

Item F-5

Consider a resolution authorizing the City Manager to execute an agreement between the City and Blue Cross/Blue Shield (BC/BS) for the provision of administering the City's Self-Funded Medical and Dental Healthcare Insurance Plans, effective October 1, 2021, and authorizing the City Manager to execute all purchase documents relating thereto on behalf of the City of Keller, Texas.

Fully-Insured vs. Self-Insured

Fully-Insured

Insurance company assumes the risk (loss)

Insurance company receives the profit

Networks pre-defined

State-regulated plan designs

Funded through monthly premiums

ACA taxes part of premium rate

Self-Insured

City assumes the risk (over budget)

City adds to fund (under budget)

Networks customized

Federally regulated plan designs

Monthly based upon claims & admin fees

Not subject to all ACA fees

RFP Process

| | CIGNA (current) | Cigna (proposed) | AETNA | Blue Cross/Blue Shield | United |
|----------------|------------------------|-------------------------|--------------------|-------------------------------|--------------------|
| Medical Claims | | \$2,782,561 | \$3,095,432 | \$3,048,078 | \$2,869,962 |
| RX | | 472,328 | 381,688 | 281,908 | 358,013 |
| Stop Loss | | 941,662 | 413,178 | 522,144 | 518,321 |
| Credits | | (81,500) | (65,000) | (78,580) | (31,500) |
| Total | \$4,075,259 | \$4,115,051 | \$3,825,298 | \$3,773,549 | \$3,714,797 |

RFP Timeline

- Early spring: RFP for medical insurance, pharmacy dental insurance, and stop loss
- Late March: Received and evaluated nine qualified responses
- Responses reviewed and narrowed to four Finalists
- Mid-April: Presentations by four Finalists
- Committee selected Blue Cross/Blue Shield as Best Value Option
- Requested Best and Final from BCBS

BCBS Plan Details

- 70% Texas Public Market Share
- Integrated Health Care Ecosystem
 - Blue Access Online Portal
 - First Responder EAP
 - Benefits Value Advisor
- 94.6% Provider Coverage
- \$125,000 individual & \$1M aggregate stop loss coverage w/ stop loss renewal capped at 45%
- City Health Contribution Decrease of \$224,538 or 6.3%
- Dental Self-Insurance Increase of \$7,286 or 6%
- No Change to Employee Contribution for Health or Dental



**BlueCross BlueShield
of Texas**

Stop Loss Overview

(medical only)

Individual Stop Loss (ISL)

Provides protections from the financial impact of large catastrophic claims incurred by any covered person.

- City incurs up to \$125,000/participant /plan year.
- Protection from large catastrophic claims any one participant that incurs above \$125,000/plan year.
- Stop Loss Carrier reimburses claims to city for claims that go above that limit.
- Includes medical and pharmacy.

Aggregate Stop Loss (ASL)

Provides protections from the risk of higher than expected claims for the entire covered population.

- Protection from the risk of aggregate claims for all participants.
- Aggregate deductible typically set at a percentage of expected claims (e.g., 125%) for the entire group.
- Includes a cap on the maximum reimbursement.

Self-Insurance Funding

| | Expected Claim | Max Claim |
|---------------------|---------------------|---------------------|
| Claim Factor | \$ 2,913,688 | \$ 3,642,110 |
| Stop Loss Premium | 522,144 | 522,144 |
| Dental Claim Factor | 204,798 | 204,798 |
| Admin Fee | 66,563 | 66,563 |
| Total | \$ 3,707,193 | \$ 4,435,615 |

| | City | Employee | Total |
|----------------------|---------------------|------------------|---------------------|
| Medical Contribution | \$ 3,763,286 | 606,203 | \$4,369,489 |
| Dental Contribution | 162,138 | 50,010 | 212,149 |
| Total | \$ 3,925,424 | \$656,213 | \$ 4,581,637 |

Self-Insurance Fund Balance at 9/30/20: \$3,642,147

HEALTHCARE BREAKDOWN

Medical (BC/BS)

- Self-Funded
- Est. ER Cost \$3.7 million (6.25% initial savings)
- Pharmacy (potential rebates)
- No plan design change
- Broker Contract Review

Dental (BC/BS)

- Self-Funded
- Est. ER Cost \$162,138
- No plan design change



Milestone



Questions?
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