



# TOWN OF HIGHLAND BEACH

## AGENDA MEMORANDUM

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**MEETING TYPE:** Financial Advisory Board

**MEETING DATE** 08/24/2023

**SUBMITTED BY:** Eric Marmer, Human Resources and Risk Management Director  
David M. Dilena, Finance Director

**SUBJECT:** Health Insurance and Other Related Insurance Rates

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### SUMMARY:

#### **Employee Medical Insurance - October 1<sup>st</sup>**

The Town's Employee Insurance is set to change on October 1<sup>st</sup>.

With the help of our benefits consultant Rheingold & Associates, this year, we had the privilege of reviewing proposals from several healthcare insurance providers, namely Florida Blue, Humana, United Healthcare (UHC), Aetna, and Cigna. Our journey through this selection process has been marked by careful consideration and insight.

Having enjoyed a three-year partnership with Humana, we were initially presented with renewal quotes suggesting a 3% increase for the upcoming year. However, considering Humana's decision to exit the group insurance market, concerns have arisen regarding the stability of their network and the potential loss of valuable providers. This pivotal development has prompted us to contemplate a transition away from Humana.

While both UHC, Aetna, and Cigna presented plans with slightly lower rates than Humana, their offerings fell short in terms of benefit levels and the expansive provider network that our community greatly values. In sharp contrast, Florida Blue has presented an opportunity to offer better plans with a larger network than our current plans offered by Humana, while also extending an overall cost reduction of approximately 1.3% for the Town.

Like every year when making this decision, our focus remains unwavering on securing a healthcare partner that not only provides economical solutions but also upholds the comprehensive coverage and access to providers that Town staff members rely upon. In this pursuit, Florida Blue emerges as a compelling choice, promising both financial relief and the continuation of a robust network that stands as a pillar of our Town staff's well-being.

The Town will offer two plans to employees and their families through Florida Blue:

1. Base Blue Options Predictable Cost Plan # 03768 with a tiered Health Reimbursement Account (HRA)
2. Blue Options Predictable Cost Plan #03748 Buy-up Option with a tiered Health Reimbursement Account (HRA)

## Other Insurance Programs

Apart from healthcare insurance, Town employees and their families can enroll in a range of additional insurance programs, including Short-Term Disability, Long-Term Disability, Life Insurance, Vision, and Dental Insurance. Currently, our Town utilizes a mix of providers for these insurance options. However, following a thorough evaluation, the Town has decided to transition all these insurance offerings to Guardian.

Guardian's offerings stood out after careful consideration, with their prices and coverage aligning well or even slightly surpassing those of our previous insurers in certain aspects. This move to Guardian is aimed at streamlining our insurance provisions and ensuring that Town employees receive the best possible benefits across the board.

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## FISCAL IMPACT:

Below is a comparison of the Humana renewal and Florida Blue.

| Health Insurance    |           |           |              |                      |                       |                       |
|---------------------|-----------|-----------|--------------|----------------------|-----------------------|-----------------------|
| Class               | Count     | Price     | Monthly      | Florida Blue         | Negotiated<br>Renewal | \$ Change             |
|                     |           |           |              |                      | Humana                |                       |
| Employee Only       | 15        | \$ 682.17 | \$ 10,232.55 | \$ 122,790.60        | \$ 127,931.40         | \$ (5,140.80)         |
| Employee/Spouse     | 7         | 1,555.34  | 10,887.38    | 130,648.56           | 119,403.48            | 11,245.08             |
| Employee/Child(ren) | 6         | 1,364.34  | 8,186.04     | 98,232.48            | 97,228.80             | 1,003.68              |
| Family              | 16        | 2,182.94  | 34,927.04    | 419,124.48           | 436,675.20            | (17,550.72)           |
|                     | <u>44</u> |           |              | <u>\$ 770,796.12</u> | <u>\$ 781,238.88</u>  | <u>\$ (10,442.76)</u> |
| % Change            |           |           |              |                      |                       | -1.3%                 |

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## RECOMMENDATION:

Based on cost/benefit analysis, evaluation of service networks Town Staff recommends moving to Florida Blue: 1. Base Blue Options Predictable Cost Plan # 03768 and 2. Blue Options Predictable Cost Plan #03748 Buy-up Option.

Last year, in response to escalating deductibles and healthcare expenses, the Town proactively increased its Health Reimbursement Arrangement (HRA) tiers by \$250 at each level to mitigate the impact on staff. Now that these financial pressures have eased, the Town is poised to revert its HRA funding rates to the levels observed in previous years, ensuring consistent and sustainable coverage for all employees.

