



Memorandum

Date: August 9, 2023

To: Honorable Mayor and Councilmembers

Via: Barbara Hernandez
City Manager

From: Maria T. Jose
Human Resources Director

Subject: **Recommendation for Selection of Employee Benefit Insurance Carriers for Fiscal Year 2023-2024**

Introduction

This memorandum provides a recommendation to continue the contractual relationship with Aetna Medical as the City's insurance carrier for Health and Dental, Humana for Vision Insurance, and continue with Mutual of Omaha for Life, and Short/Long-Term Disability Insurance. We are kindly requesting the approval of the attached resolution, which provides for a 3.73% savings on the health premiums, and a rate pass for dental, vision and Life, short/long-term disability. Moreover, this resolution will set the premium contributions for fiscal year 2023-2024. The effective date for the referenced benefit plans is October 1, 2023.

Background

The Human Resources Department and the City Manager's Office have been working with our insurance agent of record, National Marketing Group Services (NMGS), to evaluate the current medical benefit offerings, past and current medical claims, and available medical plan renewal options, as well as the most beneficial option for life, short-term, and long-term disability insurance. The purpose of these evaluations and discussions are to ensure that we are appropriately educating, monitoring, and managing benefit plan offerings that maintain quality health care benefits and cost effectiveness for the City and its employees. The attached renewal

recommendation letter submitted by NMGS, provides a summary of our current claims experience and benefit plan proposals for FY 2023-2024. The current health insurance renewal proposal includes a decrease in premium, a rate pass for dental, vision and disability and an increase of \$15,000 in wellness dollars, which will increase the City's wellness dollars to \$40,000. Please refer to Exhibit A.

After careful consideration of the proposed benefits, we concur with NMGS's recommendation to accept the offerings of a rate pass for dental, vision, Life, and short term/long term disability insurance and the proposed decrease by the medical carrier. This recommendation will decrease the medical premium by 3.73% and decrease the current monthly contribution for medical insurance from \$531,420.25 to \$511,577.09, which translates to a total annual savings of \$238,117.92. Please refer to Exhibit B.

The Human Resources Department conducted an employee survey via the HRIS/Paycom system and it showed that 78.10% of our workforce is satisfied with the services provided by the current health insurance provider. In addition, 93.81% of our workforce responded that they are pleased with the wellness initiatives conducted by the Human Resources Department. By increasing the wellness dollar allotted for the fiscal year, we will be able to provide additional employee engagement activities. Please refer to Exhibit C.

Furthermore, the carrier is able to provide a knowledgeable customer service team, the ability to sustain a consistent and ongoing relationship with a national insurance provider for the 7th year, and the ability to maintain continuity of care that avoids disruption for employees and its dependents; we recommend proceeding with the insurance options listed herein. This will allow the City to increase the total compensation package and continue to offer an equitable and competitive benefit package for current and future employees.

Fiscal Impact:

Based on the current 356 covered employees, the total employee/employer annual contribution for medical, dental, vision, disability insurance will be \$6,314,550. Funds are included in the FY 2023-2024 budget proposal.

Recommendation

The City Manager's Office respectfully requests that the Mayor and City Councilmembers authorize the attached Resolution and proposed contribution rates, allowing the City Manager to enter into an agreement with Aetna for medical and dental, Mutual of Omaha for life and disability insurance, and Humana for vision insurance.