

It's real.**INTEROFFICE MEMORANDUM**

Date: 09/24/2025
To: Seguin Employee Benefit Trustees
Cc: Steve Parker, City Manager
From: Kristy Lehnert, Director of Human Resources
RE: Award of contract for 2026 Group Health, Dental and Life insurance benefits

In early August, an RFP for the City of Seguin's fully insured health plan and the self-funded dental plan was issued. This process closed on September 2, 2025, and staff received the following proposals:

- Blue Cross Blue Shield of Texas (BCBSTX) proposal included a 32% increase in the fully insured health plan rates and no increase in the administration fee rate for the self-funded dental plan. This proposal included both the same PPO health plan and the same H.S.A. health plan that staff have had now for the past three years for the PPO health plan and then the past year on the H.S.A health plan.
- United Healthcare proposal included a fully insured health plan that had a 26% increase in plan rates, however no information regarding the actual plan design on either the PPO or H.S.A. plans was provided. No proposal on the self-funded dental plan was submitted by United Healthcare.
- Ameritas proposal included information only for the self-funded dental plan. This proposal included a decrease in the monthly premiums (currently 4.30 per month per employee compared to the proposed \$3.70 per month per employee).
- Aflac proposal included only a fully insured dental plan which had a \$41.00 per employee expense.
- MetLife proposal included only a fully insured dental plan which had a \$32.47 per employee expense.

GROUP HEALTH

Mr. Brandon Debar, our benefits consultant with Gallagher, was able to negotiate a renewal plan with BCBSTX that moved the City from a 32% increase to an 18% increase on the PPO health plan and a 30% increase on the H.S.A. health plan, however the annual deductible amounts for this health plan were reduced.

With this increase in health insurance premiums to the City, the City is unable to continue to cover the cost of the employee only coverage in premiums for all of its employees who elect the PPO health plan, however the City this year is able to continue to cover the cost of the employee only coverage in premiums for all of its employees who elect the H.S.A health plan. The payroll deduction amount per employee who elects the PPO health plan will be \$25.00 per pay period, however the pay payroll deduction amount per employee who elects the H.S.A. health plan will continue to be zero.

To promote the H.S.A. health plan and to assist with the annual deductibles of either \$3,400 for employee only coverage or \$6,800 for employee and dependent coverage, the City will contribute \$80.00 per pay period to the employee's health savings account for anyone who currently participates in the H.S.A. health plan or who decides to participate in the H.S.A. health plan for 2026.

Staff recommends the proposed renewal with BCBSTX for 2026, as this allows the City to continue to provide a "Gold" standard Affordable Care Act plan for the employees at a rate that is reasonable and provides the best value to the City. This renewal also helps the City maintain health benefits that are favorable within the market to assist with the recruitment and retention of employees.

Depending on staff's health insurance elections during this year's Open Enrollment, staff may need to come back mid-year to request a budget amendment for these benefits.

DEPENDENT COVERAGE

Staff is proposing that the benefit trust's (City) contribution towards dependent coverage remain at 25% of premium for the PPO health plan and 33% of premium for the H.S.A. health 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 2026 employee benefit plan are as follows:

1. Renew contract for health plan to Blue Cross Blue Shield of Texas; offer a PPO health plan and a H.S.A. health plan and;
2. Renew contract for ASO/self-funded dental and fully insured life insurance to Blue Cross Blue Shield of Texas;
3. Employee will pay \$25.00 per pay period for employee only coverage for the PPO health plan, however the City will continue to pay the entire cost of employee only coverage for the H.S.A. health plan, dental plan and life coverage; and
4. Maintain City contribution for dependent health insurance at 25% of premium for PPO health plan and 33% of premium for H.S.A. health plan.

	PPO Plan	H.S.A. Plan
	2026	2026
	Employee	Employee
	Payroll Deduction	Payroll Deduction
Employee Only	\$ 25.00	\$ -
Employee Spouse	\$ 338.59	\$ 250.97
Employee Child	\$ 247.50	\$ 177.69
Employee Family	\$ 471.34	\$ 357.88

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 2026.

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