



CITY OF  
**FORESTPARK**

# City Council Agenda Item

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**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

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## 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:

	<b>Current</b>	<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>	<b>Option 4</b>	<b>Option 5</b>
<b>MEDICAL</b>	<b>Cigna</b>	<b>Cigna</b>	<b>Cigna</b>	<b>Cigna</b>	<b>Cigna</b>	<b>Cigna</b>
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	<b>\$5,419,923</b>	<b>\$6,098,800</b>	<b>\$5,815,935</b>	<b>\$5,656,645</b>	<b>\$5,656,645</b>	<b>\$5,656,645</b>
<b>DENTAL</b>	<b>Cigna</b>	<b>Cigna</b>	<b>Cigna</b>	<b>Cigna</b>	<b>Cigna - Opt 1</b>	<b>Cigna - Opt 2</b>
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	<b>\$197,117</b>	<b>\$238,512</b>	<b>\$238,512</b>	<b>\$238,512</b>	<b>\$183,477</b>	<b>\$128,442</b>
<b>VISION</b>	<b>Cigna</b>	<b>Cigna</b>	<b>Cigna</b>	<b>Cigna - Opt 1</b>	<b>Cigna - Opt 1</b>	<b>Cigna - Opt 1</b>
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	<b>\$25,337</b>	<b>\$27,363</b>	<b>\$27,363</b>	<b>\$24,431</b>	<b>\$24,431</b>	<b>\$24,431</b>
<b>BASIC LIFE</b>	<b>Lincoln</b>	<b>Lincoln</b>	<b>Lincoln</b>	<b>Standard</b>	<b>Standard</b>	<b>Standard</b>
Expected Annual Cost	\$34,909	\$34,909	\$34,909	\$24,388	\$24,388	\$24,388
<b>Total Expected Annual Cost</b>	<b>\$5,677,286</b>	<b>\$6,399,584</b>	<b>\$6,116,719</b>	<b>\$5,943,976</b>	<b>\$5,888,941</b>	<b>\$5,833,906</b>
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.

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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.

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**Cost: \$**

**Budgeted for:** \_\_\_\_\_ **Yes** \_\_\_\_\_ **No**

**Financial Impact:**

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