

## MEMORANDUM

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September 9, 2014

**TO:** Honorable Mayor and City Commissioners

**VIA:** Kenneth Fields, City Manager

**FROM:** Sandra D. Davis, Human Resources Director

**SUBJECT:** Award of Bid for Medical, Dental and Vision Insurance Coverage

**SYNOPSIS:** The City Commission will consider awarding the bid for health insurance to United Healthcare, dental insurance to Renaissance, and vision insurance to Advantica Eye Care.

### RECOMMENDATION

Staff recommends that the City Commission take the following action:

1. Award the Bid for Health Insurance to United Healthcare (City pays 100% for employee)
2. Dental Insurance to Renaissance (employee paid)
3. Vision insurance to Advantica Eye Care (employee paid)
4. Authorize the City Manager to execute all applicable contract documents.

### BACKGROUND

In an effort to control insurance costs and continue to offer City employee's competitive insurance benefits, the City posted a Request for Proposal for Health, Dental and Vision Insurance coverage's. Health insurance premiums have been rapidly increasing over the last few years. Factors fueling these increases include more hospital admissions, higher charges for hospital care, an aging workforce, an increase in the use of prescription drugs, an increase in the number of claims, as well as an increase in expensive claims. In spite of the health insurance market, we have been able to hold the rate at last year's premium for FY 14'15 with improved benefits.

We will continue to be proactive and take measures to contain costs while providing employee medical insurance. In this regard, efforts to assist will include the continuance of the employee wellness program, on-site biometric screening and health risk assessment; with the possibility of looking at high deductible plans with buy-up options. However, this type of change will need to be negotiated with both unions prior to implementation.

In accordance with Section 2-417: Procurement of Commodities or Contractual Services of the City Code of Ordinances, and Section 112.08 Florida Statutes, Staff solicited written proposals from insurance companies. Notices were mailed to insurance providers, posted in local newspapers, on the City's Website, on notice boards at the administration building and on Demand Star.

The bid opening was held on Wednesday, August 20, 2014 at 2:00 p.m. in the Commission Chambers. We received three bids in response to our request for proposals. Bids included levels of insurance coverage, i.e. amount of deductibles, associated out of pocket expenses, physician co-payments, etc. Both Blue Cross & Blue Shield and Florida League of Cities declined to bid on health insurance coverage. We evaluated the proposals received based on health, dental and vision benefits providing the most economical cost to the City and its employees.

The results of the health insurance bids tabulated are as follows:

### Medical Insurance

Company	Funding	Bid Amount
United Healthcare	Fully Funded	<b>\$1,257,265.20</b>
Public Risk Management	Fully Funded	\$1,295,527.00
Cigna	Fully Funded	\$1,378,014.48

Employees will continue to pay 100% of the premium for dental and vision coverage. The monthly proposed employee rate for medical insurance is \$523.87 and the family rate is \$523.88. This represents no increase in premiums.

#### LOW DENTAL INSURANCE BIDS

Note: Even though United Healthcare’s overall cost is lower, their employee/child(ren) and employee/spouse rates are higher. Renaissance is the current carrier with the best network.

Company	Bid Amount
<b>Renaissance</b>	<b>\$21,612</b>
United Healthcare	\$20,511
Public Risk Management	\$39,674

#### HIGH DENTAL INSURANCE BIDS

Note: Even though United Healthcare’s overall cost is lower, their employee/child(ren) and employee/spouse rates are higher. Renaissance is the current carrier with the best network.

Company	Bid Amount
<b>Renaissance</b>	<b>\$44,512</b>
United Healthcare	\$43,543
Public Risk Management	\$54,369

#### VISION INSURANCE BIDS

Company	Bid Amount
<b>Advantica</b>	<b>\$13,155</b>
AVMED	\$14,411
United Healthcare	\$14,465

#### FISCAL IMPACT

Awarding the bid to United Healthcare will result in no additional cost to the City compared to the adopted 13’14 budget. The costs for City paid medical insurance premiums are in FY 14’15 proposed budget.

#### OTHER OPTIONS

Don’t approve any of the recommendations.

#### ATTACHMENTS

None