



AGENDA ITEM SUMMARY FORM

MEETING DATE: November 12, 2024
PREPARED BY: Colleen Martin
AGENDA CONTENT: Discussion and possible action on the 2025 employee health plan.
AGENDA ITEM SECTION: Consent Agenda

BUDGETED AMOUNT: \$1.9 est.

FUNDS REQUESTED: \$1.9 est.

FUND: xx-140-xxx

EXECUTIVE SUMMARY:

Each year, during employee benefits open enrollment, the city offers medical, dental, vision, and life insurance along with ancillary products to all full-time employees and permanent part-time employees who work an average of 30 hours per week or more in a year (no qualified part-time employees as of this agenda item), as mandated by the Affordable Care Act (ACA).

Historically, the city has contributed to the enrolled members' medical and dental coverage, provided a \$25,000 basic term life policy, and contributed to a Health Savings Account for High Deductible Health Plan participants (13 participants as of this agenda item).

The city's health plan was under a 1-year agreement with BCBS of Texas. The estimated cost to the city for the health plan is \$1.9m. The city's consultant, Lockton, sought bids for the city's medical plan. As of September 2024, the city had a loss ratio of 101.8% and a year-to-date average annual cost of \$1.8m. The incumbent, Blue Cross Blue Shield of Texas, initially offered a renewal with a 19.3% increase, but as of October 30, 2024, they offered a rate pass. CIGNA declined to quote, and UHC offered a 4.4% decrease; however, it required the City to complete a new application of findings to determine if there were additional high dollar claims to consider before issuing a final quote. The city does have additional high-dollar claims; therefore, the UHC bid was uncertain, and it is, for this reason, recommended that BCBS be renewed. Both contributions and premiums will remain the same in 2025.

Rate Guarantees

The city's dental and vision plans have a rate guarantee through 12/31/2024, and the FSA and HSA administration and all other ancillary products have a rate guarantee through 12/31/2026.

RECOMMENDATION:

Staff recommends renewal of the BCBS health plan agreement with a rate pass.