
Finance Committee

DEPARTMENT: Human Resources
FROM: Cheryl Marthiljohni, Director of Human Resources
MEETING: May 8, 2024

SUBJECT:

Receive a report, hold a discussion, and provide staff direction regarding the City's health benefits plan budget projection and the upcoming request for proposal process. (Staff Contact: Cheryl Marthiljohni, Director of Human Resources)

SUMMARY:

Offering a competitive benefit and compensation package is one of the city's strategic goals in attracting and retaining top talent. Given the many complexities, expenses, compliance requirements, and shifting trends in healthcare and benefits, the city utilizes HUB International as our subject matter experts to assist with navigating, designing, choosing, and managing our employee benefit plans.

Medical, dental, vision, health savings and spending accounts, life insurance/AD&D, long- and short-term disability, optional disability, and other health coverages, as well as an employee assistance program are among the benefit coverages that the city offers. The benefit plan year for the city runs from January to December.

HUB created a health budget projection based on no modifications to the plan for accurate financial forecasting because of the time of budget preparation. This projection includes a 7% trend increase due to the ongoing rise in health care costs. This trend and the need to continue to offer a competitive benefit package, are reasons why the city continues to stay vigilant when considering options in health plan design, premium structure, medical networks, disease management programs, pharmacy management, and preventive/wellness endeavors.

To this point, and to ensure we are providing competitive benefits at the best value to manage growing costs to the plan, the city is planning to submit a request for proposals in 2024 for plan year 2025 on all coverages, except for life and long- and short-term disability, as we are under a rate guarantee period with Symetra. In June, the request

for proposals will be made public, and in August, recommendations will be prepared. Before this date, health carriers will not provide quotes because sufficient claims data is inaccessible.

In addition, the city's evaluation of switching to a fully insured plan or keeping its self-insured dental and medical coverage will be considered throughout the RFP process. A move to fully insured may have a negative effect on the city's capacity to manage expectations when dealing with rising premiums and internal health care fund management, according to an early analysis with HUB International; however, more review is required before any recommendations are made.

With the final recommendations, HUB International will provide options for the city to consider.

RECOMMENDATION:

Not applicable

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

Not applicable

REFERENCE:

Not applicable

FISCAL IMPACT:

Not applicable

STAFF CONTACT:

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