



# City of Killeen

## Legislation Text

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**File #:** RS-24-104, **Version:** 1

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Consider a memorandum/resolution recommending to the Employee Benefits Trust the selection of MetLife for employee dental insurance and approving contracts for vision insurance, life and disability insurance, and worksite benefits.

**DATE:** June 18, 2024

**TO:** Kent Cagle, City Manager

**FROM:** Eva Bark, Executive Director of Human Resources

**SUBJECT:** Recommendation to the Employee Benefits Trust for the Selection of Dental Insurance and Approving Contracts for Vision Insurance, Life and Disability Insurance, and Worksite Benefits.

### **BACKGROUND AND FINDINGS:**

The City of Killeen offers dental insurance as part of its employee benefits package. Currently, approximately 1,242 employees who elect the City's dental insurance plans.

All benefits provided to the City of Killeen employees are reviewed annually to ensure that both the City and employees are receiving the best product for the best price. The City, in partnership with our benefit consultant Lockton Dunning, initiated a Request for Proposal (RFP) to solicit bids for dental and vision insurance to obtain the most competitive rates possible inside a rapidly changing environment.

The City's current dental carrier, MetLife, offers employees two dental plans. The City pays 100% of the dental premium for employee-only coverage on the lowest plan option. Employees may purchase additional dental care coverage for eligible family members or dependents at their added expense.

The annual expense for FY 2024 dental is \$635,543. The City received four (4) responses to the dental RFP: MetLife, BCBSTX, Renaissance, and UHC. After thorough analysis of the responses received, it is recommended the City renew a negotiated contract with MetLife for an annual expense of \$794,458 which includes a two (2) year rate guarantee.

The City's current vision carrier is Avesis. The City does not contribute to employee premiums for vision insurance. The City received four (4) responses to the vision RFP. After thorough analysis of the responses received, it is recommended the City renew the contract with Avesis, which includes a two (2) year rate guarantee.

The City requested Lockton Dunning also perform a full marketing initiative for basic life and accidental death and dismemberment (AD&D) insurance. After thorough analysis of this marketing initiative, it is recommended the City renew with MetLife for no increase and for an annual expense of \$27,000 which

includes a three (3) year rate guarantee.

Lastly, the City requested Lockton Dunning also perform a full marketing initiative for disability, and worksite benefits to ensure that both the City and employees are receiving the best product for the best price. The City does not contribute to employee premiums for these lines of ancillary insurance. After thorough analysis of this marketing initiative, it is recommended the City remain with current vendors and respective ancillary offerings. Employee's will experience rate decreases in some of these offered lines of coverage.

### **Dental**

The annual expense for FY 2025 Dental will be \$794,458, a \$158,915 increase in cost compared to FY 2024.

### **Basic Life and AD&D**

The annual expense for FY 2025 Basic Life and AD&D will be \$27,000 which is no increased in cost compared to FY 2024.

### **THE ALTERNATIVES CONSIDERED:**

N/A

### **Which alternative is recommended? Why?**

It is recommended the City renew a negotiated contract with MetLife for its dental plans for an annual expense of \$794,458 which includes a two (2) year rate guarantee.

Additionally, it is recommended the City renew its contract with MetLife for its Basic Life and AD&D plans for an annual expense of \$27,000 which include a three (3) year rate guarantee.

Lastly, it is recommended the City renew contracts with vision, disability, and worksite benefits vendors as it was determined these vendors provide the best product for the price, offering reduced premiums in some lines of coverage.

### **CONFORMITY TO CITY POLICY:**

Yes.

### **FINANCIAL IMPACT:**

#### **What is the amount of the revenue/expenditure in the current fiscal year? For future years?**

The dental insurance plans proposed reflect a total estimated cost increase of \$158,915 based on an average of 1,242 full-time employee per month who are eligible to participate in dental insurance for a total cost of \$794,458 in FY 2025.

There is no financial impact for Basic Life and AD&D as the cost in FY 2025 will be \$27,000, the same as it was in FY 2024.

Costs for medical/RX, dental insurance, and Basic Life and AD&D are included in the City's FY 2025 Proposed Budget, which will be delivered to the City Council in July 2024.

#### **Is this a one-time or recurring revenue/expenditure?**

This is an annually recurring expenditure.

**Is this revenue/expenditure budgeted?**

Yes, funds will be included within each department/division's personnel service accounts in the FY 2025 Proposed Budget, upon approval by City Council.

**If not, where will the money come from?**

N/A

**Is there a sufficient amount in the budgeted line-item for this revenue/expenditure?**

Yes, upon approval of the FY 2025 Proposed Budget.

**RECOMMENDATION:**

Staff recommends the City enter into contract with MetLife for its dental plans for an annual expense of \$794,458 which includes a two (2) year rate guarantee. Additionally, it is recommended the City renew its contract with MetLife for its Basic Life and AD&D plans for an annual expense of \$27,000 which include a three (3) year rate guarantee. Lastly, it is recommended the City renew contracts with vision, disability, and worksite benefits vendors as it was determined these vendors provide the best product for the price, offering reduced premiums in some lines of coverage.

**DEPARTMENTAL CLEARANCES:**

Purchasing  
Finance  
Legal

**ATTACHED SUPPORTING DOCUMENTS:**

FY25 Dental Premium Rates  
Certificate of Interested Parties  
Presentation