



Meeting Date: October 30, 2025 **Agenda Type:** Consent Items for Action

From: Beth Perez **Reviewed by:** Adriana Sanchez
Human Resources Manager Director of People and Culture

Submitted by: David Hubbard **Approved by:** Ryan Kelso
Chief Administrative Officer Chief Executive Officer

RECOMMENDED ACTION: Authorize the CEO or His Designee to Negotiate Renewal of the Administrative Services Agreement with BlueCross and BlueShield of Texas for Calendar Year 2026 and to Take All Reasonable Actions in Connection Therewith

BACKGROUND

On September 29, 2022, the New Braunfels Utilities (NBU) Board of Trustees approved an agreement with Blue Cross and Blue Shield of Texas (BCBSTX) to provide group medical and prescription drug insurance benefits. This followed a competitive request for proposal process evaluating pricing, network strength, and plan design. The agreement covers January 1, 2023, through December 31, 2027.

On August 1, 2025, NBU's benefits consultant, Frost Insurance, presented the 2026 renewal offer from BCBSTX for medical plan administration and stop-loss coverage (effective January 1, 2026 – December 31, 2026).

Key Renewal Highlights:

- Administrative Fees: Increase by \$66,000.00 annually (a 4.1% rise).
- Stop-Loss Premiums: Increase from \$90,000.00 to \$100,000.00.
- Transition Credit: One-time offset of \$45,000.00.
- Claims Liability: Projected to decrease by 20.31% (approximately \$1,113,000.00).
- Total Plan Liability: Combined fixed and claims costs decrease by \$1,047,000.00 from the 2025 plan year.

These adjustments align with national healthcare cost trends and ensure NBU continues offering competitive, high-quality medical coverage to employees.

FINANCIAL IMPACT

The total fixed costs increase for NBU will be \$66,000.00 annually for a total of \$123,000.00 through the end of Calendar year 2027. These funds are currently budgeted within the Fiscal Year 2026 through Fiscal Year 2027 NBU Board approved Operations & Maintenance budget.

LINK TO STRATEGIC PLAN

People and Culture

Stewardship

EXHIBITS

1. Summary of Benefits and Coverage (SBC) Addendum
2. 2026 Benefit Program Application
3. Stop Loss Application and Policy Schedule