



Memorandum

Date: June 8, 2023

To: The Honorable Mayor and City Council Members

From: JoAnna P. "Jody" Weaver, P.E., Interim City Manager
Susan Lang, Finance Director

Reference: Health Insurance Plan Recommendation for FY 2024

We have received and reviewed the medical, dental and vision insurance plan options available to the City for the fiscal year beginning October 1, 2023, as offered by BCBS through TX Health Benefits Pool.

The 2023-24 Renewal rate for the same coverage currently offered will increase by 30%, or \$318,714. After reviewing the options offered, we are recommending a plan change that will reduce the increase to 2.46% or \$66,075.60.

Changes to plan coverage are highlighted below:

- The Individual Deductible will increase from \$750 to \$2,500.
- The Out-of-Pocket (OOP) Maximum will increase from \$4,000 to \$6,000.

Even with these changes, the City is projecting an increase to the annual budget of approximately \$66,076 for FY 2024. The City has been absorbing all increases over the past several years, rather than passing on to employees to share. We are recommending the same for this year, because we have increased individual deductibles by 233% and the OOP maximum by 50%.

Overall, the trend for the City's health insurance costs have risen from \$728,040 in fiscal year 2020 to a projected 964,151 for fiscal year 2024. We will continue to monitor changes in plan design in order to minimize rising costs to the City.

The dental coverage costs increased by 3,080, with no plan changes recommended. There were no changes or price increase to the vision plan offered to employees for fiscal year 2024.

Staff recommends the approval of BCBSTX Option 3 as offered by TX Health Benefits Pool, with continued coverage of the same plans for dental and vision.



MEDICAL COST PROJECTION

6/1/2023 1:45 PM

Port Lavaca - PPORTLA1

06/01/23

MEMBER OPTION

Current Plan

	2022-2023	2023-2024
	Current Rates	New Rates
	Copay-750-4K ER	Copay-750-4K ER
	80% / 50%	80% / 50%
	PPO	PPO
	\$750 In Ded	\$750 In Ded
	\$1,500 Out Ded	\$1,500 Out Ded
	\$4,000 In OOP	\$4,000 In OOP
	\$0 Tela Health Copay	\$0 Tela Health Copay
	\$30 OV/\$60 SP/\$75 UC/\$500 ER Copay	\$30 OV/\$60 SP/\$75 UC/\$500 ER Copay
	DAW1&2 Rx Plan	DAW1&2 Rx Plan
EE	\$627.32	\$815.52
EE + Spouse	\$1,273.52	\$1,655.58
EE + Child(ren)	\$1,104.14	\$1,435.40
EE + Family	\$1,850.64	\$2,405.84

New Plan Options 2023-2024

	Option 1	Option 2	Option 3	Option 4
	18.02% Increase	12.96% Increase	6.22% Increase	2.48% Increase
	Copay-1500-5K ER	Copay-2500-4K ER	Copay-2500-6K ER	Copay-3K-6K ER
	80% / 50%	80% / 50%	80% / 50%	80% / 50%
	PPO (copay)	PPO (copay)	PPO (copay)	PPO (copay)
	\$1,500 In Ded	\$2,500 In Ded	\$2,500 In Ded	\$3,000 In Ded
	\$3,000 Out Ded	\$5,000 Out Ded	\$5,000 Out Ded	\$6,000 Out Ded
	\$5,000 In OOP	\$4,000 In OOP	\$6,000 In OOP	\$6,000 In OOP
	\$0 Tela Health Copay	\$0 Tela Health Copay	\$0 Tela Health Copay	\$0 Tela Health Copay
	\$30 OV/\$60 SP/\$75 UC/\$500 ER Copay	\$30 OV/\$60 SP/\$75 UC/\$500 ER Copay	\$30 OV/\$60 SP/\$75 UC/\$500 ER Copay	\$30 OV/\$60 SP/\$75 UC/\$500 ER Copay
	DAW1&2 Rx Plan	DAW1&2 Rx Plan	DAW1&2 Rx Plan	DAW1&2 Rx Plan
EE	\$740.36	\$708.64	\$666.34	\$642.88
EE + Spouse	\$1,503.00	\$1,438.60	\$1,352.72	\$1,305.10
EE + Child(ren)	\$1,303.10	\$1,247.28	\$1,172.82	\$1,131.54
EE + Family	\$2,184.10	\$2,090.52	\$1,965.74	\$1,896.54

