



AGENDA ITEM SUMMARY

Agenda Date	July 9, 2024
Requested Action	RECEIVE PROPOSALS FOR MEDICAL, DENTAL APPROVE RESOLUTION NO. 2024-R53; A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BOERNE, TEXAS, AWARDING THE CONTRACT FOR CITY EMPLOYEE MEDICAL, DENTAL, AND VISION INSURANCE BENEFITS, AND ANCILLARY PRODUCTS TO _____; AND AUTHORIZING THE CITY MANAGER TO MANAGE AND EXECUTE THE RELATED CONTRACT AND DOCUMENTS FOR PLAN YEAR OCTOBER 1, 2024, TO SEPTEMBER 29, 2025.
Contact Person	Susan Finch, Human Resource Director
Background Information	<p><u>BACKGROUND</u></p> <p>Before receiving renewal information from our current benefit providers, the City, with assistance from our benefits consultant Gallagher, initiated a request for proposals (RFP) for medical, dental, vision, and ancillary products to ensure optimal coverage for our employees. While many employees have expressed satisfaction with the medical benefits and customer service provided by Blue Cross Blue Shield of Texas (BCBS-TX), feedback regarding dental, vision, and ancillary products through Guardian was less favorable. Additionally, we encountered significant customer service and billing issues with these products.</p> <p><u>EVALUATION PROCESS</u></p> <p>We received proposals from various providers, including BCBS-TX, United Healthcare, Cigna, Curative, and several ancillary product providers, in response to our RFP. Each proposal underwent a thorough evaluation based on the following criteria:</p> <ul style="list-style-type: none">▪ Suitability of plan designs and schedule of benefits▪ Provider network quality▪ Competitive rates▪ Customer service standards▪ Reputation and references related to experience qualifications▪ Reporting, plan administration, and billing efficiency

- Availability of wellness programs

KEY FINDINGS & RECOMMENDATIONS

Bids for medical insurance ranged from a 5.7% decrease to a 6.3% increase. After careful review and consultation with our benefits consultant, Gallagher, we recommend retaining BCBS-TX for our medical insurance and transitioning our dental, vision, and all ancillary products to them as well. This recommendation will result in a 2.3% increase in medical costs but decreases in other areas, as shown below:

- Dental: -2.0%
- Vision: -3.3%
- Life and AD&D: -7.6%
- Long Term Disability: -6.5%

Short Term Disability and Voluntary Life will remain unchanged. All previous plan coverages on medical, dental, vision, and ancillary products remain the same, with only slight modifications. We will continue to provide three medical plan options: a High Deductible Health Plan with a Health Savings Account (HSA) and two Participating Provider Option Plans with a Health Reimbursement Arrangement (HRA)

FINANCIAL IMPLICATIONS

The cost of each benefit, based on our current enrollment of 278 employees, is outlined below:

- Medical: \$3,325,519
- Dental: \$200,562
- Vision: \$34,401
- Life and AD&D: \$14,043
- Short Term Disability: \$41,877
- Long Term Disability: \$48,609

Bundling all products with BCBS-TX includes significant credits and benefits:

- ✓ \$100,000 Communication Credit for the twelve-month contract period
- ✓ \$35,000 one-time transition credit for bundling ancillary products
- ✓ \$15,000 one-time transition credit for adding dental coverage
- ✓ Ancillary Reimbursement Benefit of \$1.26 per employee per month (PEPM), totaling \$349.02 monthly until 9/30/2025

	<p>✓ Agreement that the next medical renewal will not exceed a 12.9% increase</p> <p>Considering these credits and reimbursements, our overall costs are projected to decrease by 2.0% compared to current expenditures. Additionally, the cost of transitioning to a new provider tends to be around 5%, adding further incentive to remain with BCBS-TX.</p> <p><u>EMPLOYEE IMPACT</u></p> <p>Our recommendation to the Council aligns with employee preferences, maintaining their satisfaction with medical benefits while addressing concerns with other products.</p> <p><u>CONCLUSION AND NEXT STEPS</u></p> <p>We recommend that the Council approve bundling all insurance products with BCBS-TX. This decision ensures optimal coverage, addresses employee feedback, and provides financial savings. If the Council approves the resolution, the City Manager will manage and execute the appropriate contracts. Open enrollment for employees begins the week of August 19th.</p>										
Item Justification	<table border="0"> <tr> <td><input type="checkbox"/> Legal/Regulatory Obligation</td> <td><input type="checkbox"/> Infrastructure Investment</td> </tr> <tr> <td><input checked="" type="checkbox"/> Reduce Costs</td> <td><input type="checkbox"/> Customer Pull</td> </tr> <tr> <td><input type="checkbox"/> Increase Revenue</td> <td><input checked="" type="checkbox"/> Service Enhancement</td> </tr> <tr> <td><input type="checkbox"/> Mitigate Risk</td> <td><input type="checkbox"/> Process Efficiency</td> </tr> <tr> <td><input type="checkbox"/> Master Plan Recommendation</td> <td><input checked="" type="checkbox"/> Other: To attract and retain a skilled workforce fostering organizational growth and sustained success.</td> </tr> </table>	<input type="checkbox"/> Legal/Regulatory Obligation	<input type="checkbox"/> Infrastructure Investment	<input checked="" type="checkbox"/> Reduce Costs	<input type="checkbox"/> Customer Pull	<input type="checkbox"/> Increase Revenue	<input checked="" type="checkbox"/> Service Enhancement	<input type="checkbox"/> Mitigate Risk	<input type="checkbox"/> Process Efficiency	<input type="checkbox"/> Master Plan Recommendation	<input checked="" type="checkbox"/> Other: To attract and retain a skilled workforce fostering organizational growth and sustained success.
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Strategic Alignment	<p>We aspire to be an employer of choice; fostering a strong culture of employee engagement; emphasizing a value centric work culture.</p>										
Financial Considerations	<p>When planning for the FY2025 budget, an increase of approximately 15% was initially projected, which is more than is needed for this recommendation.</p>										
Citizen Input/Board Review											
Legal Review	<p>The City Attorney will review related contracts and associated documents.</p>										

Alternative Options	Continue with all current plans or accept other proposals.
Supporting Documents	Resolution No. 2024-R53 PowerPoint