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CITY COUNCIL AGENDA ITEM REPORT

DATE: July 24, 2024

SUBMITTED BY: Corey Fortin, City Administration

ITEM TYPE: Presentation

AGENDA SECTION: NEW BUSINESS BY DEPARTMENT HEADS, CITY ATTORNEY AND COUNCIL

SUBJECT: Health Insurance Renewal for Fiscal Year 2025

SUGGESTED ACTION: Authorize the City Administrator to terminate Florida Blue as of 9/30/24 and engage with RBP - Referenced Based Pricing Platform through United Health as of 10/1/24.

Is this item Quasi-Judicial?

No

Does this item require a public hearing?

No

EXPLANATION:

The Insurance Committee met several times and on 7/15/24 for a final discussion and recommendation on Health Insurance Renewal options for the 2025 Fiscal Year. Based on a high-cost claimant, the renewal quote from Florida Blue would result in a 92% increase in the City's Stop Loss premium from \$669,749.32 to \$1,339,379.04 in addition to an 18% increase in premiums to both the City and the employees. These items would increase the City's health insurance program's budget and cost approximately Two Million Dollars (\$2,000,000.00).

Our agent of record, Danielle Boyle with Brown & Brown, presented to the Insurance Committee, on multiple occasions, information on an alternate plan with a Referenced Based Pricing platform through United Health that would result in a 30% savings to the both the City and the employee for the HSA Plan and the BlueCare 55 Plan, or an 18% increase for those employees who remain on a traditional PPO Plan. Additionally, increases to Florida Blue premiums on an ongoing basis are unpredictable with bills rising between 7% and 12% annually. Increases under the Referenced Based Pricing Platform through United Health are

controlled by Medicare based pricing which rises less between 1% and 2% per year. The Insurance Committee Meeting was attended by many retirees and union representatives and positive references of the alternative plan were taken into consideration.

After review of the information presented, the Insurance Committee is making a recommendation to terminate the relationship with Florida Blue as of 9/30/24 and enroll in the Referenced Based Pricing platform through United Health. The City's prescription drug plan will remain with our current provider, Optum RX.

FINANCIAL IMPACT:

Projected decrease in Stop Loss premium of \$1.2M as well as a decrease in premiums paid by the City, and in no case an increase in premiums to employees over the proposed renewal by Florida Blue for their PPO Plan.

ATTORNEY REVIEW/RECOMMENDATION:

N/A

SUGGESTED MOTION:

Motion to authorize City Administrator to terminate engagement with Florida Blue as of 9/30/24 and engage with United Health under the Referenced Based Pricing Platform, as well as offering a compatible (to Florida Blue) PPO and HSA healthcare plan.

ATTACHMENTS: