



Memorandum

Date: August 14, 2024

To: Honorable Mayor and Councilmembers

Via: Rey Valdes
City Manager

From: Maria T. Jose
Human Resources Director

Subject: **Recommendation for Selection of Employee Benefit Insurance Carriers for Fiscal Year 2024-2025**

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 along with the voluntary ancillary benefits. We are kindly requesting the approval of the attached resolution, which provides for a rate pass 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 2024-2025. The effective date for the referenced benefit plans is October 1, 2024.

Background

Through a collaborative effort, the Human Resources Department, City Manager's Office, and our insurance broker, National Marketing Group Services (NMGS), have thoroughly reviewed our current medical benefits, historical and recent claims data, ancillary benefits and available renewal options. This comprehensive review included an examination of life, short-term, and long-term disability insurance plans to ensure we offer the most advantageous benefits for both the City and its employees.

Our primary goal is to provide clear information, monitor plan effectiveness, and manage costs while maintaining high-quality healthcare benefits. The attached renewal recommendation letter from NMGS details our claims experience and proposed benefit plans for FY 2024-2025. This includes a rate pass-through for medical, dental, vision, and disability coverage. Additionally, the well-received wellness program will continue with a \$40,000 budget, mirroring the previous fiscal year.

After careful evaluation of the proposed benefits, we recommend accepting the recommendations from National Marketing Group Services (NMGS). This includes:

A rate pass-through for medical, dental, vision, life, and short-term/long-term disability insurance. The proposed rate pass-through for each insurance carrier reflects the following estimated monthly costs:

- Aetna Medical: \$515,728
- Aetna Dental: \$27,701
- Humana Vision: \$2,971
- Mutual of Omaha (Life & Disability): \$24,461

We also recommend continuing the existing voluntary ancillary benefit programs offered by Aflac, Colonial, and Legal Shield. The estimated monthly cost for these combined programs is:

- Aflac: \$7,773
- Legal Shield: \$1,050
- Colonial: \$453

Details regarding the estimated monthly premium amounts for the fiscal year 2024-2025 can be found in Exhibit B.

The proposed health plan options ensure compliance with current Internal Revenue Service (IRS) regulations. For High Deductible Health Plans (HDHPs) to qualify for tax advantages in 2024, they require a minimum deductible of \$1,600 for individuals and \$3,200 for families, as outlined in § 223(c)(2)(A) of the IRS Inflation Adjusted Items. Please refer to Exhibit C.

Following careful analysis with our insurance broker, National Marketing Group Services (NMGS), we recommend continuing the existing suite of voluntary ancillary benefits offered by Aflac, Colonial, and Legal Shield. These plans provide additional coverage for employees seeking supplemental benefits.

Continuing with our current insurance providers offers several key advantages:

- **Experienced Customer Service:** Our established providers maintain knowledgeable customer service teams, ensuring prompt and efficient assistance for employees navigating their benefits.
- **Longstanding Relationship:** The City benefits from an eight-year established relationship with a national insurance provider. This translates to familiarity with our needs and potentially more favorable terms.
- **Continuity of Care:** Renewal minimizes disruption for employees and dependents. They can maintain established relationships with current doctors and specialists, ensuring continuity of care.

By approving this recommendation, the City can ensure continuity of care for employees and dependents while maintaining a competitive benefits program. Continuing our existing benefit program ensures it remains equitable and competitive with other employers in south Florida.

Fiscal Impact:

Based on the current covered employees, the total employee/employer annual contribution for medical, dental, vision, disability insurance and ancillary benefits will be \$6,961,044.00. Funding for the monthly expenses is included in the FY 2024-2025 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 and to continue offering the voluntary ancillary benefits.