



CITY OF
FORESTPARK

City Council Agenda Item

Title of Agenda Item: Discussion regarding Major Medical renewal benefits package for FY' 25-26.

Submitted By: Ricky L. Clark, Jr., City Manager

Date Submitted: April 15, 2025

Work Session Date: April 21, 2025

Council Meeting Date: April 21, 2025

Background/History:

Annual Employee Benefits Renewal Summary

The City's Employee Benefits Program renews annually on **July 1st**. Currently, **Cigna** serves as the provider for our **Medical, Dental, and Vision Insurance** plans.

In preparation for the upcoming renewal, our Benefits Broker, **MSI Benefits Group**, collaborated closely with Cigna to secure a competitive proposal. Cigna's initial underwriting analysis projected a **16.43% increase** in premiums. However, the carrier released an initial renewal offer at **+12%**, followed by a **verbal non-marketing offer of +7%**, contingent upon the City not marketing the plan to other carriers.

A thorough evaluation of renewal options was conducted by the **City Manager, Finance Director, HR Director, Deputy Director of HR**, and MSI. The review included a detailed analysis of potential cost implications and contribution strategies, summarized as follows:

	Current	Option 1	Option 2	Option 3	Option 4	Option 5
MEDICAL	Cigna	Cigna	Cigna	Cigna	Cigna	Cigna
Annual Billed Premium	\$5,657,303	\$6,336,180	\$6,053,315	\$6,053,315	\$6,053,315	\$6,053,315
Employee Annual Deductions	\$237,380	\$237,380	\$237,380	\$396,670	\$396,670	\$396,670
City Annual Net Cost	\$5,419,923	\$6,098,800	\$5,815,935	\$5,656,645	\$5,656,645	\$5,656,645
DENTAL	Cigna	Cigna	Cigna	Cigna	Cigna - Opt 1	Cigna - Opt 2
Annual Billed Premium	\$197,117	\$238,512	\$238,512	\$238,512	\$238,512	\$238,512
Employee Annual Deductions	\$0	\$0	\$0	\$0	\$55,035	\$110,070
City Annual Net Cost	\$197,117	\$238,512	\$238,512	\$238,512	\$183,477	\$128,442
VISION	Cigna	Cigna	Cigna	Cigna - Opt 1	Cigna - Opt 1	Cigna - Opt 1
Annual Billed Premium	\$40,519	\$42,454	\$42,454	\$42,454	\$42,454	\$42,454
Employee Annual Deductions	\$15,182	\$15,091	\$15,091	\$18,023	\$18,023	\$18,023
City Annual Net Cost	\$25,337	\$27,363	\$27,363	\$24,431	\$24,431	\$24,431
BASIC LIFE	Lincoln	Lincoln	Lincoln	Standard	Standard	Standard
Expected Annual Cost	\$34,909	\$34,909	\$34,909	\$24,388	\$24,388	\$24,388
Total Expected Annual Cost	\$5,677,286	\$6,399,584	\$6,116,719	\$5,943,976	\$5,888,941	\$5,833,906
Percentage of Change		12.7%	7.7%	4.7%	3.7%	2.8%
Annual Budget Impact		\$722,298	\$439,433	\$266,690	\$211,655	\$156,620

Summary of Renewal Options

- **Option 1 – For Illustration Only:** Represents the City's estimated cost if benefits are marketed and Cigna remains the most competitive carrier. This scenario is intended for comparative purposes and not under consideration for implementation.
- **Option 2 – Status Quo:** No changes to employee payroll deductions or plan design. The City absorbs the full increase in premiums.
- **Option 3 – Cost-Neutral to City:** Plan structure remains largely intact, but employee contributions are recalculated based on a "base plan" model. Employees enrolled in the two buy-up plans would see an increase in premiums. Vision insurance contributions shift to a 50% City contribution for Family coverage. Basic Life Insurance would transition to **The Standard**.
- **Option 4 – Enhanced Cost Management:** Builds on Option 3 with the unbundling of Dental coverage. The City would contribute **50%** toward Family Dental coverage only.
- **Option 5 – Maximum Cost Control:** Also builds on Option 3, but with Dental coverage unbundled and **0%** City contribution toward Family Dental premiums.

Recommendation and Rationale

After careful consideration, the committee concluded that **Option 3 or Option 4** would provide the most balanced and sustainable approach—offering continued access to quality healthcare coverage while responsibly managing long-term financial impact on the City and its employees.

Both options maintain total costs below current national healthcare trend increases and allow the City to **retain Cigna**, which strengthens our negotiating position for future renewals and minimizes disruption to employee care networks.

Cost: \$

Budgeted for: _____ **Yes** _____ **No**

Financial Impact:
