



City of Hallandale Beach City Commission Agenda Cover Memo

| Meeting Date: | Item Type: | | 1 st Reading | 2 nd Reading |
|---|---|--|---|--------------------------|
| 6/1/2022 | <input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Ordinance <input type="checkbox"/> Other | Ordinance Reading | N/A | N/A |
| | | Public Hearing | <input type="checkbox"/> | <input type="checkbox"/> |
| | | Advertising Required | <input type="checkbox"/> | <input type="checkbox"/> |
| | | Quasi Judicial: | <input type="checkbox"/> | <input type="checkbox"/> |
| File No.: | | | | |
| 22-124 | | | | |
| Fiscal Impact (\$): | Account Balance (\$): | Funding Source: | Project Number : | |
| \$7,068,882 | \$7,068,882 | 523050 / 523100 | N/A | |
| Contract/P.O. Required | RFP/RFQ/Bid Number: | Sponsor Name: | Department: | |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | FY 2018-2019-004 | Radu Dodea, Human Resources Director | Human Resources/Risk Management | |
| Strategic Plan Focus Areas: | | | | |
| <input type="checkbox"/> Finance & Budget | | <input checked="" type="checkbox"/> Organizational Capacity | <input type="checkbox"/> Infrastructure/Projects | |
| Implementation Timeline: | | | | |
| Estimated Start Date: 10/1/2022 Estimated End Date: 9/30/2023 | | | | |

SHORT TITLE:

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF HALLANDALE BEACH, FLORIDA, AUTHORIZING THE RENEWAL FOR FY 2022/2023 OF THE AGREEMENT WITH AETNA FOR GROUP MEDICAL WITH PHARMACY PURSUANT TO RFP FY 2018-2019-004, AT A RATE INCREASE NOT TO EXCEED FOUR PERCENT (4%); AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE THE RENEWAL; PROVIDING AN EFFECTIVE DATE.

STAFF SUMMARY:

Summary:

Staff seeks City Commission approval to execute the renewal agreement with Aetna to provide Group Health, Group Dental, Group Vision, Group Flexible Spending Accounts, Group COBRA, and Group Employee Assistance Program (EAP) benefits for Fiscal Year 2022/2023.

Background:

The City released Request For Proposals (RFP) # FY 2018-2019-004 Group Health, Group Dental, Group Vision, Group Flexible Spending Accounts, Group COBRA, and Group Employee Assistance Program (EAP) on March 11, 2019.

The City of Hallandale Beach currently provides Group Health, Group Dental, Group Vision, Group Flexible Spending Accounts, Group COBRA, and Group Employee Assistance Program (EAP) benefits to approximately 712 members, out of which 379 are eligible employees and elected officials, and the rest are retirees and additional eligible dependents.

For the upcoming Fiscal Year 2022/2023 (FY23) insurance renewal, Human Resources staff, in conjunction with Gallagher Insurance Benefits consultants, analyzed and negotiated the renewal of the existing Group Health and Group Dental, Group Vision, Group Flexible Spending Accounts, Group COBRA, and Group Employee Assistance Program (EAP) benefits .

Aetna submitted an initial Health Insurance renewal proposal with a 7.5% increase in premiums. Staff worked with Gallagher consultants to review the proposal received, conduct an actuarial cost projection based on the experience data, review comparative data from other local municipalities, conduct a pharmacy benefit evaluation, review plan design and worked with Aetna representatives to discuss opportunities for renewal cost reduction based on findings.

For comparative purposes, the following chart depicts next fiscal year's Health Insurance increase, as well as the increases in Health Insurance premiums for the past nine (9) fiscal years:

| Health Insurance Percentage Change in Premium Costs | | |
|---|-------------------|---------|
| Renewal Year | Percentage Change | Carrier |
| FY 2023 | 4.00% | Aetna |
| FY 2022 | 5.00% | Aetna |
| FY 2021 | 5.00% | Aetna |
| FY 2020 | 0.00% | Aetna |
| FY 2019 | 10.00% | Cigna |
| FY 2018 | -9.20% | Cigna |
| FY 2017 | 15.00% | Cigna |
| FY 2016 | 15.00% | Cigna |
| FY 2015 | 14.90% | Cigna |
| FY 2014 | 16.40% | Cigna |

Current Situation:

Based on the analysis findings conducted by Gallagher, staff was able to negotiate a reduction in the initial proposed premium increase from 7.5% to 4% on the Health Insurance benefits renewal rates. The contract agreement negotiated with Aetna is attached (Exhibit 4).

The following items are part of the Renewal for FY23:

I. Group Health Insurance

A. Premiums: 4% increase in existing Medical with Pharmacy premiums

| Proposed Health Insurance EMPLOYEE Contribution Rates (per month) | | | | | | |
|---|-----------------|-----------------|-----------------|-----------------|--------------------------|-----------------|
| EMPLOYEE CONTRIBUTION RATES | | | | | CITY CONTRIBUTION | |
| | FY 18/19 | FY 19/20 | FY 20/21 | FY 21/22 | FY 22/23 | FY 22/23 |
| Employee | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$765.89 |
| Employee + One | \$179.12 | \$180.35 | \$189.37 | \$198.84 | \$206.79 | \$1,248.40 |
| Family | \$339.77 | \$370.72 | \$389.26 | \$408.72 | \$425.06 | \$1,757.71 |

| Health Insurance EMPLOYEE Deductible Amounts (per year) | | | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| | FY 18/19 | FY 19/20 | FY 20/21 | FY 21/22 | FY 22/23 |
| Employee | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 |
| Employee + One | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 |
| Family | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 |

*The health insurance employee annual deductible amounts reflected in this chart are based on the additional Health Reimbursement Account (HRA) contributions made by the City to each employee enrolled in the City's health insurance.

B. Prescription Drug Benefits

a. Retail Prescription Drugs – Member Pays:

- i. Generic Preventive – No Copay
- ii. Generic Preferred - \$20
- iii. Preferred Brand - \$60
- iv. Non-Preferred Brand - \$100
- v. Specialty – 30% coinsurance

b. Mail Order Prescription Drugs – Member Pays:

- i. Generic Preventive – No Copay
- ii. Generic Preferred - \$40
- iii. Preferred Brand - \$120
- iv. Non-Preferred Brand - \$200

- C. **Wellness Fund:** A \$85,000 Wellness Fund annual allowance to fund wellness programs and/or incentives. In addition, Aetna will provide an enhanced wellness package, which includes a health assessment and online health coaching, discount programs, 24/7 nurse line, onsite biometric screenings, Aetna Get Active fitness and nutritional challenges, incentives (Plan year maximum of \$50 gift card per employee and spouse or domestic partner) for completing the health assessment and one on-line coaching program.
- D. **Online Benefits Enrollment Platform:** Aetna agreed to continue to provide up to \$20,000 to fund the City's online benefits enrollment system. Any unused funds can be used to pay for additional EAP services.

II. Group Dental Insurance

An increase of 3.7% in existing premium rates for the Aetna Dental Maintenance Organization (DMO) Plan option and 5.5% increase in the buy-up Dental Preferred Provider Organization (PPO) option which allows employees access to out of network providers.

III. Group Vision Insurance

No change in existing premium rates.

IV. Group Flexible Spending Account

No change in existing premium rates.

V. Group COBRA

4% Increase in COBRA rates, which are paid directly by employees that separated employment and elected the COBRA insurance option.

VI. Group Employee Assistance Program

An increase from \$1.69 to \$1.83 per employee per month is in effect for FY23.

Why Action is Necessary:

Pursuant to Chapter 23, Section 23-4, Competitive Bidding Required, all purchases of and contracts for equipment, supplies, and contractual services, when the estimated cost shall exceed \$50,000 shall be based on competitive bids. Furthermore, pursuant to Chapter 23, Section 23-6, Award of Contract, the City Manager, shall have the authority to recommend to the City Commission award of contracts.

Action is needed to authorize the City Manager to execute the renewal agreement with Aetna to provide Group Health, Group Dental, Group Vision, Group Flexible Spending Accounts, Group COBRA, and Group Employee Assistance Program (EAP) benefits for next Fiscal Year.

Cost Benefit:

Based on the proposed insurance rates increase of 4% on our current annual premium, staff estimates the approximate annual impact for Fiscal 2022/2023 to be approximately \$7,068,882.

PROPOSED ACTION:

Staff recommends the City Commission adopt the attached Resolution authorizing the City Manager to execute the renewal agreement with Aetna through RFP # FY 2018-2019-004 to provide Group Health, Group Dental, Group Vision, Group Flexible Spending Accounts, Group COBRA, and Group Employee Assistance Program (EAP) benefits.

ATTACHMENT(S):

Exhibit 1 – Resolution
Exhibit 2 – Aetna Health Insurance Premiums Renewal
Exhibit 3 – Aetna Renewal PowerPoint Presentation
Exhibit 4 – Aetna Agreement 2019

Prepared By: Radu Dodea
Radu Dodea
Human Resources Director

Reviewed By: Noemy Sandoval
Noemy Sandoval
Assistant City Manager

Approved By: Jeremy Earle
Dr. Jeremy Earle
City Manager