

**It's real.****INTEROFFICE MEMORANDUM**

**Date:** 09/21/2021  
**To:** Seguin Employee Benefit Trustees  
**Cc:** Steve Parker, City Manager  
**From:** Kristy Lehnert, Director of Human Resources  
**RE:** Award of contract for 2022 Group Health, Dental and Life insurance benefits

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In late August, staff received the renewal from Blue Cross Blue Shield of Texas (BCBSTX) for 2021 employee benefits. The proposed renewal included a 9.0% increase in health plan rates and no increase in the administration rate for the self-funded dental plan.

**GROUP HEALTH**

The City has and continues to see an increase in claims, which impacts the City's loss/claim ratios. However due to COVID-19 and the impact it has had on medical claims, Mr. Treacy was able to negotiate a plan renewal with BCBSTX based upon information for our City that doesn't include claims that may happen during the third quarter of 2020. As a result, the initial renewal received from BCBSTX is at a 9.0% increase in premiums.

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 2021 group benefit budget.

**DEPENDENT COVERAGE**

Staff is proposing that the benefit trust's (City) contribution towards dependent coverage remain at 25% of premium.

**LIFE & DENTAL COVERAGES**

Staff is recommending that the self-funded dental plan and life insurance coverage remain with BCBSTX. BCBSTX's proposed renewal for both life and dental has no increase in fees or rates.

**RECOMMENDATIONS**

Following review of the analysis prepared by the consultant, recommendations for the 2022 employee benefit plan are as follows:

1. Renew contract for health plan to Blue Cross Blue Shield of Texas; 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 2022.

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