
CITY OF PORT LAVACA

COUNCIL MEETING: JUNE 14, 2024

DATE: 06.19.2024

TO: HONORABLE MAYOR AND CITY COUNCIL MEMBERS

FROM: JODY WEAVER, INTERIM CITY MANAGER
BRITTNEY HOGAN, INTERIM FINANCE DIRECTOR

SUBJECT: HEALTH INSURANCE PLAN RECOMMENDATIONS FOR FYE 2025

BACKGROUND

We have received and reviewed the medical, dental and vision insurance plan options available to the City for the fiscal year beginning October 1, 2024, as offered by BCBS through TX Health Benefits Pool. (*see Attachment 1*)

We have calculated that the 2024-25 Renewal rate for the exact same coverage and employee/city split currently offered would increase the City's cost by \$135,416 or 14%. Overall, the trend for the City's contribution for health insurance costs has risen over 40% from \$728,040 in fiscal year 2020 to a projected \$1,024,650 for fiscal year 2025 (or \$1,069,590 if the employee split remains the same). We will continue to monitor changes in plan designs to minimize rising costs to the City, and are working with TML to increase employee awareness of healthy life style choices and preventative medicine practices.

After reviewing the four options offered, we are recommending council select Option 1. The only difference in Option 1 and the current medical plan is that the maximum Out of Pocket (OOP) expense will increase from \$6,000/year to \$9,000/year. Only 12 members met the \$4,000 OOP last year and only 7 members have met the \$6,000 OOP this year. All other benefits remain the same including deductibles and co-pay amounts.

Selecting Option 1 and maintaining the same City/Employee payment split that has been in place since at least 2018/19, the increase cost to the City would be \$105,438. Note that the City has been absorbing all medical insurance premium increases over the past at least 6 years. (*see Attachment 3*)

After reviewing options with the Finance Committee, it was recommended that we adjust the percentages of the premium cost that the employees pay such that this \$105K increase is split with the employees. We are recommending that the percentage split is adjusted to be closer to what it was 5 and 6 years ago. Doing so will reduce the increased cost to the City to \$60,498 (a savings of \$44,940). (*see Attachment 2*).

RECOMMENDATIONS

TML Option No. 1: Only Change to plan coverage proposed is as follows:

- The Out-of-Pocket (OOP) Maximum will increase from \$6,000 to \$9,000.

Changes recommended to the Employee Contribution per month:

- Employee Only (15%) = +\$30.00 (\$360 annually) compare County rates: \$147/mo
- Employee + children (20%) = +\$45.00 (\$540 annually) compare County rates: \$766/mo
- Employee + Spouse (20%) = +\$55.00 (\$660 annually) compare County rates: \$988/mo
- Employee + Family (16%) = + \$70.00 (\$840 annually) compare County rates: \$1510/mo

Note: the percentage splits in 2018/19 and 2019/20 were 15%, 22% 22%, and 17% respectively.

There were no changes or price increases to the dental plan for fiscal year 2025. The vision coverage costs increased by \$32.04 with no plan changes recommended.

Staff recommends the approval of BCBSTX Option 1 as offered by TX Health Benefits Pool, with the employee contribution as presented, with continued coverage of the same plans for dental and vision.

Attachments:

1. TX Health Benefits Pool Medical Cost Project Member Options for FY 24-25
2. Health Insurance Cost Comparison of Maintaining same employee contribution vs adjust % for employee to share in cost increase
3. Health Insurance Rate/cost Comparison 2018/19 thru 2024/25



MEDICAL COST PROJECTION
 Port Lavaca - PPORTLA1
 06/02/24
 MEMBER OPTION

6/2/2024 2..

