



**CITY OF FORT LAUDERDALE
City Commission Agenda Memo
REGULAR MEETING**

#20-0203

TO: Honorable Mayor & Members of the
Fort Lauderdale City Commission

FROM: Chris Lagerbloom, ICMA-CM, City Manager

DATE: February 18, 2020

TITLE: Motion to Approve Increase in Funds to Contracts for Employee Insurance Benefits – Cigna and The Standard - \$727,055 - **(Commission Districts 1, 2, 3 and 4)**

Recommendation

It is recommended that the City Commission approve an increase in funds to the contracts for employee insurance benefits with Cigna (inclusive of Cigna Health and Life Insurance Company, Cigna Behavioral Health, Inc. and Cigna underwritten by Life Insurance Company of America, Inc.) and The Standard (The Standard Life Insurance Company) in the combined total amount of \$727,055. This will result in a new 36-month contract value of \$2,696,105 for Medical Administrative Services Only (ASO) and Employee Assistance Program (EAP), a new 36-month contract value of \$477,586 for Long Term Disability (LTD) Insurance, and a new 24-month contract value of \$294,319 for Basic Life Insurance.

Background

On September 20, 2016, the City Commission approved a contract for ASO and EAP services with Cigna in the estimated amount of \$2,116,259 (CAM #16-0901). The initial term of the contract is a 36-month term, valid thru December 31, 2020.

Cigna's current ASO fee is either \$36.35 or \$37.62 per enrolled employee, depending upon the enrolled plan type, and the EAP premium is \$2.13 per active employee. The City's monthly cost is determined by the number of employees multiplied by the rate. At the time the contract was approved, the enrollment was 1,631 employees for ASO and 2,703 employees for EAP. However, enrollment has increased over the years and is now estimated at 1,863 for ASO and 2,935 for EAP. This increased enrollment has resulted in this request for the additional funds, resulting in an increase of \$579,846 and a new 36-month contract value of \$2,696,105 for ASO and EAP services.

On October 23, 2018, the City Commission approved a contract for LTD Insurance with Cigna in the estimated amount of \$366,438 (CAM #18-1002). The initial term of the contract is a 36-month term, valid thru December 31, 2021.

Cigna's current LTD premium is \$0.27 per \$100 of enrolled employee payroll. The City's monthly cost is determined by the number of employees (eligible for 401(a) retirement benefits) and their combined payroll multiplied by the rate. At the time the contract was approved, the enrollment was 756 employees. However, enrollment has increased over the years and is now estimated at 988. This increased enrollment has resulted in this request for the additional funds, resulting in an increase of \$111,148 and a new 36-month contract value of \$477,586 for LTD.

On October 23, 2018, the City Commission approved a contract for Basic Life Insurance with The Standard in the estimated amount of \$258,258 (CAM #18-1003). The initial term of the contract is a 24-month term, valid thru December 31, 2020.

The Standard's Basic Life Insurance current premium is \$0.06 per \$1,000 of enrolled employee payroll. The City's monthly cost is determined by the number of employees and their combined payroll multiplied by the rate. At the time the contract was approved, the enrollment was 2,703 employees. However, enrollment has increased over the years and is now estimated at 2,935. This increased enrollment has resulted in this request for the additional funds, resulting in an increase of \$36,061 and a new 24-month contract value of \$294,319 for Basic Life Insurance.

This increase of enrollment for employee insurance benefits with Cigna and The Standard has resulted in the requested increase in funds to the contracts in the combined total amount of \$727,055.

Resource Impact

There will be an increased fiscal impact to the City in the amount of \$248,362 in FY 2020. Funds for this purchase are available in the accounts listed below. Future expenditures are contingent upon approval and appropriation of the annual budget.

<i>Funds available as of February 5, 2020</i>					
ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	PURCHASE AMOUNT
545-INS220101-5130	Self-Insured Health Benefits	Non-Operating Expenses/Health Insurance Admin	\$27,461,820	\$21,298,277	\$188,687
543-HRD050101-3110	Claims Administration	Services/Materials/Employee Assistance Program	\$323,067	\$185,460	\$4,595
545-INS220101-5135	Self-Insured Health Benefits	Non-Operating Expenses/Other Carrier Premium	\$27,461,820	\$21,298,277	\$37,049
545-INS220101-5135	Self-Insured Health Benefits	Non-Operating Expenses/Other Carrier Premium	\$27,461,820	\$21,298,277	\$18,031
PURCHASE TOTAL ►					\$248,362

Strategic Connections

This item supports the *Press Play Fort Lauderdale 2024 Strategic Plan*, specifically advancing the Internal Support Focus Area:

- Goal 8: Build a leading government organization that manages all resources wisely and sustainably.
- Objective: Maintain financial integrity through sound budgeting practices, prudent fiscal management, cost effective operations, and long-term planning.

This item advances the *Fast Forward Fort Lauderdale 2035 Vision Plan: We Are United*.

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