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INTEROFFICE MEMORANDUM

Date: 10/15/2024
To: Seguin Employee Benefit Trustees
Cc: Steve Parker, City Manager
From: Kristy Lehnert, Director of Human Resources
RE: Award of contract for 2025 Group Health, Dental and Life insurance benefits

In late August, staff received the renewal from Blue Cross Blue Shield of Texas (BCBSTX) for 2025 employee benefits. The proposed renewal includes a 3.5% increase in health plan rates and no increase in the administration fee rate for the self-funded dental plan. This renewal includes the same health plan and its benefits that staff have had for the past two years.

GROUP HEALTH

Again Mr. Brandon Debar, our benefits consultant with Gallagher, was able to negotiate a plan renewal with BCBSTX that includes a 3.5% increase in premiums instead of the initial renewal of a 20% increase in premiums. This marks three years in a row in which the City of Seguin has had a favorable renewal for Health Insurance.

Also, again this year the City will continue to cover the cost of employee only coverage in premiums for all its employees who elect the PPO plan, however, the city this year will also offer a second health plan, a H.S.A. plan.

The City will cover the cost of the employee only coverage in premiums for all of its employees who elect the "new" H.S.A. plan. Also, if the employee does elect to change his/ her **Employee Only** health coverage plan this enrollment year from the PPO plan to the H.S.A. plan the City would contribute \$40.00 per pay period to the employee's health savings account.

Staff recommends the proposed renewal with BCBSTX as the plan has no changes in coverage and the plan allows the City to continue to provide a "Gold" standard ACA plan for employees at a rate within the approved FY 2025 group benefit budget. Staff also recommends the proposed renewal with BCBSTX for the "new" H.S.A. plan, as this brings another option to employees who may not need all the benefits associated with the PPO plan and this plan also came in within the approved FY 2025 group benefit budget.

DEPENDENT COVERAGE

Staff is proposing that the benefit trust's (City) contribution towards dependent coverage remain at 25% of premium for either the PPO plan or the H.S.A. plan.

LIFE & DENTAL COVERAGES

Staff recommends that the self-funded dental plan and life insurance coverage remain with BCBSTX. BCBSTX's proposed renewal dental has no increase in fees or rates, and the renewal for life insurance has no increase in fees or rates with a guarantee of these rates until January 1, 2028.

RECOMMENDATIONS

Following review of the analysis prepared by the consultant, recommendations for the 2025 employee benefit plan are as follows:

1. Renew contract for health plan to Blue Cross Blue Shield of Texas; offer a PPO plan and a H.S.A. plan and;
2. Renew contract for ASO/self-funded dental and fully insured life insurance to Blue Cross Blue Shield of Texas;
3. Continue to pay entire cost of employee health, dental and life coverage; and
4. Maintain City contribution for dependent health insurance at 25% of premium.

Staff requests your approval of the above recommendations and the approval of the attached resolution authorizing the Mayor/Trust Chairman (or his designee) to execute the contract with Blue Cross Blue Shield of Texas for group health, dental and life/AD&D coverage for plan year 2025.

I would be glad to answer any questions you may have regarding these recommendations.