	2023-2024 Current Rates	12% Increase	2024-2025 New Rates
	Copay-2500-6K ER 80% / 50% PPO \$2,500 In Ded \$5,000 Out Ded \$6,000 In OOP \$0 Tela Health Copay \$30 OV/\$60 SP/\$75 UC/\$500 ER Copay DAW1&2 Rx Plan		Copay-2500-6K ER 80% / 50% PPO \$2,500 In Ded \$5,000 Out Ded \$6,000 In OOP \$0 Tela Health Copay \$30 OV/\$60 SP/\$75 UC/\$500 ER Copay DAW1&2 Rx Plan
EE	\$666.34		\$746.30
EE + Spouse	\$1,352.72		\$1,515.06
EE + Child(ren)	\$1,172.82		\$1,313.56
EE + Family	\$1,965.74		\$2,201.64

New Plan Options
2024-2025

EE
 EE + Spouse
 EE + Child(ren)
 EE + Family

Option 1

9.34% Increase
 Copay-2500-9K ER
 80% / 50%
 PPO (copay)
 \$2,500 In Ded
 \$5,000 Out Ded
 \$9,000 In OOP
 \$0 Tela Health Copay
 \$30 OV/\$60 SP/\$75 UC/\$500 ER Copay
 DAW1&2 Rx Plan

Option 1

Signature / Date

Option 2

10.39% Increase
 Copay-3K-6K ER
 80% / 50%
 PPO (copay)
 \$3,000 In Ded
 \$6,000 Out Ded
 \$6,000 In OOP
 \$0 Tela Health Copay
 \$30 OV/\$60 SP/\$75 UC/\$500 ER Copay
 DAW1&2 Rx Plan

Option 2

Signature / Date

Option 3

9.11% Increase
 Copay-3K-7K ER
 80% / 50%
 PPO (copay)
 \$3,000 In Ded
 \$6,000 Out Ded
 \$7,000 In OOP
 \$0 Tela Health Copay
 \$30 OV/\$60 SP/\$75 UC/\$500 ER Copay
 DAW1&2 Rx Plan

Option 3

Signature / Date

Option 4

7.39% Increase
 Copay-3K-9K ER
 80% / 50%
 PPO (copay)
 \$3,000 In Ded
 \$6,000 Out Ded
 \$9,000 In OOP
 \$0 Tela Health Copay
 \$30 OV/\$60 SP/\$75 UC/\$500 ER Copay
 DAW1&2 Rx Plan

Option 4

Signature / Date

Please sign & date option chosen:

THIS DOES NOT COMPLETE THE RERATE PROCESS. YOU WILL NEED TO SIGN THE MEMBER OPTION AND RETURN TO YOUR MARKETING CONTACT BY 06/18/2024.

THEN A NEW RERATE NOTICE WILL BE GENERATED AND MAILED TO YOU. THE RERATE SHEET MUST BE SIGNED AND RECEIVED IN AUSTIN BY 07/01/2024 FOR THE NEW BENEFITS AND RATES TO BE EFFECTIVE FOR 10/01/2024.

The information contained in this option includes proprietary information that should not be shared with other competitors or used to circumvent the requirements of Texas Competitive Bidding laws.

CITY OF PORT LAVACA
HEALTH INSURANCE COST COMPARISON: MAINTAINING SAME EMPLOYEE COST SPLIT VS. ADJUST % FOR EMPLOYEE TO SHARE COST

