THE CITY OF BURLESON TEXAS

Department Memo

City Council Regular Meeting

DEPARTMENT: **Human Resources**

FROM: **Wanda Bullard, Deputy Director of Human Resources**

MEETING: **July 20, 2026**

SUBJECT:

Consider and take possible action on an agreement with New York Life for life, disability, accident, critical illness, and hospital indemnity insurance benefits in an amount of $428,940.09 with a contingency of $3,258.47, for a total amount of $432,198.66 for plan year 2027. *(Staff Contact: Wanda Bullard, Deputy Director of Human Resources)*

STRATEGIC PRIORITY AND GOAL(S):

Strategic Priority	Strategic Goal
High Performing City Organization Providing Exceptional, People Focused Services	1.1 Develop a high-performance and diverse workforce

SUMMARY:

The City recently completed a benefits request for proposal (RFP) for all lines of benefit coverages except for the medical/pharmacy self-insurance third party administration since we are under contract with UHC through December 31, 2028.

In accordance with Texas Local Government Code Chapter 252, the life, disability, accident, critical illness, and hospital indemnity agreement with New York Life is being procured through a request for proposal for insurance benefits beginning plan year 2027 with an option to renew for up to 5 years. RFP 2026-018–Ancillary Benefits Request was advertised on February 28, 2026, and March 7, 2026, and posted to the City's electronic bidding platform, Euna Solutions, from February 28, 2026, through March 26, 2026. The opportunity was distributed to qualified firms under applicable commodity codes. The number of insurance coverage proposals the City received were 4 for life and disability and 8 for voluntary worksite benefits. Based on the published evaluation criteria – including qualifications, experience, overall value, and finalist interviews conducted, New York Life scored the highest by the evaluators and was determined to provide the best value to the City.

The City recommends to award New York Life the contract for the life and disability coverages, as well as the voluntary worksite benefits coverages for accident, critical illness, and hospital indemnity.

For Life and Disability, New York Life has the strongest aggregate offer financially with savings on employer paid coverages and maintaining rates on employee paid coverages (except for limited instances for some employees that elected critical illness due to required policy transition for re-rate into current age band). New York Life is also offering a 3-year rate guarantee on all lines of coverage and including a $10,000 implementation credit. New York Life maintained or enhanced coverages including expanding the occupational death benefit to all full-time staff instead of first responders only as is currently.

The total expenditures for life, disability, and worksite coverages are based on enrollment, salaries, and/or age bands (age bands for some products). Given that, the City is requesting expenditure under the agreement for plan year 2027. The City will request expenditures under the agreement for each plan year separately moving forward once those factors are better known for each enrollment year.

The City offers full-time employees city paid basic employee and dependent life/accidental death & dismemberment (AD&D) and long-term disability insurance. The City also offers other optional coverages that are employee elected and employee-paid for optional employee and dependent life, short term disability, accident, critical Illness, and hospital indemnity. Employee paid benefits do not have a fiscal impact to the City.

For 2027, rates are as follows for city provided/paid coverages:

City Provided/Paid Coverage	Plan Year 2026 Rates Incumbent-Symetra	Plan Year 2027 Rates New York Life	Difference
Employee Life	$0.094 Per $1000	$0.085 Per $1000	($0.009) Per $1000
Employee AD&D	$0.030 Per $1000	$0.030 Per $1000	$0
Dependent Life Insurance	$3.00 Per Month	$3.00 Per Month	$0
Long Term Disability	$0.210 Per $100 of Covered Payroll	$0.190 Per $100 of Covered Payroll	($0.02) Per $100 of Covered Payroll

The employee paid coverages for optional employee and dependent life, short term disability and voluntary worksite benefits for accident, critical illness and hospital indemnity were held at a rate pass or lower rate depending on product. There is the potential for a cost increase for critical illness to some employees due to a transition in policy for the age banded product. New York Life's policy for critical illness is based on attained age instead of issued age so as we transition to the new vendor's policy, the re-rate to the current age band is required. Since the incumbent vendor did not bid in the RFP, re-rating under a new vendor policy will be required regardless of the vendor selected.

Annual costs are based on actual employee enrollment, which varies throughout the plan year. In 2027, New York Life fees for city provided and paid coverages are projected at an annual cost of $103,178.81 for employee life/AD&D, $11,052.00 for dependent life/AD&D, and $69,026.50 for long-term disability for a total of $183,257.31.

Optional coverages for additional voluntary employee and dependent life, short-term disability, accident, critical illness, and hospital indemnity premiums are paid 100% by employees. However, as a part of the renewal, an estimate cost is factored into the expenditure request for $245,682.78, which are premiums for employees that select voluntary products. These premiums are paid back to the City through payroll deduction each pay period resulting in no fiscal impact to the City.

