

# STAFF REPORT



**SUBJECT:** Consider Approval of Employee Benefits for 2021-2022

**DEPARTMENT:** Finance

**STAFF CONTACT:** Monica Harris

## RECOMMENDATION:

Staff recommends approving the presented Blue Cross Blue Shield policies for employee health, dental, vision, and life insurance. The Blue Cross Blue Shield policy benefits are comparable to the current UHC policy benefits.

## BACKGROUND:

Wellspring Insurance Agency, Inc. requested quotes for health, dental, vision, and life insurance for the City of Stephenville Employee Benefits Plan, and presented those quotes to management. If the City will purchase dental, vision, and life plans with Blue Cross Blue Shield, then Blue Cross Blue Shield offers a proposal that mirrors the current plans, but is 19.60% and 21.21% lower than the current plan premiums. Blue Cross Blue Shield also guaranteed that year two premiums would not exceed 9.9% above year one premiums. Blue Cross Blue Shield's dental proposal is slightly less expensive than the current plan. The vision premium proposal, which is voluntary and 100% employee paid, is slightly more expensive. However, the savings in medical far exceed the additional costs including providing a new employer paid basic life/accidental death and dismemberment policy for \$25,000. In addition, the Blue Cross Blue Shield HSA policy includes a preventative drug program, which allows employees to purchase preventative drugs at a reduced or no cost.

Discussion resulted in choosing to continue offering both the EPO and HSA plans for the 2021-2022 plan year, but changing the HSA to the base plan and the EPO to the buy-up plan. All new hires would continue to only be eligible for the HSA plan with the intent to offer only the HSA plan starting in the 2022-2023 plan year.

Employees currently on the EPO plan would be required to pay the difference in the HSA employee only plan premium of \$421.37 and the EPO employee only plan premium of \$457.73, which is \$36.36 per month. Dependent care subsidies have been removed; but employees with dependent care will see a reduction in cost except for in the EPO employee with children category, which increased \$10.09 per month.

New Benefits will replace MDLive. In addition to TeleDoc and Doctors Online, New Benefits offers discounts on prescriptions, medical equipment, hear aids, lab testing, MRI & CT scans, as well as, health advocacy.

WEX (Discovery Benefits) was selected for COBRA, HSA, and FSA administration.

Staff is recommending a \$1,500 employer HSA contribution, payable \$350 initially on the first pay period in May and \$50 semi-monthly for employees enrolled in the HSA plan.

Employees eligible for Medicare can opt to enroll in one of the Blue Cross Blue Shield plans or can decline coverage. Any employee can decline coverage if they provide proof of insurance coverage elsewhere. Employees who decline coverage will be paid 50% of the \$421.37 monthly employee only base plan premium (\$105.34 semi-monthly). Employees eligible for Medicare who decline coverage will be paid \$421.37 per month (\$210.69 semi-monthly).

## **FISCAL IMPACT SUMMARY:**

In prior years, the City set \$1.2 million as the target cap on the City's cost of employee health insurance benefits. The proposed plan will achieve that goal. The calculation of the employer HSA contributions was based on funds remaining after subtracting the total cost of the plan for this year plus an additional 9.9% for the possible premium increase in year two.

## **ALTERNATIVES**

Choose different plans or plan options.