RATES FOR 2023/24 FISCAL YEAR (Deductible \$2500 ; \$6K OOP)														
Medical Insurance	Cost	Employee Contribution			Paid by City		Increase Pd by employee	Increase Pd by City	Annual Employee Increase (each)	Increase to City Annualized	# Employees	Annual cost to City	Annual cost to employees	
Employee Only	\$ 666.34	\$ 80.00	\$ 40.00	12%	\$ 586.34	88%	\$0.00	\$ 39.02	\$ -	\$ 20,602.56	44	309,587.52	42,240	
Employee + Spouse	\$ 1,352.72	\$ 240.00	\$ 120.00	18%	\$ 1,112.72	82%	\$0.00	\$ 79.20	\$ -	\$ 10,454.40	11	146,879.04	31,680	
Employee + children	\$ 1,172.82	\$ 210.00	\$ 105.00	18%	\$ 962.82	82%	\$0.00	\$ 68.68	\$ -	\$ 11,538.24	14	161,753.76	35,280	
Employee + Family	\$ 1,965.74	\$ 270.00	\$ 135.00	14%	\$ 1,695.74	86%	\$0.00	\$ 115.10	\$ -	\$ 23,480.40	17	345,930.96	55,080	
										\$ 66,075.60		964,151.28	164,280	
												85%	15%	
NEW RATES FOR 2024/25 FISCAL YEAR (Option 1 -Deductible \$2500 ; \$9K OOP)														
Option A: MAINTAINING SAME EMPLOYEE CONTRIBUTION														
Medical Insurance	Cost	Employee Contribution			Paid by City		Increase Pd by employee	Increase Pd by City	Annual Employee Increase (each)	Increase to City Annualized	# Employees	Annual cost to City	Annual cost to employees	
Employee Only	\$ 728.60	\$ 80.00	\$ 40.00	11%	\$ 648.60	89%	\$0.00	\$ 62.26	\$ -	\$ 32,873.28	44	342,460.80	42,240.00	
Employee + Spouse	\$ 1,479.12	\$ 240.00	\$ 120.00	16%	\$ 1,239.12	84%	\$0.00	\$ 126.40	\$ -	\$ 16,684.80	11	163,563.84	31,680.00	
Employee + children	\$ 1,282.40	\$ 210.00	\$ 105.00	16%	\$ 1,072.40	84%	\$0.00	\$ 109.58	\$ -	\$ 18,409.44	14	180,163.20	35,280.00	
Employee + Family	\$ 2,149.42	\$ 270.00	\$ 135.00	13%	\$ 1,879.42	87%	\$0.00	\$ 183.68	\$ -	\$ 37,470.72	17	383,401.68	55,080.00	
										\$ 105,438.24		1,069,589.52	164,280.00	
												87%	13%	
Option B: ADJUST PERCENTAGE OF EMPLOYEE CONTRIBUTION TO NEAR WHAT THEY WERE FIVE YEARS AGO														
Medical Insurance	Cost	Employee Contribution			Paid by City		Increase Pd by employee	Increase Pd by City	Annual Employee Increase (each)	Increase to City Annualized	# Employees	Annual cost to City	Annual cost to employees	
Employee Only	\$ 728.60	\$ 110.00	\$ 55.00	15%	\$ 618.60	85%	\$ 30.00	\$ 32.26	\$ 360.00	\$ 17,033.28	44	326,621	58,080	
Employee + Spouse	\$ 1,479.12	\$ 295.00	\$ 147.50	20%	\$ 1,184.12	80%	\$ 55.00	\$ 71.40	\$ 660.00	\$ 9,424.80	11	156,304	38,940	
Employee + children	\$ 1,282.40	\$ 255.00	\$ 127.50	20%	\$ 1,027.40	80%	\$ 45.00	\$ 64.58	\$ 540.00	\$ 10,849.44	14	172,603	42,840	
Employee + Family	\$ 2,149.42	\$ 340.00	\$ 170.00	16%	\$ 1,809.42	84%	\$ 70.00	\$ 113.68	\$ 840.00	\$ 23,190.72	17	369,122	69,360	
SAVINGS TO CITY over maintaining same employee contribution amounts = \$44,940										\$ 60,498.24		86	1,024,650	209,220
												83%	17%	

Increase to City's Budget
2.46% above FY 2022/23

Increase to City's Budget
10.94%

Increase to City's Budget
6.27%

CITY OF PORT LAVACA
HEALTH INSURANCE RATE/COST COMPARISONS
2018/19 - 2024/25

2018/19 FISCAL YEAR						
Medical Insurance	Cost	Employee Contribution			Paid by City	
Employee Only	\$ 565.46	\$ 80.00		15%	\$ 485.46	85%
Employee + Spouse	\$ 1,559.86	\$ 240.00		22%	\$ 1,319.86	78%
Employee + children	\$ 1,071.86	\$ 210.00		22%	\$ 861.86	78%
Employee + Family	\$ 1,843.62	\$ 270.00		17%	\$ 1,573.62	83%

