



## City of Gainesville Agenda Item Report

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**File Number:** 2024-710

**Agenda Date:** September 19, 2024

**Department:** Risk Management Department

**Title:** 2024-710 Group Health, Stop Loss and Term Life Vendor Recommendations (B)

**Department:** Risk Management Department

**Description:** The City Commission accept the recommendation of RSC Insurance Brokerage, Inc./Gehring Group, and staff to award the contract for the Health Plan with Stop Loss to Florida Blue and extend the contract for Group Term Life with The Standard.

**Fiscal Note:** The FY 2025 operating budget includes funding allocations in the Employee Health and Accident (EHAB) Fund and the Retiree Health & Accident Fund to cover these expenditures. The proposed Florida Blue agreement is a three (3) year contract with two (2) options for one (1) year renewals. The administrative services and stop loss will cost the City less than \$2 million annually with pass-through claims ranging from \$24-\$28 million annually. The Standard is a one (1) year extension with a rate guarantee to expire December 31, 2025. The Group Term Life contract is not expected to exceed \$465,000.00.

**Explanation:** The Risk Management Department contracted with RSC Insurance Brokerage, Inc./Gehring Group via public solicitation RMDX-230059-GD, to negotiate with carriers offering comprehensive coverage and cost-effective plan designs for fully and self-insured plans to benefit City employees and to make recommendations for changes, if needed. The Gehring Group followed the City's Procurement guidelines and policies to provide the City with a selection of Health Plans to include Stop Loss and Group Term Life. Four of the largest health insurance carriers submitted proposals and the variance in claims costs between the vendors was significant. The providers below have been selected and are recommended by the Gehring Group.

- Administrative Services, Florida Blue
- Specific Stop Loss, Florida Blue
- Group Term Life, The Standard

The chart below demonstrates the cost differences between the carriers and details the potential cost savings to the City by concurring with the Gehring Group’s recommendations.

COG Medical Claims Repricing Analysis-Claims Period: 5/1/23-4/30/24-Provider Specific Method -Data provided by Gehring Group

Proprietary information has been redacted

Medical Repricing		Florida Blue		Aetna		Cigna		UnitedHealthcare	
	Billed	Allowed		Allowed		Allowed		Allowed	
Inpatient	\$18,204,349	\$4,546,295							
Outpatient	\$23,643,864	\$5,399,655		\$25,713,785		\$31,082,856		\$26,242,863	
Professional/Other	\$45,045,727	\$6,857,999							
Out of Network/ Excluded		-		\$6,553	-	\$1,312,251	-	-	-
Cigna Estimated Capitation*		-		-	-	\$1,725,138	-	-	-
<b>Total</b>	<b>\$86,893,940</b>	<b>\$16,803,949</b>		<b>\$25,720,338</b>		<b>\$34,120,245</b>		<b>\$26,242,863</b>	

Awarding Florida Blue the contract as its health insurance carrier minimizes service disruption for City employees and the City will save approximately \$9-\$17.5 million in claims costs. Extending the current contract for Group Term Life with The Standard also proves cost-effective. The Gehring Group’s recommendations are to contract with Florida Blue for the Health Plan, including Stop Loss, and to extend the current contract for Group Term Life with The Standard. The Gehring Group’s recommendations are data and cost-driven.

**Strategic Connection:**

- Goal 1: Equitable Community
- Goal 2: More Sustainable Community
- Goal 3: A Great Place to Live and Experience
- Goal 4: Resilient Local Economy
- Goal 5: “Best in Class” Neighbor Services

**Recommendation:** The City Commission: accept the recommendations of RSC Insurance Brokerage, Inc./Gehring Group and staff to 1) contract with Florida Blue for Administrative Services for an initial three (3) years with the option of two (2) one-year renewals, 2) execute an agreement with Florida Blue for Specific Stop Loss for an initial one (1) year with the option of four (4) one-year renewals; 3) extend the contract for Group Term Life with The Standard for one (1) year, 4) authorize the issuance of purchase orders in amounts sufficient to cover applicable charges for the administrative services and Stop Loss to Florida Blue and Group Term Life to The Standard; and 5) authorize the City Manager or designee to negotiate the contracts subject to the approval of the City Attorney as to form and legality.