



Legislation Text

File #: 18-2393, Version: 1

ITEM: RESOLUTION NO. R2018-55 EMPLOYEE HEALTH INSURANCE

A RESOLUTION OF WELLINGTON FLORIDA'S COUNCIL AUTHORIZING THE MANAGER TO (1) AWARD A CONSUMER DRIVEN HEALTH PLAN (CDHP) AGREEMENT WITH CIGNA HEALTHCARE TO PROVIDE HEALTH INSURANCE TO ELIGIBLE EMPLOYEES, DEPENDENTS, AND RETIREES, AND APPROVING HRA FUNDING FOR EACH ELIGIBLE EMPLOYEE TO COVER COSTS ASSOCIATED WITH ANNUAL OUT OF POCKET MAXIMUM COSTS, INCLUDING DEDUCTIBLES; (2) AWARD A CONTRACT TO CIGNA TO PROVIDE DENTAL INSURANCE TO ELIGIBLE EMPLOYEES, DEPENDENTS, AND RETIREES; (3) AWARD A CONTRACT TO HUMANA TO PROVIDE VISION INSURANCE TO ELIGIBLE EMPLOYEES, DEPENDENTS AND RETIREES; (4) RENEW AN EXISTING AGREEMENT WITH AETNA RESOURCES FOR LIVING TO PROVIDE ELIGIBLE EMPLOYEES, DEPENDENTS, AND RETIREES WITH AN EMPLOYEE ASSISTANCE PROGRAM; AND PROVIDING AN EFFECTIVE DATE.

REQUEST: Authorization to approve Resolution No. R2018-55 to (1) Award a Consumer Driven Health Plan (CDHP) agreement with CIGNA HealthCare to provide health insurance to eligible employees, dependents, and retirees, at a cost of approximately, \$5,065,158, and approve HRA funding for each eligible employee at a total cost of approximately \$944,000, to cover all associated annual out of pocket maximum costs, including deductibles; (2) Award a contract to CIGNA to provide dental insurance to eligible employees, dependents and retirees, at an annual cost of approximately \$331,590; (3) Award a contract to Humana to provide vision insurance to eligible employees, dependents, and retirees, at a cost of approximately \$34,544; (4) Renew a contract with Aetna Resources for Living to provide eligible employees, dependents and retirees with an Employee Assistance Program (EAP) at a cost of approximately \$11,363 annually.

EXPLANATION:

1. Health Insurance Plan and Health Reimbursement Account (HRA)

The Village currently offers group medical insurance to eligible full time employees, dependents, and retirees through CIGNA HealthCare at a cost of approximately \$5,574,820 annually, based on current enrollment of 300 active participants (employees, not including dependents). In addition, the Village currently provides each employee with \$1,113 annually utilizing a Health Reimbursement Account (HRA) to assist employees with the cost of applicable co-payments, which amounts to approximately \$333,900 annually. The total cost of the existing minimum premium arrangement with CIGNA (\$5,574,820) plus the existing Village funded HRA (\$333,900) is approximately \$5,908,720.

The minimum premium arrangement with CIGNA HealthCare is set to expire on December 31, 2018. Due to an increase in medical claims during the past twelve months, CIGNA has proposed an annual premium of \$5,955,393, to retain the current program design. The total cost of the proposed renewal, retaining the current program design (\$5,955,393) plus the current HRA funding (\$333,900), amounts to \$6,289,293, an increase of \$380,572 from the current fiscal year.

In order to offset the potential increase, staff reviewed multiple health plans with The Gehring Group, (the Village's agent of record). Based on our findings, staff recommends transitioning to a Consumer Driven Health Plan (CDHP) with CIGNA, at a cost of approximately \$5,065,158 (a decrease of \$509,661 or 9.1%). The

CDHP plan includes a deductible and out of pocket maximum for employees of \$1,500 and \$3,000 respectively, and a deductible and out of pocket maximum for “employee plus” coverage (employee/spouse, employee/child, or employee/family) of \$2,000 and \$4,000 respectively. In order to offset the higher deductibles and out of pocket maximums employees and those with “family plus” coverage will incur utilizing the new health plan, staff recommends eliminating the existing \$1,113 in funding each eligible employee currently receives through the HRA, and replacing it with funding for the entire out of pocket maximum for employees (\$2,000) and “employee plus” coverage (\$4,000). The cost to fund the deductibles and out of pocket maximum costs utilizing the HRA is approximately \$944,000 annually. The total cost of the CDHP (\$5,065,158) plus the proposed Village funded HRA (\$944,000) is approximately \$6,009,196 as summarized below:

