



CITY COMMISSION STAFF REPORT

DEPARTMENT: Administration

DATE: August 26, 2025

SUBJECT: Motion to approve an increase in the amounts that Cooper City contributes to the employees' HSA accounts to \$1,100 for Single Employee, \$1,500 for Employee and Spouse, \$1,500 for Employee and Child, and \$2,200 for Family

In addition, the allocation of \$2,000 per employee for the medical insurance plan year 2025 to 2026, for the out-of-network services provided by Florida Blue, effective October 1, 2025, up to a total of \$200,000 for the first year of the program

Motion to approve Commission Policy #02-020 – Out of Network Coverage Reimbursement Policy - **Administration**

CITY MANAGER RECOMMENDATION:

Under City Commission policy 02-002 Access to Group Health Insurance, the Commission recently approved changing the City's group health insurance carriers from United Healthcare to Florida Blue. Due to this change, employees may need to receive medical treatment from their current doctors as out-of-network services while transitioning to services and providers in-network with Florida Blue. This transition will result in increased out-of-pocket expenses that they would not have otherwise experienced.

To assist the employees with this transitional expense, the City Manager is requesting approval for:

1. Increase the current employer contribution to the existing HSA accounts as follows:

Single employee from \$700 to \$1,100 (57% increase)

Employee + Spouse \$1,500 (added due to the new four-tier medical plan)

Employee + Children \$1,500 (added due to the new four-tier medical plan)

Family from \$1,400 to \$2,200 (57%)

The reason for this increase is twofold:

- a. The deductibles and maximum out-of-pocket expenses for the High-Deductible plan are increasing between 28% to 32%.

- b. The savings to the city from employees choosing the high-deductible plan are \$2,100 for a single person to \$4,800 for a family. Having a higher contribution may bring more people into the program.
2. Allocation of \$2,000 per employee for plan year 2025 -2026 to provide employees with financial assistance for services rendered out of network by their current doctors if they are not in-network with Florida Blue.

The reimbursement guidelines are as follows:

- a. Any amount out of pocket over \$4,000 up to the maximum allocation provided to any single employee (maximum \$6,000 under the new plan for a single employee)
- b. Payments for out-of-network deductible more than \$500 up to a maximum of \$1,000 (Maximum under the new plan is \$1,000 for a single employee)
- c. Payment of 20% of the out-of-network service cost (United was 30% out of pocket, and now will cost 50% with Florida Blue for the single employee)
- d. Cover out-of-network services if the employee's current in-network with United Health provider is out of network with Florida Blue.

The City Manager requests the approval of Commission Policy 02-020 – Out of Network Health Coverage Reimbursement Policy. This policy supports the request for the allocation of up to \$2,000 per employee for cases in which employees must continue medical treatments and services with an out-of-network doctor or facility.

BACKGROUND OF ITEM:

The City's medical insurance renewal was received from United Health Care (UHC) at a 39.9% increase due to the group's loss experience during the last 12 months. The City was forced to pursue other carriers due to the high cost of remaining with United Healthcare.

ANALYSIS:

Since changing carriers to Florida Blue, the City will be saving \$700,000 this plan year. The City will allocate \$200,000 to assist employees financially with the transition, while still reserving \$500,000 for future health insurance expenses.

FISCAL IMPACT:

The cost of the program will be approximately \$200,000

ATTACHMENTS:

1. Cost of health insurance schedule showing the difference between the PPO plan and the High-Deductible Plan
2. Medical Insurance Evaluation form showing the cost of services for Florida Blue
3. Medical Insurance Evaluation form showing the cost of services for UHC
4. Commission Policy # 02-020 – Out-of-Network Health Coverage Reimbursement Policy