



City of Hallandale Beach City Commission Agenda Cover Memo

Meeting Date:	Item Type:		1 st Reading	2 nd Reading
8/4/2021	<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.:				
21-234				
Fiscal Impact (\$):	Account Balance (\$):	Funding Source:	Project Number :	
\$6,907,667	\$6,907,667	523050 / 523100	N/A	
Contract/P.O. Required	RFP/RFQ/Bid Number:	Sponsor Name:	Department:	
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	FY2018-2010-004	Radu Dodea, Human Resources Director	Human Resources/Risk Management	
Strategic Plan Focus Areas:				
<input checked="" type="checkbox"/> Finance & Budget		<input type="checkbox"/> Organizational Capacity		<input type="checkbox"/> Infrastructure/Projects
Implementation Timeline:				
Estimated Start Date: 10/1/2021 Estimated End Date: 9/30/2022				

SHORT TITLE:

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF HALLANDALE BEACH, FLORIDA, AUTHORIZING THE RENEWAL FOR FY 2021/2022 OF THE AGREEMENT WITH THE AETNA FOR GROUP MEDICAL WITH PHARMACY PURSUANT TO RFP FY 2018-2019-004, AT A RATE INCREASE NOT TO EXCEED FIVE PERCENT (5%); AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE THE RENEWAL; PROVIDING AN EFFECTIVE DATE.

STAFF SUMMARY:

Summary:

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 688 members, out of which 356 are eligible employees and elected officials, and the rest are retirees and additional eligible dependents.

This agenda item seeks City Commission approval of renewal agreement with Aetna for fiscal year 2021/2022.

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.

For the upcoming Fiscal Year 2021/2022 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) benefit.

Based on the Agreement with Aetna (Exhibit 4), which allows the Agreement to be extended for four additional one-year periods, staff requested a renewal proposal. Aetna submitted an initial renewal proposal of 10.61% 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 worked with Aetna representative to discuss 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	Carrier
FY 2022	5.00%	Aetna
FY 2021	5.00%	Aetna
FY 2020	0.00%	Aetna
FY 2019	10.00%	Aetna
FY 2018	-9.20%	Aetna
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 10.61% to 5% on the Health Insurance benefits renewal rates. The contract agreement negotiated with Aetna is attached (Exhibit 2).

The following items are part of the Agreement:

I. Group Health Insurance

A. **Premiums:** 5% increase in existing Medical with Pharmacy premiums

Proposed Health Insurance EMPLOYEE Contribution Rates (per month)						
EMPLOYEE CONTRIBUTION RATES					CITY CONTRIBUTION	
	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 21/21
Employee	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$736.43
Employee + One	\$179.12	\$179.12	\$180.35	\$189.37	\$198.84	\$1,200.38
Family	\$339.77	\$339.77	\$370.72	\$389.26	\$408.72	\$1,690.10

Health Insurance EMPLOYEE Deductible Amounts (per year)					
	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22
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:** 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. 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 continue to provide up to \$40,000 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

No change in existing premium rates for the DMO Plan option and 5.4% increase in the buy-up Dental 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 rate.

V. Group COBRA

5% Increase in COBRA rates, which are paid directly by employees that separated employment and elected the COBRA insurance option.

VI. Group Employee Assistance Program

No change in existing premium rate.

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 \$50,000.00 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.

Cost benefit:

Based on the proposed insurance rates increase of 5% on our current annual premium, staff estimates the approximate annual impact for Fiscal 2021/2022 to be approximately \$6,907,667. Health insurance is a critical benefit to eligible employees and elected officials.

PROPOSED ACTION:

Staff recommends the City Commission adopt the attached Resolution authorizing the City Manager to execute the renewal agreement with Aetna to 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 Renewal
Exhibit 3 – Aetna Renewal PowerPoint Presentation
Exhibit 4 – Aetna Agreement 2019

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Human Resources Director

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Assistant City Manager

Approved By: Noemy Sandoval
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