



Department Source: Human Resources

To: City Council

From: City Manager & Staff

Council Meeting Date: August 1, 2022

Re: Resolution authorizing the City Manager to negotiate and enter into agreements for benefits administration and insurance coverages beginning January 1, 2023.

## Executive Summary

The City of Columbia RFP 1-2022 Employee Benefits Package was issued January 3, 2022 through the City's Purchasing Division for the following lines of coverage: Health (Medical Plan) Administrative Services/COBRA, Pharmacy, Stop Loss, Medicare supplement and prescription drug plan, Dental, Life, Disability, Vision, and Worksite Benefits. This resolution authorizes the acquisition of employee insurance coverage and execution of associated agreements.

## Discussion

This resolution authorizes the acquisition of employee insurance coverage and execution of associated agreements with:

- Anthem Blue Cross Blue Shield for medical and prescription administration, stop loss coverage on medical and prescription claims, COBRA administration, life, disability, and worksite benefits;
- Delta Dental for dental and vision insurance; and
- United American for Medicare supplement and prescription drug plan.

The City of Columbia RFP 1-2022 Employee Benefits Package was issued January 3, 2022 through the City's Purchasing Division for the following lines of coverage: Health (Medical Plan) Administrative Services/COBRA, Pharmacy, Stop Loss, Medicare supplement and prescription drug plan, Dental, Life, Disability, Vision, and Worksite Benefits. All work was coordinated through the Purchasing Division. The City's benefits consultant, CBIZ Benefits and Insurance Services, provided evaluation and negotiation services for development of the RFP scope of work, review and analysis of the proposals received, follow-up with vendors, and presentation of final results with recommendations to staff and the City Manager.

As a result of the process, the City will be changing providers for all lines of coverage except for dental and the Medicare supplement and prescription drug plan. By bundling vision and dental insurance with Delta Dental the city will receive a 3 year rate hold on dental rates and vision rates will be on average 12.95% lower than our current provider. The most significant change involves the transition from United Health Care to Anthem Blue Cross Blue Shield. This change is recommended because Anthem Blue Cross/Blue Shield offers employees deeper discounts on billed charges and access to more in-network providers, and at a more affordable cost to the City than staying with the City's current providers. Integration and coordination of worksite benefits is an additional advantage to moving multiple benefit lines under one provider.



## Fiscal Impact

Short-Term Impact: Anticipate increased cost of approximately \$500,000 for the first year which includes a one-time cost of \$155,000 to cover administration fees for claims filed in 2022 and processed in 2023 by the current provider.

Long-Term Impact: The rates for administrative fees and fixed costs are contracted for 3 years. Future increases to medical and prescription plans and stop loss fees are anticipated based on annual review of the claims pool and claims experience. Our benefits consultant negotiates the best possible rates on behalf of the City.

## Strategic & Comprehensive Plan Impact

### [Strategic Plan Impacts:](#)

Primary Impact: Organizational Excellence, Secondary Impact: Secondary, Tertiary Impact: Tertiary

### [Comprehensive Plan Impacts:](#)

Primary Impact: Not Applicable, Secondary Impact: Secondary, Tertiary Impact: Tertiary

## Legislative History

Date	Action
06/19/2017	R 80-17: Most recent City Council authorization of vendor agreements for benefits administration and insurance coverages for City employees.

## Suggested Council Action

Adopt the resolution.