



AGENDA ITEM SUMMARY FORM

MEETING DATE: November 14, 2023

PREPARED BY: Colleen Martin

AGENDA CONTENT: Discussion and update on the 2024 employee benefits.

AGENDA ITEM SECTION: Consent Agenda

BUDGETED AMOUNT: **FUNDS REQUESTED:**

FUND:

EXECUTIVE SUMMARY:

Each year during employee benefits open enrollment, the city offers medical, dental, vision, and Basic Term Life insurance along with ancillary products to all full-time employees as well as permanent part-time employees who work an average of 30 hours per week or more in a year as mandated by the Affordable Care Act (ACA).

Historically, the city has contributed to the enrolled members' medical and dental coverage and has provided a Basic Term Life policy.

The city's health plan was under a 1-year agreement, therefore the city's consultant, Lockton, sought bids for the city's medical plan; the city has a loss ratio of 107.5% with an average annual cost of \$1.5m. The incumbent, Blue Cross Blue Shield of Texas, offered a renewal with a 5% increase, CIGNA declined to quote, and UHC offered a plan that did not provide competitive coverage or cost.

The city will remain with BCBS and will assume the 5% increase (estimated cost of increase \$75,227); as you know last year BCBS offered the city a -7.98% reduction in cost. Employees will see no increase in premiums, however, employees on the High Deductible Health Plan (HDHP) will see an increase in the deductible and maximum out-of-pocket in compliance with the IRS rules governing HDHP plans. Staff recommends renewal with BCBS of Texas for the medical plan.

Staff recommends the city continue to contribute \$2,000 per year to a Health Savings Account for those employees enrolled in the High Deductible Health Plan (HDHP).

Dental

Lockton secured bids for the city's dental coverage. Ameritas and UNUM declined to quote, and MetLife's rates were not competitive. Lincoln Financial came in 10% below the current rate. The

city will contribute \$10.74 per 24 pay periods for enrolled employees regardless of tier. Staff recommends Lincoln Financial for dental coverage.

Employee Dental 2024

Tier	2023 per 24 pay periods	2024 per 24 pay periods
Employee Only	\$0	\$0
Employee + Spouse	\$16.23	\$14.61
Employee + Child (ren)	\$9.77	\$8.79
Employee + Family	\$28.27	\$25.44

Vision

Bids were also secured for the city’s vision coverage, UNUM declined to quote, MetLife was not competitive, Lincoln Financial was 31.8% above average, and Ameritas quoted a -5.9% decrease in premiums for the same coverage. The city does not contribute to the employee’s vision coverage. Staff recommends Ameritas for vision coverage.

Employee Vision 2024

Tier	2023 per 24 pay periods	2024 per 24 pay periods
Employee Only	\$2.28	\$2.14
Employee + Spouse	\$4.86	\$4.55
Employee + Child(ren)	\$5.13	\$4.82
Employee + Family	\$8.07	\$7.58

Basic Term Life/AD&D

The only carrier to quote Basic Term Life and AD&D was Lincoln Financial which offered the same term life rates, with a grandfathered coverage level at 10% below current rates. Staff recommends Lincoln Financial for Basic Term Life/ AD&D and Voluntary Life.

Ancillary Products

The city will move from AFLAC to Lincoln Financial on the ancillary products of Voluntary Life, Short-Term Disability, Critical Illness, and Hospital Indemnity, and will now offer Long-Term Disability. The change was brought about due to significant billing issues the city has had over the past two years with AFLAC. These products are 100% employee funded. Staff recommends Lincoln Financial for all other ancillary products.

RECOMMENDATION:

Staff recommends the selections as outlined above.