

SPECIAL MEETING

CITY COMMISSION

HARLINGEN, TEXAS

SEPTEMBER 15, 2011

A Special Meeting of the Harlingen Elective Commission was held on Thursday, September 15, 2011 at 5:30 p.m. in Town Hall, City Hall, 118 E. Tyler Street, Harlingen, Texas. Those in attendance were:

Mayor and City Commission

Mayor Chris Boswell
Jerry Prepejchal, Mayor Pro Tem, District 4
Gustavo C. Ruiz, Commissioner, District 1
Robert Leftwich, Commissioner, District 2
Joey Trevino, Commissioner District 5

Absent

Kori Marra, City Commissioner District 3

Staff Present

Carlos Yerena, City Manager
Amanda C. Elizondo, City Secretary
Roxann P. Cotroneo, City Attorney
Gabriel Gonzalez, Assistant City Manager
Roel Gutierrez, Finance Director

Mayor Boswell called the meeting to order, a quorum was established. He stated a notice of the meeting had been duly posted according to state law and the following proceedings were held.

- 1) Consider and discuss presentation by the City's licensed life and health insurance counselor, Roger Garza with Valley Risk Consultants, Inc. regarding request for proposals submitted to the City of Harlingen on Employee Health Insurance Benefits, Group Term Life Insurance, Employee Assistance Program, Cafeteria Plan, Flexible Spending Account Plan, Vision Plan, Dental Plan and Voluntary Life Insurance Plan for fiscal year 2011-2012 with possible yearly renewal options.

Carlos Yerena, City Manager mentioned one of the main focuses that staff had throughout the budget cycle had been to decrease the operating expenditures. Two objectives were: to stay within the allocated budget numbers and second to improve the benefits for all city employees. Mr. Yerena stated the city was very please with all the bids that were received and felt the city could accomplish both of the objectives with staff's recommendations.

Roger Garza, Insurance Counselor with Valley Risk Consultants, Inc. stated that on August 15, 2011 the City of Harlingen solicited proposals for Fully Funded and Self Funded Employee Benefits Plans under RFP #2011-22. In addition, the city received a total of (26) twenty-six individual proposals for voluntary products submitted for Group Term Life insurance, Dental insurance, Vision coverage, Disability, Hospital Indemnity insurance and Cancer Supplements and Critical Care under RFP# 2011-23. After the closing date of September 1, 2011 the following proposals were received:

5 proposals for Fully Funded Health Insurance benefits
3 administrative with Stop Loss
5 proposals for employees Group Term Life
6 proposals for Employee Assistance Program

On September 2, 2011, after calculating the proposals they completed the process on September 9th. They met with city staff and reviewed all proposals received. On September 10th at the direction of city staff he had started with counter offers with the top three finalists. Those finalists were Blue Cross Blue Shield, Valley Baptist Health Plans and United Health Care. The

only other funded program that the city had was the Texas Municipal League, but their percentage increase was far over budgetary consideration. The counter offer process was officially closed this afternoon and the newly revised numbers reflected a decrease in cost to the city and its dependents. Valley Baptist submitted a very competitive proposal; Blue Cross Blue Shield actually submitted two (2) options; and United Health Care also submitted a very competitive counter offer. This would reduce the city's overall cost by approximately 3.9% across the board. The current plan that the city was focusing was reducing the cost between \$25,000 and \$45,000. Currently the employee carried a \$1,000 deductible; the counter offer from Blue Cross Blue Shield would carry the deductible to \$500. Blue Cross Blue Shield had also lowered the employee's co-payment from \$20.00 to \$15.00. The specialist office visit was lowered from \$35.00 to \$25.00. The RX co-payment was lowered from \$5, \$25 and \$50 to \$5, \$15 and \$30 on both options. Valley Baptist Health Plans reduced the deductible from \$1,000 to \$800 in the final counter offer. They also offered to reduce the office co-payments from \$20.00 to \$15.00 and reduce the specialist office visit from \$35.00 to \$30.00. In addition, they offered to continue the current program with three different options, but the only competitive option that the city was focusing on was the one with zero percent increase. Lastly, United Health Care and their counter offer was to keep the same deductible, they lowered the office co-payment from \$20.00 to \$15.00. They offered to reduce the insurance premium by approximately 8%. He stated these were three very good proposals ranging between 3.9% if the city made slight changes to making more drastic changes at less than \$24,000 to \$45,000 a year in reduction to current premium.

