



Legislation Text

File #: 22-5477, Version: 1

ITEM: RESOLUTION NO. R2022-67 (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 APPROVE HRA FUNDING FOR EACH ELIGIBLE EMPLOYEE TO COVER ALL COSTS ASSOCIATED WITH ANNUAL DEDUCTIBLES; (2) RENEW A CONTRACT WITH CIGNA TO PROVIDE DENTAL INSURANCE TO ELIGIBLE EMPLOYEES, DEPENDENTS, AND RETIREES; (3) RENEW A CONTRACT WITH HUMANA TO PROVIDE VISION INSURANCE TO ELIGIBLE EMPLOYEES, DEPENDENTS AND RETIREES; (4) RENEW A CONTRACT WITH CIGNA GROUP BENEFITS TO PROVIDE LIFE/AD&D AND DISABILITY INSURANCE; AND PROVIDING AN EFFECTIVE DATE.

REQUEST: Authorization to approve Resolution No. R2022-67 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 \$5,952,233.52 annually, and approve HRA funding for each eligible employee at a cost of approximately \$673,500, to cover all associated annual deductibles; (2) Renew a contract with CIGNA to provide dental insurance to eligible employees, dependents and retirees at an annual cost of approximately \$ 343,757.28; (3) Renew a contract with Humana to provide vision insurance to eligible employees, dependents and retirees at an annual cost of approximately \$32,906.588; (4) Renew a contract with CIGNA Group Benefits to provide Life/AD&D and disability insurance, to eligible employees, at a cost of approximately \$254,487.07.

EXPLANATION:

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 \$5,818,384.20 annually based on current enrollment of 290 active participants (employees, not including dependents). In addition, the Village currently funds all annual calendar year deductibles utilizing a Health Reimbursement Account (HRA) at a cost of approximately \$673,500. The total cost of the existing Consumer Driven Health Plan with CIGNA (\$5,818,384.20) plus the existing HRA (\$673,500) is approximately \$6,491,884.20.

The existing Consumer Driven Health Plan with CIGNA is set to expire on December 31, 2021. CIGNA has proposed an annual premium of \$6,625,733.52 (\$5,952,233.52 in premium and \$673,500 in HRA); this represents an increase of approximately \$133,849.32 or approximately 2% from the current calendar year, with no changes to the plan design.

In order to offset the potential increase, proposed employee contributions will increase slightly as summarized below:

Description	Current Monthly Contribution	Proposed Monthly Contribution
Employee Coverage	\$46.58	\$47.66

Employee/Spouse	\$399.74	\$408.92
Employee/Children	\$259.09	\$265.04
Employee/Family	\$558.86	\$571.69

The total cost of the CDHP with the proposed changes (\$5,952,233.52) plus the proposed Village funded HRA (\$673,500) is approximately \$6,625,733.52, as summarized below:

Description In-Network	CIGNA Existing Plan	CIGNA Renewal
CIGNA Annual Premiums	\$5,818,384.20	\$5,952,233.52
Heath Reimbursement Accounts	\$673,500	\$673,500
Total Annual Cost of Plan Including HRA	\$6,491,884.20	\$6,625,733.52

The existing cost of the CIGNA insurance plan (\$5,818,384.20) plus the existing cost of the HRA funding (\$673,500) amounts to \$6,491,884.20.

CIGNA's proposed renewal with no changes to coverage and a slight increase to employee contributions (summarized above) is (\$5,952,233.52) plus the existing HRA (\$673,500) is \$6,625,733.52, an increase of approximately \$133,849.32 or 2% from the existing premium and HRA.

In order to ensure competitive pricing, The Gehring Group, the Village' broker/agent of record solicited quotes as summarized below:

Carrier	Amount
United Healthcare	\$6,544,770.60
CIGNA	\$6,616,733.52
Humana	\$6,825,419.04
Aetna	\$6,851,180.40
FMIT-UHC Choice Plus	\$7,035,624.72
Florida Blue	\$7,351,547.16

While United Healthcare proposed approximately \$70,000 less than the rate provided by CIGNA, staff and The Gehring Group, the Village's broker/agent of record, are recommending renewing with CIGNA, due to the significant costs associated with transitioning to a new carrier, CIGNA's superior customer service and the certain gaps in coverage associated with transitioning to another carrier (RX Prescriptions, Doctors in networks, etc.).

Staff recommends awarding a CDHP agreement with CIGNA Healthcare for one year, effective January 1, 2022 through December 31, 2022, in the amount of \$6,625,733.52, to include funding all calendar year deductibles utilizing an HRA at a cost of \$673,500 annually. The total cost is \$6,625,733.52 (\$5,713,452.12 paid by the Village and approximately \$912,281.40 paid by employees through payroll deductions).

DENTAL INSURANCE:

The Village currently offers dental insurance to eligible employees, dependents, and retirees through a CIGNA Total Network Plan at a cost of approximately \$343,757.28. The contract with CIGNA is set to expire on December 31, 2022. CIGNA has agreed to renew the contract effective from January 1, 2023 through

December 31, 2023, with no price increases and no plan changes.

Staff recommends renewing the existing contract with CIGNA to provide dental insurance to eligible employees, dependents and retirees, at a cost of approximately \$343,757.28 (approximately \$261,211.80 paid by the Village and \$82,545.48 paid by the employee).

VISION INSURANCE:

The Village currently offers vision insurance to eligible employees, dependents, and retirees through Humana at a cost of approximately \$32,906.88. The contract with Humana is in rate guarantee and is set to expire on December 31, 2022.

Staff recommends renewing the existing contract with Humana to provide vision insurance to eligible employees, dependents and retirees, at a cost of approximately \$32,906.88 (\$24,592.80 paid by the Village and \$8,314.08 paid by the employee).

LIFE/AD&D AND DISABILITY INSURANCE:

The Village's existing Life/AD&D and Disability insurance with CIGNA Group Life is set to expire on December 31, 2022. CIGNA Group Life has agreed to renew the agreement effective through December 31, 2023, with no price increases and no plan changes.

Staff recommends renewing the existing contract with CIGNA Group Life to provide Life/AD&D and Disability insurance, at a cost of approximately \$254,487.07. The benefit is available to all eligible employees at no cost.

BUDGET AMENDMENT REQUIRED: NO

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

FIRST READING: **SECOND READING:**

LEGAL SUFFICIENCY: YES

FISCAL IMPACT: Funding is included in the adopted FY 2023 budget.

WELLINGTON FUNDAMENTAL: Responsive Government

RECOMMENDATION: Authorization to approve Resolution No. R2022-67 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 \$5,952,233.52 annually, and approve HRA funding for each eligible employee at a cost of approximately \$673,500, to cover all associated annual deductibles; (2) Renew a contract with CIGNA to provide dental insurance to eligible employees, dependents and retirees at an annual cost of approximately \$ 343,757.28; (3) Renew a contract with Humana to provide vision insurance to eligible employees, dependents and retirees at an annual cost of approximately \$32,906.88; (4) Renew a contract with CIGNA Group Benefits to provide Life/AD&D and disability insurance, to eligible employees, at a cost of approximately \$254,487.07.