Given that the coverage costs are based on salary amounts, the expenditure authorization includes a contingency amount of an additional $3,258.47 in the event the City Council approves compensation market adjustments for 2027. The compensation costing options include the associated increase in benefit costs.

RECOMMENDATION:

Staff recommends to approve an agreement with New York Life for life, disability, accident, critical illness, and hospital indemnity insurance benefits in an amount of $428,940.09 with a contingency of $3,258.47, for a total amount of $432,198.66 for plan year 2027.

PRIOR ACTION/INPUT (Council, Boards, Citizens):

REFERENCE:

FISCAL IMPACT:

Proposed Expenditure: $428,940.09, contingency of $3,258.47, for a total amount of $432,198.66
Account Number(s): Various department and health insurance related accounts
Fund: All funds with payroll costs and 620-Health Insurance Fund
Account Description: Covers City Provided and Employee Paid Employee Life/AD&D Insurance, Dependent Life Insurance, Long-Term Disability Insurance, Short-Term Disability Insurance, Elective Insurance premium costs.

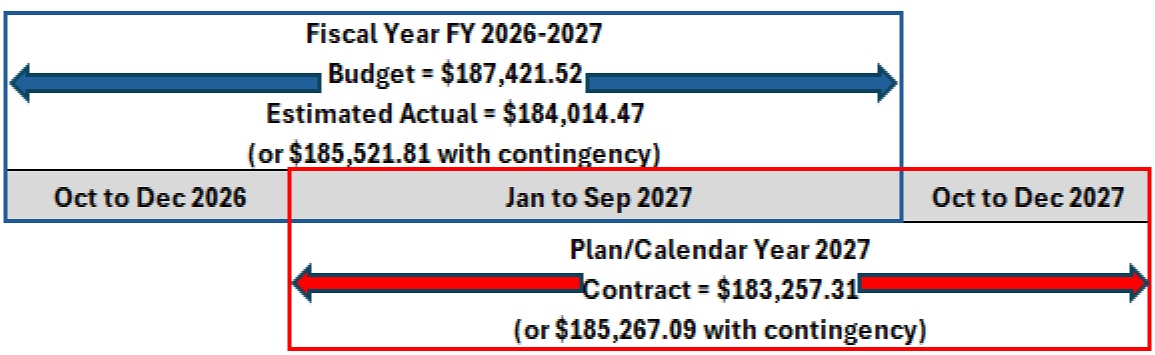
The life and disability fees have an estimated fiscal impact to the City of $183,257.31 for plan year 2027. Other voluntary employee elected coverages have no fiscal impact to the City since these are employee paid benefits; however, the renewal estimate is $245,682.78.

City Provided and Employee Paid Life and Disability Benefit Premiums

Coverage Type	Current Actual Enrollment	* Total Estimated Enrollment for Plan Year 2027	Plan Year 2027 Annual Cost	Plan Year 2027 Cost with Contingency
City Provided Employee Life & AD&D	426	441	$103,178.81	$104,408.18
City Provided Dependent Life Insurance	292	307	$11,052.00	$11,052.00
City Provided Long Term Disability	426	441	$69,026.50	$69,806.91
		CITY PROVIDED TOTAL	**$183,257.31**	**$185,267.09**
Employee Paid Optional Coverages	Varies by Coverage		**$245,682.78**	**$246,931.57**
		CITY PROVIDED & EMPLOYEE PAID TOTAL	**$428,940.09**	**$432,198.66**

*** *Includes adding 15 enrollments to account for filling 15 vacancies throughout the year.***

The proposed expenditure for just the City impacted cost of $183,257.31 (or $185,267.09 with contingency) for life and disability fees is based on a 12-month calendar year (Jan-Dec 2027) estimated at the new rates at the higher enrollment numbers. When reviewing the 2027 plan year renewal against fiscal year 2027 proposed budget, the City will be below budget for FY 2027 for the coverages that impact City costs (city provided life and disability). The rates for October to December 2026 are slightly higher than the new rates that begin January through September 2027. In addition, the enrollment numbers are lower for October to December 2026 versus the estimated plan year 2027 enrollment. The total expense for January to September 2027 at the lower rates will be based on the salaries in effect for January 1, 2027. The City is budgeting $187,421.52 for the fiscal year with an estimated spend of $184,014.47 (or $185,521.81 with contingency). Since market compensation costing options also includes the increase in benefits, the final proposed budget will factor in adjustments to benefits as well should market adjustments be approved.



<u>STAFF CONTACT:</u>

Wanda Bullard
Deputy Director of Human Resources
wbullard@burlesontx.com
817-426-9644