



Legislation Text

File #: Res. 2019-127R, **Version:** 1

AGENDA CAPTION:

Consider approval of Resolution 2019-127R, approving a Change in Service to the Agreement with Holmes Murphy and Associates relating to the provision of employee benefit consulting services to extend the agreement for five additional years at a cost of \$225,000; authorizing the City Manager or his designee to execute the appropriate documents to implement the change in service; and declaring an effective date.

Meeting date: August 6, 2019

Department: Human Resources Department - Linda Spacek, Director (By Lynda Williams, Purchasing Manager)

Amount & Source of Funding

Funds Required: \$40,000 Annually

Account Number: 30030260.52230

Funds Available: \$40,000

Account Name: Professional Services-Health Insurance Plan

Fiscal Note:

Prior Council Action: March 17, 2015: Council approved extension of contract 213-306 and additional contract amount of \$225,000.00.

City Council Strategic Initiative:

N/A

Choose an item.

Choose an item.

Comprehensive Plan Element (s):

- ☐ Economic Development - Choose an item.
- ☐ Environment & Resource Protection - Choose an item.
- ☐ Land Use - Choose an item.
- ☐ Neighborhoods & Housing - Choose an item.
- ☐ Parks, Public Spaces & Facilities - Choose an item.
- ☐ Transportation - Choose an item.

☒ Not Applicable

Master Plan:

Choose an item.

Background Information:

Since 2013, the City has contracted with Holmes Murphy and Associates for employee benefits consultation to include costs analysis, recommendations on employee health and wellness, developing a long-term strategic plan for the City's health care program, assisting in writing actuarial and underwriting information, analyzing health care data, and many other related services. Holmes Murphy has been instrumental in guiding plan design, assisting with bid processes and vendor selection, identifying and assisting with implementing programs to provide sustainable employee benefit programs. Holmes Murphy provides many resources and expert knowledge to help the effectively manage the City's employee health, medical and dental plans which have annual expenditures of approximately seven million dollars. Holmes Murphy serves nearly 50 municipalities across Texas and this knowledge allows the City to have best of class programs and services. They also provide management services for all employee insurance products (life, long term disability, vision, etc.)

Prior to Holmes Murphy's involvement, the City's health fund had several years of catastrophic claims resulting in the use of accumulated reserves. As a result, City Council approved the transfer of funds from the General, Electric and Water/wastewater funds totaling \$400,000 to cover annual costs. The plan required several years of double-digit cost increases to cover plan costs and begin rebuilding the reserves. With Holmes Murphy's guidance, increases in annual contributions to the plan, for the City and City employees, have decreased to 5% per year with a portion of that increase dedicated to re-establishing the depleted reserve fund. The Health Fund has a reserve balance of \$1.7M as of the end of FY2018 and the City anticipates adding several hundred thousand dollars to the balance at the close of FY2019. While insurance industry costs are trending upward and plans are experiencing 8-10% annual increases, the City's plan annual increases have been limited to an average of 3-4%.

As amended by Council in 2015, the contract term was through September 2018. The City wishes to renew the contract for an additional five-year term through September 2022. All other terms and conditions of the initial agreement remain the same including the fixed annual fee of \$40,000 paid in quarterly installments of \$10,000, plus an amount of \$25,000 for additional services as requested by the City, for the total amount of this extension of \$225,000 over the five-year contract term.

Council Committee, Board/Commission Action:

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Alternatives:

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Recommendation:

Amend contract 213-306 with Holmes Murphy and Associates for an additional five-year term in the amount of \$225,000.