Description- In Network	Existing Minimum Premium Arrangement (2018 Current Plan)	Proposed Renewal Minimum Premium Arrangement	Proposed Consumer Driven Health Plan (New Plan)
CIGNA Annual Premiums	\$5,574,820	\$5,955,393	\$5,065,158
Health Reimbursement Account (HRA)	\$333,900	\$333,900	\$944,000
Total Annual Cost of Plan Including HRA	\$5,908,720	\$6,289,293	\$6,009,158

The proposed current minimum premium arrangement (\$5,574,820) and existing HRA funding (\$333,900) amounts to a total of \$5,908,720. CIGNA’s proposed premium to retain the current program design (\$5,955,393) plus the existing HRA funding (\$333,900) amounts to \$6,289,293. The proposed CDHP (\$5,065,158) and proposed HRA funding (\$944,000) amounts to \$6,009,158, an increase of approximately \$100,000 from 2018. Under the proposed plan, annual employee contributions will remain the same.

Additionally, the current HRA funding provided to employees (\$1,113) annually includes a roll-over provision whereby funds not expended during the calendar year, remain in the employees’ HRA accounts. The proposed HRA funding (\$2,000 employee/\$4,000 employee plus) will not include the same roll-over provision; therefore any unspent funds will return to the Village and will be used to offset any future premium increases and potentially to fund subsequent years out-of-pocket amounts. Employees with any existing balances as of December 31, 2018 will retain such funds in a separate HRA account and will be eligible to utilize such funds to offset any future expenses.

Staff recommends entering into a CDHP agreement with CIGNA HealthCare, for one year, effective January 1, 2019 through December 31, 2019, in the amount of \$5,065,158 and funding all out of pocket maximum costs, including deductible, at a cost of \$944,000 annually. The total cost is \$6,009,158 (\$5,296,161 paid by the Village, and \$712,997 paid by employees through payroll deductions).

The proposed changes continue the Village’s coverage with Cigna, include the current network of doctors, and do not change current payroll deduction amounts.

2. Dental Insurance

The Village is currently self-funded for dental insurance, and utilizes Dental Decisions administered by Anchor Benefit Consulting, Inc. to manage the plan, at a cost of approximately \$360,065 annually. In order to reduce premiums, staff researched alternative plans and found a CIGNA Total Network Plan, at a cost of approximately \$331,590, which provides savings of approximately \$28,745 annually. In addition, combining both the healthcare and dental plan with CIGNA provides the Village with an additional one percent (1%) reduction in CIGNA healthcare premiums (approximately \$50,000).

Staff recommends awarding a contract to CIGNA to provide eligible employees and dependents with dental insurance at a cost of approximately \$331,590 (\$278,554 paid by the Village and \$53,035 paid by the employee through payroll deductions). Under this renewal, annual employee contributions will remain the same. The contract will be effective January 1, 2019 through December 31, 2019.

3. Vision Insurance

The Village's existing vision insurance with Humana is set to expire on December 31, 2018. Humana has agreed to renew the existing agreement with the same benefits at no additional cost to the Village, for an additional twenty-four (24) months. The Village currently pays approximately \$34,544 annually (\$25,710 paid by the Village, and \$8,833 paid by the employees through payroll deductions), based on current enrollment. Under this renewal, annual employee contributions will remain the same. The contract will be effective January 1, 2019 through December 31, 2020.

4. Employee Assistance Program

The Village's existing Employee Assistance Program (EAP) with Aetna Resources for Living is set to expire on December 31, 2018. Aetna has agreed to renew the existing agreement at no additional cost to the Village, for an additional thirty-six (36) months. The Village currently pays approximately \$11,363 annually, based on current enrollment. The contract will be effective January 1, 2019 through December 31, 2021.

BUDGET AMENDMENT REQUIRED: NO

PUBLIC HEARING: NO **QUASI-JUDICIAL:**

FIRST READING: **SECOND READING:**

LEGAL SUFFICIENCY: YES

FISCAL IMPACT: Funds are available in the FY 2019 personnel expense budget.

WELLINGTON FUNDAMENTAL: Responsive Government

RECOMMENDATION: Authorization to approve Resolution No. R2018-55 to (1) Award a Consumer Driven Health Plan (CDHP) agreement with CIGNA HealthCare to provide health insurance to eligible employees, dependents, and retirees, at a cost of approximately, \$5,065,158, and approve HRA funding for each eligible employee at a total cost of approximately \$944,000, to cover all associated annual out of pocket maximum costs, including deductibles; (2) Award a contract to CIGNA to provide dental insurance to eligible employees, dependents and retirees, at an annual cost of approximately \$331,590; (3) Award a contract to Humana to provide vision insurance to eligible employees, dependents, and retirees, at a cost of approximately \$34,544; (4) Renew a contract with Aetna Resources for Living to provide eligible employees, dependents and retirees with an Employee Assistance Program (EAP) at a cost of approximately \$11,363 annually.