



Hallandale Beach
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400 South Federal Hwy
Hallandale Beach, FL 33009

City of Hallandale Beach City Commission Agenda Cover Memo

Meeting Date:	August 7, 2019		Item Type: <i>(Enter X in box)</i>	Resolution	Ordinance	Other	
						X	
Fiscal Impact: <i>(Enter X in box)</i>	Yes	No	Ordinance Reading: <i>(Enter X in box)</i>	1st Reading		2nd Reading	
		X					
			Public Hearing: <i>(Enter X in box)</i>	Yes	No	Yes	No
					X		X
Funding Source:	N/A		Advertising Requirement: <i>(Enter X in box)</i>	Yes		No	
						X	
Account Balance:	N/A		Quasi-Judicial: <i>(Enter X in box)</i>	Yes		No	
						X	
Project Number :	N/A		RFP/RFQ/Bid Number:				
Contract/P.O. Required: <i>(Enter X in box)</i>	Yes	No	Strategic Plan Priority Area: <i>(Enter X in box)</i>				
		X	Safety <input type="checkbox"/> Quality <input checked="" type="checkbox"/> Vibrant Appeal <input type="checkbox"/>				
Sponsor Name:	Greg Chavarria, City Manager		Department: Human Resources Department	Radu Dodea, Human Resources Director			

Short Title:

**MOTION TO APPROVE EMPLOYEE RATES AND PRESCRIPTION
PLAN IMPROVEMENTS FOR GROUP HEALTH BENEFITS**

Staff Summary:

BACKGROUND:

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 1,100 members, out of which 442 are eligible employees and elected officials, and the rest are retirees and additional eligible dependents. The aforementioned insurance contracts are due to expire September 30, 2019.

For the upcoming Fiscal Year 2019/2020 renewal, the City Manager, in conjunction with the Human Resources Director, worked with the City's Insurance Consultant, Gallagher Benefit Services Inc., to initiate a Request For Proposals (RFP) to obtain proposals from Group Health, Group Dental, Group Vision, Group Flexible Spending Accounts, Group COBRA, and Group Employee Assistance Program (EAP), carriers.

Nine (9) proposals were received from the following vendors:

1. Aetna
2. Cigna Healthcare and Life Insurance Company (CHLIC)
3. Solstice Benefits, Inc.
4. Delta Dental Insurance Company
5. National Vision Administrators, LLC
6. Davis Vision, Inc.
7. Metropolitan Life Insurance Company (METLIFE)
8. United Healthcare Insurance Company
9. Wageworks, Inc.

On May 7, 2019, the Evaluation Committee submitted summary rating sheets for the nine (9) Firms.

At the June 5, 2019 City Commission meeting, the City Commission voted to award RFP # FY 2018-2019-004 Group Medical with Pharmacy, Medical Gap Plan, Dental, Vision, Employee Assistance Program, Flexible Spending Account and Cobra Administration, and authorized the City Manager and City Attorney to negotiate and execute an agreement with the highest ranked firm, AETNA.

The City has negotiated an agreement with minimal premium increases and changes to the prescription plan that is expected to result in significant out-of-pocket savings for employees.

CURRENT SITUATION:

A contract agreement (Exhibit 1) has been negotiated and executed with Aetna (Exhibit 1).

The following premium costs and benefit improvements were negotiated for FY 19/20:

1. **Premiums:** Overall annual premiums increased by 0.009%. The following employee contribution rates are proposed for FY 19/20:

Proposed Health Insurance EMPLOYEE Contribution Rates (per month)						
EMPLOYEE CONTRIBUTION RATES					CITY CONTRIBUTION	
	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 19/20
Employee	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$ 667.96
Employee + One	\$ 176.33	\$ 198.29	\$ 179.12	\$ 179.12	\$ 180.35	\$1,088.78
Family	\$ 334.49	\$ 376.13	\$ 339.77	\$ 339.77	\$ 370.72	\$1,532.97

Health Insurance EMPLOYEE Annual Deductible Amounts					
	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
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

2. **Prescription Drug Benefits:** Based on the employee Health Insurance survey conducted by Human Resources, as well as feedback received from the RFP Evaluation Committee, prescription drug benefits was the top concern for employees. In addition, based on the City's previous experience data, the City and Aetna agreed to modify the prescription drug benefits in a manner that is expected to result in significant out-of-pocket savings for employees. Rather than pay a percentage of the prescriptions cost, which could result in enormous bills and unpredictable variation based on the medication's cost, employees will now have a set amount for preferred and non-preferred generic and brand medication. The new percription benefits are as follows:

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 (3-Month Supply) – Member Pays:**

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

- 3. **Wellness Fund:** A \$20,000 increase in the 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.
- 4. **Online Platform:** Aetna agreed to provide up to \$40,000 annually (from October to September each year) to fund the City's online benefits enrollment system. The City will have the sole discretion to elect such online benefits enrollment system. If the City's online benefits enrollment system costs less than the allocated \$40,000 annually, any unused funds will pay for COBRA services and/or EAP services.
- 5. **Scope of Services:** Aetna agreed to waive all enrollment assumptions and minimum participation for all lines of coverage.

Proposed Action:

Motion to approve the proposed employee contribution rates for FY 19/20 and accept the improved pharmacy benefits.

Attachment(s):

Exhibit 1 – Aetna Contract Agreement