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To: Richard Reade, Town Manager
Town of Lake Park
From: Athena Erchard, Senior Benefits Consultant
Gehring Group, A Brown & Brown Company

Date: Sept 2026

Subject: Employee Benefits Renewal and Medical Insurance RFP Recommendation
Effective: October 1, 2027

Background

The Town conducted a comprehensive review of its employee benefits program in advance of the October 1, 2026 renewal date. The review included a formal Request for Proposal (RFP) for medical coverage as well as renewal evaluations for dental, vision, life, and disability benefits. Several carriers were invited to participate in the medical RFP process, including Aetna, Benecon, Cigna, Curative, Florida Blue, FMIT, and UnitedHealthcare. Cigna, Curative, and FMIT submitted proposals, while Aetna, Benecon, and UnitedHealthcare declined to quote. Florida Blue submitted proposals that were not competitive and reflected increases exceeding 65%.

Medical Plan Evaluation

The Town's current medical coverage is provided through FMIT's fully insured UnitedHealthcare Choice Plus Plan. The current annual premium is approximately $880,311. Renewal rates from FMIT reflect a substantial increase of approximately 40%, resulting in an annual premium of approximately $1,232,436.

Several alternative funding arrangements were evaluated, including:

- Cigna Open Access Plus Level-Funded Alternative #1
- Cigna Open Access Plus Level-Funded Alternative #2
- FMIT UnitedHealthcare Choice Plan 19 PPO
- Curative Fully Insured Option

After a detailed review of plan design, provider access, financial exposure, and projected costs, the most favorable proposal was identified as **Cigna Open Access Plus Level-Funded Alternative #1**. The proposal provides benefits substantially comparable to the current plan while reducing the projected increase from 40% under the fully insured renewal to approximately **28.7%**. The maximum annual liability under this option is approximately **$1,132,787**, representing a savings of approximately **$100,000** compared to the FMIT renewal. The Cigna Alternate #1 plan is being recommended over Alternate #2 due to the following:

- Alternate #2 is an in-network only plan with no out of network benefits. Employees mainly remain in-network due to the lower annual deductible and maximum out-of-pocket amounts; however, if an employee or family member is diagnosed with a rare condition that merits a doctor or facility that specializes in this type of diagnosis, this situation would not provide any coverage for the employee if the provider or facility of choice was out of network.

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- Gehring Group carefully evaluated both Cigna alternatives and determined that the approximate $55,756 difference compared to Alternative #1, does not outweigh the reduction in benefit value. Alternate #2 increases employee financial responsibility through higher deductibles, higher out-of-pocket maximums, and substantially higher specialty prescription drug costs.
- Alternate #2 substantially increases the specialty prescription drug cost for the employee from $60 to $250. Due to the potential impact on employees and their families, staff and Gehring Group recommend Cigna Alternate #1 as the option that best balances cost containment with maintaining a competitive and affordable benefits program.

Cigna Alternates #1 and #2 are level-funded arrangements that include:

- A 50% surplus-sharing provision;
- Fixed stop-loss protection with a $50,000 specific deductible;
- Comprehensive national Open Access Plus provider network access; and
- A lower projected annual cost than all other comparable alternatives evaluated

Dental Insurance Renewal

The Town's dental coverage with Cigna was reviewed for renewal. The carrier proposed a 3.0% increase, or $1,074 annually, compared to the current annual premium. Benefits remain unchanged, including:

- 100% preventive services;
- 95% basic services;
- 50% major services;
- Orthodontia coverage for dependents under age 19; and
- Implant coverage at 50%

The renewal also includes a rate guarantee through September 30, 2028. The 3.0% increase is below state wide trend ranging from 4-8%.

Vision Insurance Renewal

Humana Vision proposed a renewal with no rate increase. The annual premium remains approximately $4,333, and plan benefits remain unchanged. The renewal includes a rate guarantee through September 30, 2027.

Life, Disability and EAP Insurance Renewals

The Town's life and disability coverages through The Hartford were reviewed and renewed with no changes to plan design or cost to the Town or staff. The program includes:

- Basic Life and AD&D Insurance;
- Supplemental Life Insurance;
- Short-Term Disability; and
- Long-Term Disability
- Employee Assistance Program

These benefits continue to provide valuable income and financial protection for employees and their families

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while maintaining stable pricing and coverage terms. The Town's current EAP program offers three face-to-face visits per occurrence per year. There is no proposed change to these coverages or to the cost to the Town or the staff.

COBRA Administration Services

As part of the Town's annual employee benefits review, COBRA administration services were evaluated to ensure ongoing compliance with federal continuation coverage requirements. Currently, FMIT includes the cost of COBRA administration in their offering at no cost to the Town. If medical coverage is moved to Cigna, it is recommended that the Town implement a COBRA administrator.

The Town received a proposal from UpSwing for comprehensive COBRA administration services effective October 1, 2026.

The proposed services include:

- Preparation and distribution of required COBRA initial notices to new hires;
- Issuance of qualifying event notices;
- Premium collection and monthly billing administration;
- Multiple participant payment options, including ACH, credit card, and check;
- Ongoing administration of COBRA elections and cancellations.

The proposal includes no implementation fee and no annual renewal fee. The monthly administrative charge is $0.75 per employee per month or a $40 monthly minimum fee for the Town's 48 enrolled employees, resulting in an estimated annual cost of approximately $480.

The utilization of a dedicated COBRA administrator will provide enhanced compliance support, streamline administration since Upswing currently administers the flexible spending accounts, reduce internal staff workload, and ensure timely delivery of federally required notifications to eligible participants.

Fiscal Impact

The recommended medical plan will increase the Town's healthcare costs; however, the recommendation significantly mitigates the impact that would otherwise result from the FMIT renewal. The Cigna Level-Funded Alternative #1 reduces the projected increase from 40% to 28.7% and provides substantial savings compared to the FMIT renewal.

The dental renewal increase is limited to 3%, while vision, life, and disability premiums remain stable. The COBRA administration cost is minimal at approximately $480 annually.

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Recommendation

The Gehring Group and Staff recommend the Town:

1. Approve the award of medical coverage to Cigna Open Access Plus Level-Funded Alternative #1, effective October 1, 2026.
2. Approve the renewal of the Town's Cigna Dental Plan effective October 1, 2026.
3. Approve the renewal of the Town's Humana Vision Plan effective October 1, 2026.
4. Approve the renewal of The Hartford Life and Disability Programs effective October 1, 2026.
5. Approve the implementation of Upswing as the Town's COBRA administrator effective October 1, 2026.

This recommendation provides the most financially responsible solution available while maintaining a competitive employee benefits package and minimizing disruption to employees and their families.

Respectfully submitted,

Athena Erchard

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