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**Employee Benefits Insurance  
Request For Proposal  
Recommendation  
August 2024**

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Prepared by:



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## BACKGROUND

The City of Gainesville currently offers group medical, dental, vision, and life insurance to its employees, retirees, and their dependents (subject to eligibility guidelines). The City's medical insurance program has been self-insured and administered by Florida Blue for over 30 years. The current program consists of one PPO plan. Under the current self-insured arrangement, the City pays an administrative fee to Florida Blue to administer the plan, process and pay claims, manage the provider network, and a variety of other functions. The City then funds claims as they occur. The City purchases re-insurance to cover claims costs for any individual who has a catastrophic claim or combination of claims. Under this arrangement, the City has an individual specific limit (ISL) deductible of \$375,000 and an Aggregating specific deductible of \$100,000.



## MARKET ANALYSIS

In preparation for the 2025 renewal, Gehring Group released a Request for Proposal (RFP) and requested proposals from carriers based on a self-funded arrangement, as well as a fully insured arrangement for the medical insurance. Respondents were also afforded the opportunity to provide "carved out" stop loss and pharmacy benefits. A comprehensive evaluation was performed with an in-depth review of the following key areas:

- Medical Coverage Self-Funded and Fully Insured Arrangements
- Wellness Incentive Programs
- Pharmacy Rebates
- Pharmacy Contract Terms and Discounts
- Rate Contingencies
- Provider Disruption
- Network Access to Care
- Carriers Administrative Process
- Benefit Plan Design
- Premiums for Fully Insured Coverage
- Reinsurance Premiums
- Performance Guarantees

The RFP was received by 32 carriers and the Gehring Group received 9 proposals for coverage. The following table outlines responses received and fully insured proposed increases:

Medical – Self Insured	Medical – Fully Insured	Reinsurance	Pharmacy Benefit Managers (PBM)
Aetna	Aetna	Aetna	Aetna
Cigna	Florida Blue	ATS Underwriting	Florida Blue (Incumbent)
Florida Blue (Incumbent)		Cigna	Cigna
UnitedHealthcare		Companion Life Insurance Company	Crumdale Partners
		Florida Blue (Incumbent)	PharmAvail
		PartnerRe	UnitedHealthcare
		UnitedHealthcare	

The fully insured proposals received were significantly higher (21% or greater) than any increases needed to the current self-insured medical program, and as a result were not considered for further evaluation.





## MEDICAL ANALYSIS & RECOMMENDATION

Staff and Gehring Group did an exhaustive review of the proposals received from all carriers. Upon review of those proposals, it was determined that the offer received by Florida Blue provides the greatest overall value to the City and employees. While all facets of the proposals received were evaluated, three key areas arose as differentiators for Florida Blue:

- **Network Discounts/Claim Repricing** - In the RFP proposers provided their average discount by category of care (e.g. hospital, physician, etc.) and required to “re-price” medical claims. A repricing shows what the medical claims spend for the City would have been with an alternative carrier. Florida Blue’s average discount was superior to the other proposers, indicating that the lowest cost for the City was with Florida Blue by a margin of more than 10%.
- **Network Disruption** - is an analysis of which providers that are currently used are in the network. Florida Blue provided the lowest medical “disruption” amongst proposers with 97% of the top utilized providers in network.
- **Pharmacy terms and rebates** – Florida Blue enhanced current pharmacy discount terms and guarantees, increasing projected rebates by 47% over current levels.

Additionally, Gehring Group was able to negotiate \$75,000 in wellness funds be provided to the City on an annual basis.

Taking these compelling differentiators into consideration, Gehring Group recommends the City renew with Florida Blue. This recommendation provides the greatest overall value to the City, and employees, by maintaining the current benefits in addition to key improvements in the areas of pharmacy and wellness. Gehring Group believes that these carriers provide excellent levels of service and will continue to meet and exceed the City’s expectation for value, benefits, and service.



## PROPOSED MEDICAL RENEWAL TERMS

Carrier:	Florida Blue
Individual Specific Limit:	\$375,000
Aggregating Specific Deductible:	\$100,000
Individual Stop-Loss (City paid):	\$32.33 Per Employee Per Month
Medical Administrative Rate:	\$28.23 PEPM Employee Only \$65.92 Employee + Dependent(s)
Pharmacy Administrative Fee:	\$8.00 Per Employee Per Month
Wellness Funds:	\$75,000

