

Legislation Text

File #: 2758, **Version:** 1

CC MEETING: August 2, 2016

DATE: July 27, 2016

TO: Leonard Martin, City Manager

FROM: Chrystal Davis, Director of Workforce Services

Consider A **Resolution Authorizing The City Manager To Enter Into Agreements With Various Benefit Providers** In An Amount Not To Exceed \$408,300.

BACKGROUND:

IPS Advisors issued an RFP in April for Medical Third Party Administrator (TPA), Flexible Spending Account (FSA), Vision and Employee Assistance Program (EAP) services, amongst other benefits, on behalf of the City of Carrollton. IPS presented proposals from as many as 9 vendors for each benefit service listed. After review of the best and final offers IPS, as well as City staff, recommends: Cigna as the new provider for TPA and FSA services, Superior Vision as the continued Vision provider and Deer Oaks as the continued EAP provider. The attached resolution authorizes the City Manager to enter into an agreement with Cigna, Superior Vision, and Deer Oaks for the aforementioned services.

FINANCIAL IMPLICATIONS:

With an agreement to move from TML to Cigna for TPA and FSA services represents a savings of approximately \$121,597. Cigna is putting up \$94,000 based on performance guarantees and is offering a \$25,000 annual allowance for wellness initiatives. The city anticipates paying \$309,406 annually for TPA and FSA services. A 10% contingency has been included in this amount to account for the possible fluctuation of enrollees over the course of the year.

Renewal with Superior Vision maintains coverage levels and results in no change in rates. The city anticipates paying \$84,360 for vision coverage which includes a 10% contingency for the possible fluctuation of enrollees over the course of the year. Vision coverage is an employee paid benefit and provided at no cost to the City.

Renewal with Deer Oaks for EAP services maintains coverage levels and results in no change in rates. The city anticipates paying \$14,534 for EAP services which includes a 10% contingency for the possible fluctuation in employees over the course of the year. Funds for these employee benefits will be paid out of the Employee Health Fund, which is funded by employer and employee contributions.

Participation in these agreements guarantees rates for 3 years for TPA, FSA and EAP services and guarantees rates for 4 years for vision services, all beginning January 1, 2017.

STAFF RECOMMENDATION/ACTION DESIRED:

Staff recommends adoption of the attached resolution authorizing the City Manager to execute contracts with

Cigna, Superior Vision and Deer Oaks to be effective January 1, 2017.