A lengthy discussion followed on the options that were submitted by the three insurance carriers.

Mr. Garza pointed out that Blue Cross Blue Shield proposal was labeled as a non-grandfather program, whereas Valley Baptist Health Plans continued to grandfather its program. That was a benefit that the city had elected to continue. Mr. Garza explained that Valley Baptist had offered a one-year agreement with these benefits subject to renewal. They were even willing to provide a two-year agreement with a cap. He stated all the contracts that were being presented were one (1) year agreements. Prior to receiving the counter offers, he felt very comfortable with Valley Baptist Health Plan Proposal. After the counter offers the balance was thrown off and after discussion they determined they had two choices either weight out the cost or weight out the benefits. Blue Cross Blue Shield's Proposal had weight out both choices. The Valley Baptist Health Plans Proposal attempted to do both, but didn't quite meet the requirements. He considered Blue Cross Blue Shield's proposal a better choice as insurance carrier.

Mayor Boswell asked if there were other reasons to favor the Blue Cross Blue Shield over United Health Care. Mr. Garza replied not necessarily, but the target goal on the budget was first met by Blue Cross Blue Shield.

Mayor Boswell stated the city could probably save more money going with United Health Care Plan. Yet, the Commission did not have the analysis before them to be able to make that decision.

Steve Keen, Representative with Blue Cross Blue Shield stated their plan had the original deductible, but with lower co-payments for doctor visits and pharmacy offer a 4% savings to the employee. On the B-2 Option with a \$500 deductible; the co-insurance maximum was also lowered \$500.00 from \$2,500 to \$2,000. That was another \$500 off the liability besides the deductible on the B-2 Option. Also they offered the Disease Wellness Program, which was available to all pre-insured clients.

Glen Heddy, Representative with Valley Baptist Health Plans stated they had good continuity and a good relationship with the city. He pointed out that additional benefits that were presented on their second offer were exactly \$175,000, which matched the amount that United Healthcare provided on their debit card.

Commissioner Ruiz asked Mr. Fernandez what were the most questions from the employees about the insurance plans.

Mr. Fernandez answered the main question was in regards to the increase. Being there was no increase from any carrier that was a plus to the employees.

- 1) Consider and take action to award an Employee Health Insurance Benefits Plan for City of Harlingen employees for fiscal year 2011-2012 with possible yearly renewal options and authorize the City Manager to negotiate and sign said contract.

Motion was made by Commissioner Trevino and seconded by Mayor Pro-Tem Prepejchal to award the contract to Blue Cross Blue Shield. Motion carried unanimously.

- 2) Consider and take action to award a Group Term Life Insurance Plan for the City of Harlingen employees for fiscal year 2011-2012 with possible yearly renewal options and authorize the City Manager to negotiate and sign said contract.

Motion was made by Commissioner Ruiz and seconded by Commissioner Leftwich to award the contract to Unum Life Insurance. Motion carried unanimously.

- 3) Consider and take action to award an Employee Assistance Program for the City of Harlingen employees for fiscal year 2011-2012 with possible yearly renewal options and authorize City Manager to negotiate and sign said contract.

Motion was made by Mayor Pro-Tem Prepejchal and seconded by Commissioner Leftwich to award the contract for the Employee Assistance Program to Deer Oaks as per staff's recommendation. Motion carried unanimously.

- 4) Consider and take action to award a Cafeteria Plan, Flexible Spending Account Plan, Vision, Dental and Voluntary Life Insurance Plans for the City Harlingen employees for fiscal year 2011-2012 with possible yearly renewal options and authorize the City Manager to negotiate and sign said contract.

Staff recommended awarding the following contracts to the following companies: Vision Plan to Block Vision; Dental Insurance to Met Life Insurance; Voluntary Life Insurance Plan to Unum; Short Term Disability to Colonial Life; Hospital Indemnity to All State Insurance; Critical Illness to Colonial; Cancer to Colonial and Accident Plan to Colonial.

Motion was made by Commissioner Leftwich and seconded by Mayor Pro-Tem Prepejchal to approve staff recommendations. Motion carried unanimously.

There being no further business the meeting was adjourned.

Chris Boswell, Mayor

Attest:

Amanda C. Elizondo