

City Council Regular Meeting

DEPARTMENT: Human Resources


FROM: Wanda Bullard, Deputy Director of Human Resources

MEETING: May 4, 2026

SUBJECT:

Consider and take possible action on an Interlocal Agreement and a Statement of Responsibility with the Texas Municipal League Insurance Risk Pool (TMLIRP) to commit funds to acquire a group critical illness supplemental income benefit insurance policy through MetLife/Amwins for eligible peace officers and firefighter retirees in compliance with Tex. Gov't Code § 607.153 at a cost of \$90,000 for 3 years. *(Staff Contact: Wanda Bullard, Deputy Director of Human Resources)*

STRATEGIC PRIORITY AND GOAL(S):

Strategic Priority	Strategic Goal
 <p>High Performing City Organization Providing Exceptional, People Focused Services</p>	1.1 Develop a high-performance and diverse workforce 1.4 Be a responsible steward of the city's financial resources.

SUMMARY:

Effective on September 1, 2025, HB 4144, codified at Tex. Gov't Code § 607.153 requires political subdivisions with 50 or more peace officers or firefighters to provide a critical illness supplemental income benefit to eligible peace officers or firefighters that retire on or after January 1, 2026 forward. The benefit applies when a retiree is diagnosed with certain cancers, heart attack or stroke within three years after retirement. The required benefit amount is currently the lesser of the retiree's final annual salary or \$100,000, but the \$100,000 minimum will be adjusted for inflation every 10 years by the Texas Commissioner for Workers Compensation.

The administrative partners bringing forward this product are TMLIRP - the main policy holder, MetLife - the insurance carrier providing the product, and Amwins – exclusive third-party administration handling the application, billing and premium administration. A competitive

procurement was completed to provide political subdivisions with an insurance product that meets the requirements of Tex. Gov't Code § 607.153.

The interlocal agreement and insurance policy structure are as follows:

- Municipalities and counties voluntarily enroll to provide coverage for peace officers and firefighters.
- Once committed to the interlocal, the City is required to enroll all eligible peace officer and firefighter retirees beginning on date of retirement for the full 36-month period.
- Coverage is retiree-only and applies to retirees that retire on/after January 1, 2026.
- The payable benefit is the lesser of the retiree's final annual salary or \$100,000.
 - The maximum benefit is 7x the initial benefit (in the event there is more than one qualifying diagnosis experience for a retiree during the 36-month period).
- Monthly premium rates are age-banded and billed per \$1,000 of covered salary.
- Program is fully insured with a four-year rate guarantee.
- There is no medical underwriting required for participants/retirees.
- Retroactive coverage is allowed back to 1/1/2026 for eligible retirees if enrolled by 5/31/2026.

Once a retiree is enrolled, the City is required to maintain the retiree's coverage for the full 36-month period regardless of whether another product is procured in the future. In that case, should the City provide notice to terminate the policy and discontinue the interlocal agreement for the coverage, the City will still be obligated to complete the 36-month commitment for any retiree(s) that have coverage under this product. If this were to occur, the City would request City Council to fund the remaining obligated coverage through TMLIRP via MetLife/Amwins to satisfy the 36-month obligation. In addition, in the event the city terminates their current policy, an alternate insurance provider would be presented to Council to ensure any new retirees are covered moving forward. This arrangement would not result in paying duplicate coverage. Retirees would be under one plan or the other.

Given the critical illness supplemental income benefit is newly enacted, there is a 3-year period to realize the full, ongoing cost of the insurance policy as exemplified below:

Timeframe	Estimated Annual Premium
Year 1 - 2026	\$15,000
Year 2 - 2026/2027	\$30,000
Year 3 - 2026/2027/2028	\$45,000
TOTAL	\$90,000

The \$90,000 over a 3-year period is a cost estimate only using the City's average number of peace officer and firefighter retirements and average age at retirement. The actual cost will vary based on the number of retirees each year and the age of each retiree. The City will monitor the actual experience each year for any adjustments that may be required, if necessary.

Without a critical illness supplemental income benefit insurance policy, the city would be responsible for paying the lesser of the retiree's final annual salary or \$100,000 should the retiree be diagnosis with certain cancers, heart attack or stroke within three years after retirement.

RECOMMENDATION:

Staff recommends approving an Interlocal Agreement and a Statement of Responsibility with the Texas Municipal League Insurance Risk Pool (TMLIRP) to commit funds to acquire a group critical illness supplemental income benefit insurance policy through MetLife/Amwins for eligible peace officers and firefighter retirees in compliance with Tex. Gov't Code § 607.153 at a cost of \$90,000 for 3 years.

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

None

REFERENCE:

Tex. Gov't Code § 607.153

FISCAL IMPACT:

Proposed Expenditure/Revenue: \$90,000

Account Number(s): 6201025-66100 (Year 1, Year 2+ will be expensed to Police and Fire department accounts)

Fund: 620

Account Description: Health Insurance Fund – Miscellaneous Expense

Procurement Method: Competitive Bid

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