Health Care Account.

**RECOMMENDATION: ADOPT COMMON COUNCIL RESOLUTION 100932 THAT APPROPRIATES \$800,000 FROM THE 2010 COMMON COUNCIL CONTINGENT FUND TO THE HMO SPECIAL PURPOSE ACCOUNT (\$140).**

  
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Renee Joos  
Budget and Management Special Assistant

RJ:dmr

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