Please sign & date option chosen:

Signature / Date

Signature / Date

Signature / Date

Signature / Date

THIS DOES NOT COMPLETE THE RERATE PROCESS. YOU WILL NEED TO SIGN THE MEMBER OPTION AND RETURN TO YOUR MARKETING CONTACT BY 06/26/2023.

THEN A NEW RERATE NOTICE WILL BE GENERATED AND MAILED TO YOU. THE RERATE SHEET MUST BE SIGNED AND RECEIVED IN AUSTIN BY 07/01/2023 FOR THE NEW BENEFITS AND RATES TO BE EFFECTIVE FOR 10/01/2023.

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.



Renewal Notice and Benefit Verification Form

Port Lavaca

Original

Plan Year 10/01/2023 - 09/30/2024 (12 Months)

IMPORTANT NOTICE: A signed renewal is required by the due date in your cover letter. If TX Health Benefits Pool does not receive the fully executed renewal notice by the indicated due date, you will no longer have an option to change benefits which will result in renewal of the benefit plans listed below at the new rates and the current employer contributions.

Medical

Employer Group Medical Plan

Plan	Benefit Percent	In Net Ded	Out Net Ded	In Net OOP	Office Visit	Rates	Current	New
Copay-750-4K ER-DAW1&2	80/50	\$750	\$1500	\$4000	\$30	EE Only:	\$627.32	\$815.52
						EE + Spouse:	\$1,273.52	\$1,655.58
						EE + Child(ren):	\$1,104.14	\$1,435.40
						EE + Family:	\$1,850.64	\$2,405.84

In Network Deductible applies towards In Network OOP.

Medical and Dental Plan Accumulators will be based on Plan Year.

Monthly Employer Contribution Amounts

TX Health Benefits Pool requires 60% employer contribution toward employee medical – Minimum employer contribution is \$489.31.

Please enter your monthly employer contribution amounts for active employees here, in dollars or percentages:

Plan	EE Only:		EE+Spouse*:		EE+Child(ren)*:		EE+Family*:	
	Amount	% of Rate**	Amount	% of Rate**	Amount	% of Rate**	Amount	% of Rate**
Copay-750-4K ER-DAW1&2	\$_____ or _____%		\$_____ or _____%		\$_____ or _____%		\$_____ or _____%	

*If entering contributions in dollars, the dependent tier(s) **must** include the EE Only amount paid by employer in addition to any employer paid amounts for dependents. Percentages for dependent tier(s) will apply to the dependent tier amount less the EE Only amount.

****NOTE:** If a contribution percentage is provided, it will be rounded up to the nearest penny.

Are there different contributions based on other factors (ex: hourly vs salary, department or location based)? If so, please explain here:

Dental

Rates	Current (Dental III)	New (Dental III)
EE Only:	\$37.64	\$40.66
EE + Family:	\$96.68	\$104.42

Please enter your monthly employer contribution amounts for active employees here, in dollars or percentages:

EE Only:		EE+Family*:	
Amount	% of Rate**	Amount	% of Rate**
\$_____ or _____%		\$_____ or _____%	

*If entering contributions in dollars, the dependent tier(s) **must** include the EE Only amount paid by employer in addition to any employer paid amounts for dependents. Percentages for dependent tier(s) will apply to the dependent tier amount less the EE Only amount.

****NOTE:** If a contribution percentage is provided, it will be rounded up to the nearest penny.

Vision

<u>Rates</u>	<u>Current (Vol Standard)</u>	<u>New (Vol Standard)</u>
EE Only:	\$6.88	\$6.88
EE + Family:	\$17.53	\$17.53

Please enter your monthly employer contribution amounts for active employees here, in dollars or percentages:

EE Only:

EE+Family*:

Amount	% of Rate**	Amount	% of Rate**
\$ _____ or _____ %		\$ _____ or _____ %	

*If entering contributions in dollars, the dependent tier(s) **must** include the EE Only amount paid by employer in addition to any employer paid amounts for dependents. Percentages for dependent tier(s) will apply to the dependent tier amount less the EE Only amount.

****NOTE:** If a contribution percentage is provided, it will be rounded up to the nearest penny.

COBRA Eligibility and Administration (Continuation of Coverage)

COBRA Eligible? Yes

COBRA Administration through TX Health Benefits Pool? Yes

NOTE: Employer will be charged a flat monthly fee of \$80 regardless of how many members are utilizing COBRA.

Benefit Waiting Period

1st of mo after 30 days

Required Annual Eligibility and Enrollment Information

Please provide the following information:

1. Will you allow Employee Self Service (ESS) via TXHB Online for Open Enrollment and Qualifying Life Events? No ☐ Yes ☐

Signature Section

The undersigned employer hereby acknowledges that for an employee to receive coverage, TX Health Benefits Pool must receive enrollment information within thirty-one (31) days of the date of hire or within thirty-one (31) days of the coverage effective date, whichever is later, regardless of whether the Employer has a waiting period or a waiting and orientation period. If an enrollment is not submitted within this timeline, the employee cannot be added to the Plan until the next Open Enrollment period or a qualifying event occurs.

Employer Member Additional Acknowledgements and Agreements

1. Employer Member acknowledges and agrees that its signature on this Renewal Notice and Benefit Verification Form indicates its binding selections for renewal services through TX Health Benefits Pool.
2. Employer Member acknowledges that certain benefit service selections require completion and execution of additional forms and agreements and agrees that it will work with all due diligence and in good faith to complete, execute, and return all necessary forms and agreements to TX Health Benefits Pool prior to the beginning of the Group's open enrollment.
3. Employer Member acknowledges that TX Health Benefits Pool will only allow open enrollment for renewal services in good faith and without receiving all necessary signed benefit service forms and agreements if:
 - A. A signed Renewal Notice and Benefit Verification Form with all necessary Employer Member selections and information has been received; and
 - B. Employer Member has in good faith attempted but failed to approve and return the applicable benefit service forms and agreements timely.
4. Employer certifies that it has adopted an Employee Flexible Benefits Plan under Section 125 of the Internal Revenue Code. This Plan is offered to all eligible employees who are qualified by employment status.
5. Employer certifies that it will provide notice of the creditable status of the coverage it offers to new enrollees prior to the effective date of their coverage, as required by the Medicare Modernization Act.

Please sign by the due date and return this completed form via email to your Account Executive/Account Manager or TMLHealthMarketing@tmlhb.org.

746001927

Tax ID Number

Authorized Signature

Date

Printed Name

Title

The rates are based on census information five months prior to plan year. If the census changes by more than 10%, TX Health Benefits Pool reserves the right to revise rates due to census change and underwriting impact.

Rates are subject to change due to intervening events such as action taken by the TX Health Benefits Pool Board of Trustees, legislation passed during the plan year, or other events affecting benefits.

Supplemental benefits cannot be accessed without accessing the TX Health Benefits Pool Medical Benefit Plan.

YOUR RENEWAL QUOTE INCLUDES PROPRIETARY INFORMATION THAT SHOULD NOT BE SHARED WITH OTHER COMPETITORS OR USED TO CIRCUMVENT THE REQUIREMENTS OF TEXAS COMPETITIVE BIDDING LAWS. IN THE EVENT YOU RECEIVE A RENEWAL QUOTE AND LATER DECIDE TO ISSUE AN RFP, THE RENEWAL QUOTE MAY NOT BE SHARED WITH ANY OTHER COMPETITORS AS DOING SO WOULD DISADVANTAGE TX HEALTH BENEFITS POOL IN THE COMPETITIVE PROCESS. TX HEALTH BENEFITS POOL ALSO RESERVES THE RIGHT TO REVISE PREVIOUSLY ISSUED RATES IN RESPONSE TO YOUR RFP.