



MAYOR AND CITY COUNCIL OF LAUREL
DEPARTMENT OF BUDGET AND PERSONNEL SERVICES

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August 22, 2019

MEMORANDUM

TO: Mayor Craig A. Moe
City Council Members

FROM: Lisa Woods, Human Resource Officer

SUBJ: Employee Benefit Insurance

With the help of the Meltzer Group, the City has bid employee health and dental insurance. The desire was to receive bids on the five forms of employee benefit insurance the City currently provides, including:

1. an Open Access HMO Health Plan,
2. an HMO Health Plan with Out-of-Network benefits,
3. a Maximum Allowable Charge (MAC) PPO Dental Plan,
4. a 90th Percentile Usual Customary and Reasonable (90th UCR) PPO Dental Plan, and
5. a vision plan that would provide for the purchase of eyeglasses or contact lenses.

The City currently offers all of these coverages to full-time and part-time employees, elected officials and eligible dependents of these groups. Enrollment is optional and requires enrollee payments of 20% of the cost of their selected option with the exception of the vision coverage. Retirees may also enroll in these plans with a maximum reimbursement of \$500 per month.

The FY2020 Budget provides \$2,662,660 for employee coverage and \$250,250 for retiree coverage under Department Code 10950 - Employee Insurance (within the Non-Departmental section).

Through Meltzer, the City sent RFPs to nine other dental insurance carriers including Aetna, Cigna, Delta, Dominion, Guardian, MetLife, Reliance, SunLife, and Unum. Most were not competitive with the pricing or benefits currently provided. However, Cigna has offered a bid at nearly the same benefits and a premium increase of .8% this year. The proposal was evaluated to consider provider network and disruption, the benefit package, out of pocket expenses and premium.

The City received a renewal offer from Cigna HealthCare, our current provider, with a rate increase of 8% for health insurance. This has been negotiated to 1.98%. The City received a renewal offer from Aenta Dental, our current provider, with a rate increase of 14.9%

It is recommended that the City renew with Cigna Healthcare for health and vision coverage and contract with Cigna for dental coverage effective November 1, 2019. Group Term Life Insurance, Accidental Death and Dismemberment Insurance and Long Term Disability Insurance remain with Aetna through October 31, 2020 with a 2-year contract.

cc: Lou Ann Crook
Kim Rau