



## 2018-2019 HEALTHCARE AND DENTAL PLAN BENEFITS

RS-18-050

June 19, 2018

# Background

2

## Current Providers

### Healthcare

- ❑ Scott and White Health Plan (SWHP)
- ❑ Three Plans
  - ❑ Base Plan (HDHP/HSA)
  - ❑ Mid Plan
  - ❑ High Plan
- ❑ Number of employees on the City's healthcare plan: 960
- ❑ Annual cost: \$5,844,686

### Dental

- ❑ MetLife
- ❑ One Plan
- ❑ Number of employees on the City's dental plan: 1155
- ❑ Annual cost: \$591,794

The City funds 100% of the base plan premium for “Employee Only” for both healthcare and dental care.

# Request for Proposal Process

3

## **Staff's goal**

To provide benefits to our employees at no additional cost to the City and to the employee without reducing benefit coverage.

## **April – May 2017**

- ❑ Advertised the Request for Proposal (RFP) for fully and self-insured medical platforms and fully-insured for dental

## **Bids for Healthcare**

- ❑ Fully-insured: SWHP, Blue Cross Blue Shield (BCBS), Texas Municipal League(TML), and United Health Care (UHC)
- ❑ Self-insured: SWHP, Aetna, BCBS, and UHC

## **May 2017**

- ❑ Evaluated and ranked the proposals
- ❑ Interviewed the top three healthcare providers (SWHP, UHC, and BCBS)
- ❑ Completed the “best and final offer” financial analysis
- ❑ United Health Care provided the best healthcare product for the best price based on our employee behavior and proposed options for fully-funded and self-funded platforms

# United Health Care's Proposed Healthcare Plan Options and Cost

4

United Health Care proposed the following two options:

- ❑ Option 1: Self-insured Healthcare
  - Cost increase of \$361,785 (5.8% higher than our current cost)
  - Most favorable way of doing business
  - Requires an initial investment, approximately \$785,000
  - City is not financially ready for this option
  - Annual cost: \$6,206,471
  
- ❑ Option 2: Fully-insured Healthcare
  - Cost savings of \$324,606 (5.55% lower than our current cost)
  - Offers two plans (HDHP/HSA and Co-pay Plan)
  - Renewal guarantee based on incurred claims
  - Annual cost: \$5,520,080

Staff recommends Option 2, Fully-insured Healthcare

# Lincoln's Proposed Dental Plan Option and Cost

5

## **Bids for Dental**

- ❑ MetLife, Lincoln, Guardian, SunLife, BCBS, UHC
  
- ❑ Lincoln proposed the following:
  - ❑ Cost savings of \$30,744 (5.20% lower than current cost)
  - ❑ City's life and long-term/short-term disability insurance coverage is also with Lincoln
  - ❑ Lincoln has a broader network
  - ❑ Renewal guarantee based on incurred claims
  - ❑ Offering a buy-up plan that includes adult orthodontics
  - ❑ Annual cost: \$561,050

Staff recommends Lincoln's dental plan

# FY19 Health and Dental Plans

## Premiums and Cost

6

### Healthcare Plan United Health Care

#### PLAN 1 Employee Only (HDHP/HSA)\*

City Contribution	\$329.04
HSA-City contribution)	<u>\$ 82.74</u>
Total	\$411.78
Employee Contribution	\$ 0.00

#### PLAN 2 Employee Only

City Contribution	\$411.78
HSA-City Contribution	<u>\$ 0.00</u>
Total	\$411.78
Employee Contribution	\$ 10.00

**\*HDHP/HSA High Deductible Healthcare Plan/Health Savings Account Premium costs above are per month and for Employee Only**

### Dental Plan Lincoln

#### PLAN 1 Employee Only

City Contribution	\$22.98
Employee Contribution:	\$ 0.00

#### PLAN 2 Employee Only (buy-up)\*

City Contribution	\$22.98
Employee Contribution:	\$ 4.21

**\*Includes adult orthodontics**

# Alternatives

7

1. Continue with current providers, SWHP for healthcare and MetLife for dental
2. Choose United Health Care's Option 1: Self-funded Healthcare and Lincoln's proposal for dental
3. Choose United Health Care's Option 2: Fully-funded Healthcare and Lincoln's proposal for dental

# Staff Recommendation

Staff recommends that the City Council authorize the City Manager to recommend to the Employee Benefits Trust the execution of an agreement with United Health Care for fully-funded medical insurance and Lincoln for dental insurance effective October 1, 2018.