

1 2009 Open Enrollment

A message from the coach

Dear employees and retirees,

Health-care costs continue to rise, forcing some tough decisions on employers. One of the toughest competitions I've encountered is preserving the high-quality, affordable benefits plans that city employees are used to and deserve. It's also one of my top priorities even in these tough economic times. Once again, we've been able to do that this year with only a few new plays in the plan. Read the details on page 4 of this playbook. The results, though, are that we are able to keep members' rate increases minimal -- less than a dollar a paycheck for employee-only HMO coverage, and less than \$7 a paycheck for a family in the HMO plan.

The city's medical-plan costs will increase from \$273 million in FY09 to \$293 million in FY10. To keep on track with this large expense and sustain the plan's current benefit levels, the city will share the cost increase with you. The city will maintain the 79 percent city, 21 percent employee split for active employees in HMO plan. Overall, the city will pay 73 percent of the health-care coverage costs. You can find those new rates on page 8. As you can see from page 7, the premiums you pay are still very reasonable and much lower than employees elsewhere are paying. Your dental benefits will remain the same, but the rates will increase slightly, as we told you last year.

If you have questions about your benefits, please see your HR liaison or attend an open-enrollment meeting. You can obtain a meeting schedule at www.houstonhumanresources.org.

We've been able to keep premiums lower because you are using your health-care dollars wisely. If you continue to do that and we work together, we should be able to retain quality, accessible and affordable health-care benefits. Thank you for appreciating your valuable benefits and for continuing to use them effectively.

Respectfully,



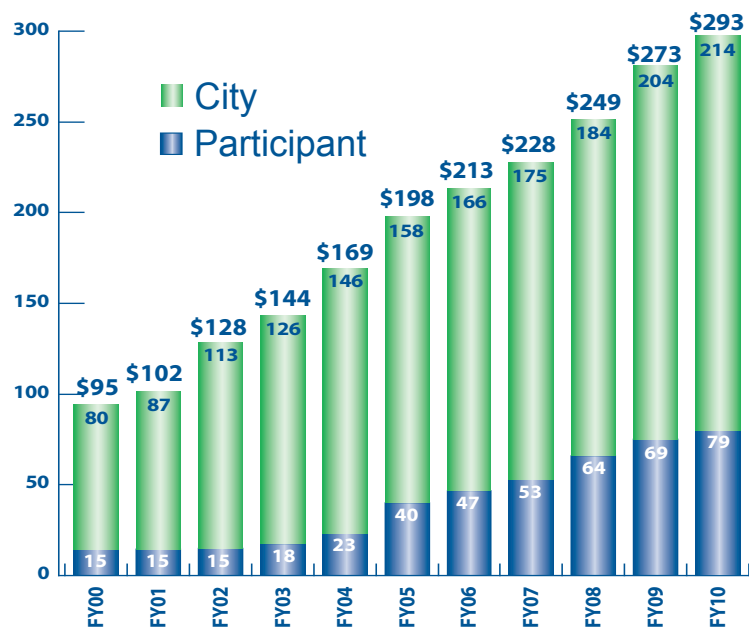
Mayor

Insider's tip

If you are enrolled in the medical, dental or supplemental insurance plans and don't want to make any changes – don't do anything. Your coverage will remain in effect through April 30, 2010. Be sure to note the new contribution rates and other changes on page 4.



Medical plan expenditures in millions



Total fiscal-year premiums (including all fees) for all medical plans