



Subject: Employee Benefit’s Renewal FY’ 24-25 – Executive Offices

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

Date Submitted: May 13, 2024

Work Session Date: May 20, 2024

Council Meeting Date: May 20, 2024

Background/History:

The City’s Employee Benefits Program renews annually on July 1st. Our current Medical, Dental, and Vision Insurance Carrier is Cigna. As you know, the City recently hired MSI Benefits Group as it’s new Insurance Broker following an RFQ for Employee Benefits Brokerage Services. MSI worked directly with Cigna to obtain a competitive renewal offer. The underwriting workup called for a 17% increase. Cigna released the initial renewal at +9% with a verbal non-marketing offer of +7%. The City Manager, HR Director, Deputy Director of HR, and MSI reviewed these options. The team agreed that if Cigna lowered the increase to +4% with additional wellness dollars that this would be the recommended option presented to Mayor and Council for approval.

Additionally, Cigna did agree to increase the current Wellness Fund from \$20,000 annually to \$30,000. Under this proposed renewal option, there are no changes to the benefits or employee costs. The City currently offers a Health Reimbursement Arrangement (HRA) that is administered by MedCom. We are recommending an administrator change from MedCom to AdminAmerica and to also begin offering a Flexible Spending (FSA) and Dependent Care Account (DCA) to employees. We anticipate a much better member experience with this change.

- Change HRA administrators from MedCom to AdminAmerica - \$6,600 annual increase
- Offer employees an FSA and DCA through AdminAmerica (employees can may the FSA with pre-tax dollars up to \$3,200 annually) - a cost of \$4.50 per participant per month

MSI will conduct a Town Hall Meeting and go over the entire benefits package on June 4th. Lunch will be provided by MSI for those that attend. Open enrollment meetings will take place on June 10th and 11th.

Cost: \$

Budgeted for: Yes No

Financial Impact:

Action Requested from Council: