



City of Hallandale Beach City Commission Agenda Cover Memo

Meeting Date:	Item Type:		1 st Reading	2 nd Reading
8/5/2020	<input checked="" type="checkbox"/> Resolution	Ordinance Reading	N/A	N/A
File No.:	<input type="checkbox"/> Ordinance	Public Hearing	<input type="checkbox"/>	<input type="checkbox"/>
20-222	<input type="checkbox"/> Other	Advertising Required	<input type="checkbox"/>	<input type="checkbox"/>
		Quasi Judicial:	<input type="checkbox"/>	<input type="checkbox"/>
Fiscal Impact (\$):	Account Balance (\$):	Funding Source:	Project Number :	
\$5,939,581	\$5,939,581	523050/523100		
Contract/P.O. Required	RFP/RFQ/Bid Number:	Sponsor Name:	Department:	
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Radu Dodea, Director	Human Resources	
Strategic Plan Focus Areas:				
<input type="checkbox"/> Financial	<input checked="" type="checkbox"/> Organizational Capacity	<input type="checkbox"/> Infrastructure	<input type="checkbox"/> Development, Redevelopment and Economic Development	
Implementation Timeline				
Estimated Start Date: 10/1/2020 Estimated End Date: 9/30/2021				

SHORT TITLE:

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF HALLANDALE BEACH, FLORIDA, AUTHORIZING THE RENEWAL FOR FY 2020/2021 OF THE AGREEMENT WITH THE AETNA FOR GROUP MEDICAL WITH PHARMACY PURSUANT TO RFP FY 2018-2019-004, FOR AN ESTIMATED COST OF APPROXIMATELY \$5,939,581 (FIVE MILLION NINE HUNDRED THIRTY-NINE THOUSAND FIVE HUNDRED EIGHTY-ONE) DOLLARS; AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE THE RENEWAL; PROVIDING AN EFFECTIVE DATE.

STAFF SUMMARY:

Background:

The City of Hallandale Beach currently provides Group Health, Group Dental, Group Vision, Group Flexible Spending Accounts, COBRA Administration, Medical Gap Insurance and Group

Employee Assistance Program (EAP) benefits to approximately 721 members, out of which 340 are eligible employees and elected officials, and the rest are retirees or eligible dependents.

Last year, the City Manager, in conjunction with the Human Resources Director, worked with the City's Insurance Consultant, Gallagher Benefit Services, Inc. (hereinafter "Gallagher"), to initiate a Request For Proposals (RFP) to obtain quotes from Group Health, Group Dental, Group Vision, Group Flexible Spending Accounts, COBRA Administration, Medical Gap Insurance, and Group Employee Assistance Program (EAP) carriers. Based on the responses received from RFP 2018-2019-004, the recommendation from the City Manager, the Employee Evaluation Committee and Gallagher consultants, the City Commission approved Aetna Health Insurance (hereinafter "Aetna") as the City's Group Health, Group Dental, Group Vision, Group Flexible Spending Accounts, COBRA Administration, Medical Gap Insurance, and Group Employee Assistance Program (EAP) provider. The current medical premiums with Aetna are due to expire September 30, 2020.

For the upcoming Fiscal Year 2020/2021 renewal, the City Manager, in conjunction with the Human Resources Director, worked with Gallagher consultants, to negotiate the renewal of the existing Group Health plan only, as the other plans are in multiple year guarantees - Group Dental, Group Vision, Group Flexible Spending Accounts, COBRA Administration, Medical Gap Insurance, and Group Employee Assistance Program (EAP), with Aetna.

Aetna submitted an initial renewal proposal of 12.5% increase. 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,
- ✓ provide opportunities for renewal cost reduction based on findings.

For comparative purposes, the following chart depicts the City's health insurance percentage change for the past eight (8) years:

Health Insurance Percentage Change in Premium Costs	
Renewal Year	Percentage Change
FY 2021	6.00%
FY 2020	0.00%
FY 2019	10.00%
FY 2018	-9.20%
FY 2017	15.00%
FY 2016	15.00%
FY 2015	14.90%
FY 2014	16.40%

Current Situation:

Based on the analysis findings conducted by Gallagher, staff was able to negotiate a reduction in the initial proposed premium increase from 12.5% to 6%. The contract agreement negotiated with Aetna is attached (Exhibit 2).

The following items are part of the Agreement:

I. Group Health Insurance

A. Premiums: 6% increase in existing Medical with Pharmacy premiums

Proposed Health Insurance EMPLOYEE Contribution Rates (per month)						
EMPLOYEE CONTRIBUTION RATES					CITY CONTRIBUTION	
	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 20/21
Employee	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$708.03
Employee + One	\$198.29	\$179.12	\$179.12	\$180.35	\$191.17	\$1,154.09
Family	\$376.13	\$339.77	\$339.77	\$370.72	\$392.96	\$1,624.92

Health Insurance EMPLOYEE Deductible Amounts (per year)					
	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21
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

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:** Aetna will provide an \$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 in addition to the Wellness Fund) for completing the health assessment and one on-line coaching program. The wellness fund can also be used to pay for supplies related to the current Coronavirus pandemic, including face masks, protective gear, temperature reading equipment and COVID-19 testing.

D. **Online Platform:** Aetna agreed to provide up to \$40,000 per year 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**

No change in existing premium rates.

III. **Group Vision Insurance**

No change in existing premium rates.

IV. **Group Flexible Spending Account**

No change in existing premium rate.

V. **Group COBRA**

6% Increase in COBRA rates, which are paid directly by employees that separated employment and elected the COBRA insurance option.

VI. **Medical Gap Insurance**

No change in existing premium rate.

VII. **Group Employee Assistance Program**

No change in existing premium rate.

Why Action is Necessary:

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, COBRA

Administration, Medical Gap Insurance, and Group Employee Assistance Program (EAP) benefits for next Fiscal Year.

Cost Benefit:

Based on the proposed insurance rates increase of 6% in our current Medical annual premium, staff estimates the annual total benefits cost for Fiscal 2020/2021 to be approximately \$5,939,581 (approximately an increase from FY 2019/2020 of \$300,000 annually).

PROPOSED ACTION:

Staff recommends the City Commission adopt the attached Resolution authorizing the City Manager to execute the renewal agreement with Aetna to provide Group Health, Group Dental, Group Vision, Group Flexible Spending Accounts, COBRA Administration, Medical Gap Insurance and Group Employee Assistance Program (EAP) benefits.

ATTACHMENT(S):

Exhibit 1 – Resolution
Exhibit 2 – Aetna Contract Agreement