



## **AGENDA MEMO**

### 10/15/2013 Agenda

**TO:** Honorable Mayor and City Council

**FROM:** Luanne Hanford, Director of Human Resources

**SUBJECT:** Consider renewal of Employee Benefits Plans

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#### **BACKGROUND:**

Earlier this year, Holmes Murphy, the City's benefits consultant and broker issued an RFP for administration of the City's self-insured health plan, dental insurance, Life and AD&D insurance, Long Term Disability insurance, and Employee Assistance Program. Only two companies submitted proposals for the City's self-insured health plan: Cigna, the City's current administrator, and Blue Cross Blue Shield of Texas. Both companies also submitted proposals for the Dental PPO and DHMO plans, Life/AD&D insurance, Long Term Disability insurance, and Employee Assistance Program (EAP). Although other companies submitted proposals for these other coverages, the overall pricing was better with Cigna and BC/BS because they were able to "bundle" all of the coverages together as a package.

The cost to bundle all of the employee benefits with Cigna while leaving our EAP with the current vendor, Lifesynch, is \$238,578 which is \$5,842 less than the City paid for the same benefits in 2013. The same program with BCBS would be \$265,884, \$21,464 higher than the City paid in 2013.

The Employee Benefits Committee met October 1, 2013 to review the information presented by Holmes Murphy. The committee voted unanimously to recommend approval for placing health plan administration, dental insurance, Life/AD&D insurance, and Long Term Disability insurance with Cigna for 2014 and renewing the Employee Assistance Program with Lifesynch.

The only increase in health care costs other than expected claims is the Individual Stop Loss Fees which will increase 12.1% (\$46,785) for a total of \$433,834 annually. There is no proposed increase for Aggregate Stop Loss fees so those fees will remain at \$17,473 annually. The Employee Benefits Committee also voted unanimously to renew Individual Stop Loss and Aggregate Stop Loss with Cigna.

#### **RECOMMENDED ACTION:**

Staff recommends approval to place the City's Employee Benefits Plan and Stop Loss Fees with CIGNA and the EAP with Lifesynch for a total annual cost of \$689,885.