



TOWN OF HIGHLAND BEACH

AGENDA MEMORANDUM

MEETING TYPE: Financial Advisory Board

MEETING DATE 08/23/2022

SUBMITTED BY: Eric Marmer, Assistant Town Manager (HR)
David M. Dilena, Finance Director

SUBJECT: Health Insurance and Other Related Insurance Rates

SUMMARY:

Employee Medical Insurance Renewal- October 1st

The Town's Employee Insurance renewal is set to renew on October 1st.

Currently, the Town offers three plans to employees and their families through Humana:

1. Base Point of Service Plan Option 25 with a tiered Health Reimbursement Account (HRA)
2. Point of Service Plan Buy-up Option 12 option with a tiered Health Reimbursement Account (HRA)
3. Point of Service Plan Buy-up Option 11 option with a tiered Health Reimbursement Account (HRA)

This year we received proposals from Humana, United Healthcare, and Florida Blue. After receiving the initial renewal quotes from Humana, the Town's Broker (Marc Rheingold and Associates) negotiated to secure renewal rate reductions – from 40.14% to 14.12% for the Base POS Plan. The past two renewals with Humana have been highly favorable with the base plan last year that our broker negotiated the rates to be reduced by -2.56%. In addition to the renewal quotes from Humana, the Town's broker sought quotes from United Healthcare (UHC) and Florida Blue. Aetna and Cigna declined to quote as they were not competitive. Although the rates for the plans offered by UHC and Florida Blue were, in some cases, slightly lower than the Humana renewal rates, these plans did not match the benefit levels of the current plans offered through Humana.

Other Insurance Programs

In addition to healthcare insurance, Town employees and their families can participate in other insurance programs: Short-Term Disability, Long-Term Disability, Life Insurance, Vision, and Dental Insurance. There were no changes in the premiums this year for Short-Term Disability, Long-Term Disability, Life Insurance, or Vision. There was a 12% increase in Dental insurance that amounts to roughly a \$4 increase per employee.

FISCAL IMPACT:

Below is a comparison of the current Humana and other insurance plans and renewal costs for the following year.

Monthly Premiums

Insurance Type	Current	Renewal	\$Δ	%Δ
S-T Disability	\$ 1,130	\$ 1,130	\$ -	0.0%
L-T Disability	1,010	1,010	-	0.0%
Group Life	710	710	-	0.0%
Voluntary Life	494	494	-	0.0%

Dental PPO

EE	35.09	39.30	4.21	12.0%
* ES	69.18	77.48	8.30	12.0%
* E&C	81.59	91.38	9.79	12.0%
* Family	124.28	139.19	14.91	12.0%

Vision

EE	4.93	4.93	-	0.0%
* ES	9.83	9.83	-	0.0%
* E&C	7.79	7.79	-	0.0%
* Family	13.25	13.25	-	0.0%

Health Insurance Base POS Option 25

EE	604.66	690.03	85.37	14.1%
ES	1,209.33	1,380.07	170.74	14.1%
E&C	1,148.86	1,311.06	162.20	14.1%
Family	1,934.92	2,208.11	273.19	14.1%

Health Insurance Buy-up POS Option 12

* EE	739.88	840.95	101.07	13.7%
* ES	1,479.75	1,681.90	202.15	13.7%
* E&C	1,405.76	1,597.80	192.04	13.7%
* Family	2,367.60	2,691.03	323.43	13.7%

Health Insurance Buy-up POS Option 11

* EE	774.64	879.31	104.67	13.5%
* ES	1,549.28	1,758.63	209.35	13.5%
* E&C	1,471.81	1,670.70	198.89	13.5%
* Family	2,478.84	2,813.80	334.96	13.5%

* Upgrade in coverage requires employee contribution up to basic plan

At the July 7th FAB meeting, we presented a budget that included a 7% increase in health and related insurance cost. The table below shows the budget impact by Fund and Department based on the actual renewal rates:

Health and Related Insurance Budget Update					
Fund / Department	FY2022 Budget	FY2023 Preliminary Budget	FY2023 Updated Budget	\$ Δ	%Δ
General Fund					
Town Manager	\$ 80,200	\$ 62,600	\$ 66,808	\$ 4,208	6.7%
Town Clerk	53,000	72,642	77,434	4,792	6.6%
Finance	33,000	45,195	48,288	3,093	6.8%
Public works	28,500	54,990	58,715	3,725	6.8%
Post Office	16,000	17,942	19,105	1,163	6.5%
Shared Support	-	28,243	30,027	1,784	6.3%
Police	296,000	312,553	335,470	22,917	7.3%
Fire Rescue	-	27,418	29,189	1,771	6.5%
Library	47,000	47,059	50,913	3,854	8.2%
Sub-Total	553,700	668,642	715,949	47,307	7.1%
Building Fund	94,000	110,658	117,754	7,096	6.4%
Water Fund	175,100	159,686	170,682	10,996	6.9%
Total	\$ 822,800	\$ 938,986	\$ 1,004,385	\$ 65,399	7.0%

RECOMMENDATION:

Based on cost/benefit analysis, evaluation of service networks, and experience with customer service, Town Staff recommends continuing the three plans offered through Humana: A Base POS Plan Option 25 and the two POS Buy-up options 12 and 11. In addition, a continuation of the tiered HRA is proposed in conjunction with all three POS plans, which would provide \$750 to individuals, \$1000 to Employee + one, and \$1,250 to Families.