



City of Benbrook

CITY COUNCIL COMMUNICATION

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CURRENT PLAN

United Health Care (UHC) provides group health insurance coverage for full-time City employees and their eligible dependents through an Exclusive Provider Organization (EPO) plan. The City pays the employee premium for full-time employees. Optional coverage is available for eligible dependents. Employees are responsible for payment of dependent premiums; the City subsidizes a portion of the dependent premium.

The City's group plan is available to City retirees (at their cost), Benbrook Library District (BLD) employees, and eligible dependents for these groups.

The current monthly rates for the employee and employer combined are: \$706.27 for an employee, an additional \$847.53 for a spouse, an additional \$600.33 for children, and an additional \$1,553.81 for family coverage.

CITY REIMBURSEMENT PROGRAM

The current reimbursement rate for out-patient procedures and surgery is a maximum of \$1,000 per occurrence. The reimbursement rate for hospitalization is a maximum of \$2,000 per admission. Employees and covered dependents are eligible for the reimbursements. The City will reimburse the employee \$200 of the \$500 co-pay for first time Emergency Room treatments.

The City contributes up to \$500 to the Section 125 plan account for full-time employees who do not have dependent health insurance coverage through the City of Benbrook.

PROPOSED RENEWAL

In August 2020, UHC proposed a renewal rate increase of 6.7 percent. Thereafter, the City's Agent of Record negotiated with UHC to secure a lower rate. As a result of the negotiations with UHC, there is a decrease of 2% and no changes in services, benefits, co-payments, and deductibles.

PROPOSED RATES

The employee and employer combined costs will decrease 2%. Monthly rates for the employee and employer combined are: \$692.22 for an employee, an additional \$830.67 for a spouse, an additional \$588.39 for children, and an additional \$1,522.90 for family coverage.

SUBMITTED BY:	DISPOSITION BY COUNCIL: <input type="checkbox"/> APPROVED <input type="checkbox"/> OTHER (DESCRIBE)	PROCESSED BY:
		CITY SECRETARY
CITY MANAGER		DATE:

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ESTIMATED COST OF RENEWAL

The total City cost is estimated at \$1,902,171; this amount is below the 2020-21 Budget allocation by \$751,398. Upon advice from City's Agent of Record, the budgeted amount reflected a significant rate increase due to COVID-19. Fortunately, this significant increase did not materialize. In order to maintain the City's very strong financial position, expenditures are estimated liberally and revenues are estimated conservatively. Health insurance rates may be a lagging indicator of the pandemic and Staff will closely monitor rate trends for the next budget cycle.

RECOMMENDATION

Staff recommends that the City Council approve a one-year contract, effective November 1, 2020, with United Health Care for provision of the City of Benbrook's group health insurance.