



AGENDA ITEM SUMMARY FORM

MEETING DATE: October 25, 2022

PREPARED BY: Colleen Martin

AGENDA CONTENT: Discussion and possible action on the 2023 employee benefits.

AGENDA ITEM SECTION: Consent Agenda

BUDGETED AMOUNT: \$2,476,161 **FUNDS REQUESTED:** \$1,649,430

FUND: xxx-xx-140

EXECUTIVE SUMMARY:

Each year during employee benefits open enrollment, the city offers medical, dental, and vision insurance along with ancillary products to all full-time and permanent part-time employees.

Historically, the city has contributed to the enrolled members' medical and dental coverage.

The city has held coverage for medical, dental, and vision insurance through United Healthcare since 2011.

Over the previous twelve (12) months, the City's medical plans' claims to premium ratio have averaged 113.36% per month.

The city's consultant is HUB International. The City published an RFP for the above products which was posted in The Facts for two weeks on September 15 and 22, 2022, with responses going to the HUB consultant Mr. Julian Fontana; responses to the RFP were due no later than October 13, 2022.

Dental and Vision

The city received nine (9) responses each to the dental and vision coverage. The incumbent, UHC was one of the top three (3) bidders. UHC offered a rate reduction of -9% for the dental plan with a two (2) year rate guarantee and offered a rate pass for the vision plan.

Medical

The City received three (3) responses to the medical plans (PPO and HSA), and the HUB conducted a cost-benefit analysis as well as a plan disruption review. The top responses for the medical coverage were Aetna, whose bid came in at 18.5% higher than the current plan, BCBS, whose bid came in at -7.98% lower than the current plan, and the incumbent, UHC, whose bid was 19% higher than the current cost.

The staff narrowed the medical plan choices to three (3) for the PPO Plan which currently has 138 enrolled members.

2023 PPO Plan

<i>In Network</i>	BCBS-Option A	BCBS-Option B	BCBS-Option C
Individual Deductible	\$500	\$1,000	\$1,000
Family Deductible	\$1,000	\$2,000	\$2,000
Monthly Employee Only Premium	\$25	\$25	\$50

- A. BCS PPO Plan with no change to the employee-only premium of \$25.00 per month, with no change to the in-network individual deductible of \$500 and a family in-network deductible of \$1,000. (pg. 29 of the presentation)
- B. BCS PPO Plan with no change in the employee-only premium of \$25.00 per month, with a change in the in-network individual deductible to \$1,000 and a family in-network deductible to \$2,000. (pg. 28 of presentation)
- C. BCBS PPO Plan with an increase in the employee-only premium to \$50 per month and an in-network individual deductible to \$1,000 and a family in-network deductible to \$2,000. (pg. 30 of the presentation)

As part of the Classification and Compensation Study which rolled out in 2019, the PPO health plan deductibles were under market. If the city elects a \$1,000.00 deductible on the PPO plan the city's plan will still be under the market.

2023 H.S.A Plan

<i>In Network</i>	BCBS-Option A	BCBS-Option B
Individual Deductible	\$3,100	\$3,100
Family Deductible	\$6,200	\$6,200
Monthly Employee Only Premiums	\$0.00	\$0.00
City HSA Contribution	\$1,500	\$2,000

The H.S.A Plan must move from a \$2,800 individual deductible to \$3,100, and the family deductible must move from \$5,600 to \$6,200 based on the new IRS rules. There are currently six (6) enrolled members.

In the calendar year 2022, the city contributed \$1,500 per year to the Health Savings Account for each enrolled member of the H.S.A plan. The city might consider could increase this contribution in the calendar year 2023, to \$2,000. There would be no increase in cost, and this would be offset and would go to the H.S.A account instead of the premiums on the PPO.

RECOMMENDATION:

The staff recommends BCBS for the medical plan carrier for the calendar year 2023, and UHC for the dental for 2023 and 2024 under the rate guarantee and vision coverage for the calendar year 2023. Staff also recommends an increase in the contribution to \$2,000.00 to enrolled members' H.S.A accounts.