

# Memorandum



CITY OF DALLAS

DATE June 19, 2020

TO Honorable Mayor and Members of the City Council

SUBJECT **2021 Employee Health Benefits Procurement Update**

The City of Dallas values the health and well-being of our employees. In response to the changing dynamics of the employer-paid health insurance market, we are recommending a new partner to assist us in administration of our employee health benefit plans. This memo provides:

- Background of 2020 Employee Benefit Health Plans
- Proposed Employee Health Plan Design 2021 – 2023
- Request for Competitive Sealed Proposal (RFCSP) Overview

## **Background - 2020 Employee Benefit Health Plans**

For 2020, the active employee and Pre65 retiree health plans remained focused upon our four adopted focus areas:

- Managing costs long term through targeted wellness programs
- Improve health consumerism
- Promotion of Preventive Care
- Provision of Choice and options for personal accountability

Additionally, we continued to offer the Health Savings Account Plan (HSA), the long-standing Health Retirement Account Plan (HRA) and introduced a re-designed Premium Co-Pay plan with economical monthly payments for employees with incomes under \$44K. These practices directly align with our values commitment to equity, empathy and excellence by the provision of affordable and quality health insurance plans. In May 2020, we also increased life insurance coverage for all active employees from \$50K to \$75K and redesigned the wellness incentive program to reward activities that improved health outcomes. These adjustments allow the City of Dallas to remain competitive and offer benefits on target with the needs of employees and the market place.

## **Proposed Employee Health Plan Design 2021 - 2023**

For 2021, based on feedback from the employees and retirees, it is critical that the plans continue to offer affordable monthly premiums, and provide network options. Typically, employer health plans only offer one network option which minimizes choice and can be cost prohibitive, especially for self-insured plans. For this procurement of our employee health benefits, the following new elements were incorporated into our specifications:

- Create Network Option for the Premium Co-Pay Plan
- Increased contribution and continued education on the HSA Plan
- Improved Emergency Room, Urgent Care and Clinic Access
- Enhanced Total Well-Being and EAP Programs
- Medical and Pharmacy combined plans for Post65 Retirees
- Value Added Vision and Dental Plans

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Equipped with data to support this approach, Human Resources staff met with each of our existing providers and experienced insurance companies covering large employers in the DFW region prior to the procurement process. The proposed requirements were shared with each existing and potential vendor to ensure our expectations were reasonable and affordable for our Organization.

## **Employee Health Benefits RFCSP Overview**

### Services Requested Included:

- Medical Health Plan Administrative Services (Active and Pre65 Retirees)
- Medical Advantage Plans (Post 65 Retirees)
- Stop Loss Coverage
- Pharmacy Benefit Management Services
- Flexible Spending Accounts (FSA)
- Health Savings Accounts (HSA)
- Cobra Administration
- Direct Bill

### Individual Proposal Could be Submitted For:

- Dental
- Vision
- Employee Well Being and Assistance Program (EAP)

Proposers could match the current self-funded plan options, or an entirely new, more innovative plan landscape.

### Contract Term:

Three Years, January 1, 2021 – December 31, 2023 with two (2), one-year renewal options. Planning for 2021 implementation commences July 2020 or upon Council approval.

### RFP Timeline:

- The Request for Proposal Release and Submission: January – March 2020
- Virtual (Due to COVID19) Vendor Interviews: April 2020
- Contract Negotiations and Plan Design: April – May 2020
- Recommendation to Council: June 24, 2020

### Virtual Proposal Review Committee (Due to COVID19):

The Committee was composed of staff from the Human Resources, City Controller's Office, Compensation and Total Rewards, and Park and Recreation departments.

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RFP Responses:

RFP	RESPONDERS	SELECTED
MEDICAL HEALTH PLAN BENEFITS	Blue Cross Blue Shield, Cigna, United Healthcare, Aetna,	Blue Cross Blue Shield
DENTAL BENEFITS	Cigna, Alpha, Delta Dental, Metlife, The Standard	Delta Dental
VISION	Heritage (Aetna Vision), BCBSTX, Cigna, UHC, Metlife and Davis Vision	Davis Vision
EMPLOYEE WELL BEING AND ASSISTANCE	Compsych, Curalinc, Deer Oaks, Aetna, Magellan (BCBS), Cigna United	Magellan (BCBS)

Staff will be available at the GPFM Committee meeting on Monday, June 22 to answer any questions. The approval of the new recommended vendors is scheduled for City Council approval on June 24, 2020. In the meantime, please feel free to reach out to me or Nina Arias, Director of Human Resources if you have any questions or concerns.

Sincerely,



Kimberly Tolbert  
Chief of Staff

- c: T.C. Broadnax, City Manager  
Chris Caso, City Attorney  
Mark Swann, City Auditor  
Billerae Johnson, City Secretary  
Preston Robinson, Administrative Judge  
Majed A. Al-Ghafry, Assistant City Manager  
Jon Fortune, Assistant City Manager
- Joey Zapata, Assistant City Manager  
Nadia Chandler Hardy, Assistant City Manager  
Dr. Eric A. Johnson, Chief of Economic Development and Neighborhood Services  
M. Elizabeth Reich, Chief Financial Officer  
Laila Aleqresh, Chief Innovation Officer  
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion  
Directors and Assistant Directors