

STATEMENT OF BUDGET IMPACT
(Policy Number 94-45)
Budgetary Review of Proposed Resolution &
Ordinances with Financial Implication.

Date: September 18, 2015

File: BIS 15 – 293

File: TMP-2015-00463

Proposed Legislation:

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA, APPROVING INCREASED ESTIMATED ANNUAL EXPENDITURES FOR THIRD PARTY ADMINISTRATION SERVICES FOR MEDICAL AND DENTAL PLANS WITH BLUE CROSS BLUE SHIELD OF FLORIDA/FLORIDA COMBINED LIFE FOR THE REMAINDER OF THE CURRENT CONTRACT TERM, WITH AN ESTIMATED ANNUAL AMOUNT FOR THE FINAL YEAR OF THE CONTRACT (ENDING DECEMBER 2016) NOT TO EXCEED 110% OF \$1,118,783.20.

Statement of Budget Impact:

1. ☐ No Budget Impact associated with this action;
2. ☒ Sufficient budgetary resources identified/available;
3. ☐ Budgetary resources not identified/unavailable;
4. ☐ Potential Revenue is possible with this action;
5. ☒ Will not increase the cost of Housing;
6. ☐ May increase the cost of Housing; (CDAB review required)

Explanation:

This Resolution seeks the approval for additional funding resulting from a revised estimate of the annual expenditures for third party administration services for the City's medical and dental plans as provided by Blue Cross Blue Shield/Florida Combined Life for the remainder of the term of the contract between Blue Cross Blue Shield/Florida Combined Life and the City of Hollywood. Previously, pursuant to Resolution R-2011-128, adopted and approved by the City Commission on June 1, 2011, City Officials were authorized to enter into and execute an amendment to the agreement with Blue Cross/Blue Shield/Florida Combined Life. At the time, the estimated annual expenditure for third party administration services was believed to be \$941,478.00. However, the estimated cost for these services did not take into consideration certain administrative fee escalators which increased the annual cost for third party administrative services as

well as the administrative charges for the dental plan. A review of the costs to be incurred for medical and dental plan administration in Fiscal Years 2015 and 2016 indicate that an additional \$144,890.80 has been incurred and for Fiscal Year 2016 an additional \$177,305.20 is projected based upon the annual number of employees and retirees as well as the annual medical coverage subject to the escalators. Given these projected additional charges, the revised total charges for medical and dental plan coverages for Fiscal Year 2015 has been revised to \$1,086,368.80 and for Fiscal Year 2016 has been revised to \$1,118,783.20. The cost figures are based upon an administrative service fee of \$37.20 per participant medical plan, 2,251 plans in total, per month plus \$3.77 per participant dental plan, 1,802 plans in total, per month. This totals to \$1,086,368.80 for Fiscal Year 2015. For Fiscal Year 2016 the cost per participant medical plan increases to \$38.40 with the same number of participating plans and the dental administration fees remain the same. This totals to \$1,118,783.20 for Fiscal Year 2016.

Funding for the additional costs incurred for plan administration charges in Fiscal Year 2015 is presently available in account numbers 58.1241.00000.590.009199 – Health Claims Reserves and 58.1241.00000.590.069198 – Insurance Premiums – Dental Insurance. Funding for charges to be incurred in Fiscal 2016 has been included in the proposed FY 2016 Operating Budget subject to the adoption and approval of the FY 2016 Operating Budget by the City Commission.

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