



City Council Agenda Item Summary Report

Meeting Date: December 5, 2017

Submitted by: Wendle Medford, Assistant City Manager

Consent

Public Hearing

Action Item x

Item Title: Consider approval of a Resolution approving an agreement with Blue Cross Blue Shield (BCBS) of Texas for employee health insurance.

How this item ties-in with the City's Mission, Vision and Values:

Summary Statement

The City engaged Brinson Benefits in July to analyze their current employee benefit offerings to see if there was an opportunity to create a win/win scenario for both the employees as well as the City specifically around the employee health plan. Brinson was charged with creatively finding a way to put more dollars into the employees' paychecks while lowering the overall cost to the City.

The BCBS medical renewal came in at a 26.79% increase and through the sealed bid process we received bids from two other carriers in our market, Cigna and United Healthcare. Utilizing competitive leverage and creative plan design enhancements we were able to finish with an overall decrease of -17.41% from current while simultaneously putting more money into the employees' paychecks by utilizing a newly implemented City owned Health Reimbursement Arrangement. The Health Reimbursement allows the City to purchase higher deductibles for lower premium cost while safety netting those employees who utilize their health plan with a net effect of no deductible increase.

Employees will continue to have a Health Savings Account qualified High Deductible Health Plan as well as a PPO medical plan offering copays with another new benefit, a Flexible Spending Account. This will allow employees to set aside pre-tax dollars for covered medical, dental and vision expenses.

Employees who choose the Health Savings Account qualified plan will benefit from increased city contributions of roughly 45% over last year to their accounts as well as decreased monthly premium contributions for those with dependents. The premium savings for those with dependents puts anywhere from \$878/year to \$5,931/year back into the employees' paychecks. The net effect of Brinson's marketing efforts combined with creative plan designs and competitive leverage lowered the City's overall annual employee benefit offerings 14.67% (\$237, 415 based on current enrollment).

Lastly, Brinson Benefits analyzed the City's worksite benefit offerings and made the recommendation to implement three Colonial products (accident, critical illness and cancer) replacing AFLAC with a richer benefit offering.