2019/20 FISCAL YEAR						
Medical Insurance	Cost	Employee Contribution			Paid by City	
Employee Only	\$ 542.84	\$ 80.00		15%	\$ 462.84	85%
Employee + Spouse	\$ 1,101.98	\$ 240.00		22%	\$ 861.98	78%
Employee + children	\$ 955.40	\$ 210.00		22%	\$ 745.40	78%
Employee + Family	\$ 1,601.38	\$ 270.00		17%	\$ 1,331.38	83%

2020/21 FISCAL YEAR						
Medical Insurance	Cost	Employee Contribution			Paid by City	
Employee Only	\$ 569.98	\$ 80.00		14%	\$ 489.98	86%
Employee + Spouse	\$ 1,157.08	\$ 240.00		21%	\$ 917.08	79%
Employee + children	\$ 1,003.18	\$ 210.00		21%	\$ 793.18	79%
Employee + Family	\$ 1,681.46	\$ 270.00		16%	\$ 1,411.46	84%

RATES FOR 2021/22 FISCAL YEAR						
Medical Insurance	Cost	Employee Contribution			Paid by City	
Employee Only	\$ 582.82	\$ 80.00		14%	\$ 502.82	86%
Employee + Spouse	\$ 1,183.16	\$ 240.00		20%	\$ 943.16	80%
Employee + children	\$ 1,025.80	\$ 210.00		20%	\$ 815.80	80%
Employee + Family	\$ 1,719.36	\$ 270.00		16%	\$ 1,449.36	84%

RATES FOR 2022/23 FISCAL YEAR (Deductible - 750 - 4K OOP)						
Medical Insurance	Cost	Employee Contribution			Paid by City	
Employee Only	\$ 627.32	\$ 80.00		13%	\$ 547.32	87%
Employee + Spouse	\$ 1,273.52	\$ 240.00		19%	\$ 1,033.52	81%
Employee + children	\$ 1,104.14	\$ 210.00		19%	\$ 894.14	81%
Employee + Family	\$ 1,850.64	\$ 270.00		15%	\$ 1,580.64	85%
RATES FOR 2023/24 FISCAL YEAR (Deductible - 2500 - 6K OOP)						
Medical Insurance	Cost	Employee Contribution			Paid by City	
		<i>per Mo.</i>	<i>per pay period</i>			
Employee Only	\$ 666.34	\$ 80.00	\$ 40.00	12%	\$ 586.34	88%
Employee + Spouse	\$ 1,352.72	\$ 240.00	\$ 120.00	18%	\$ 1,112.72	82%
Employee + children	\$ 1,172.82	\$ 210.00	\$ 105.00	18%	\$ 962.82	82%
Employee + Family	\$ 1,965.74	\$ 270.00	\$ 135.00	14%	\$ 1,695.74	86%
NEW RATES FOR 2024/25 FISCAL YEAR (Option 1 -Deductible - 2500-9K OOP)						
Option A: MAINTAINING SAME CONTRIBUTION						
Medical Insurance	Cost	Employee Contribution			Paid by City	
		<i>per Mo.</i>	<i>per pay period</i>			
Employee Only	\$ 728.60	\$ 80.00	\$ 40.00	11%	\$ 648.60	89%
Employee + Spouse	\$ 1,479.12	\$ 240.00	\$ 120.00	16%	\$ 1,239.12	84%
Employee + children	\$ 1,282.40	\$ 210.00	\$ 105.00	16%	\$ 1,072.40	84%
Employee + Family	\$ 2,149.42	\$ 270.00	\$ 135.00	13%	\$ 1,879.42	87%
PROPOSED OPTION B: BALANCING PERCENTAGES TO WHAT THEY WERE FIVE YEARS AGO						
Medical Insurance	Cost	Employee Contribution			Paid by City	
		<i>per Mo.</i>	<i>per Pay Period</i>			
Employee Only	\$ 728.60	\$ 110.00	\$ 55.00	15%	\$ 618.60	85%
Employee + Spouse	\$ 1,479.12	\$ 295.00	\$ 147.50	20%	\$ 1,184.12	80%
Employee + children	\$ 1,282.40	\$ 255.00	\$ 127.50	20%	\$ 1,027.40	80%
Employee + Family	\$ 2,149.42	\$ 340.00	\$ 170.00	16%	\$ 1,809.42	84%