

RESOLUTION NO. \_\_\_\_\_

**APPROVAL OF 2024 HEALTH INSURANCE CONTRACT RENEWAL  
WITH ANTHEM BLUE CROSS AND BLUE SHIELD**

**Item No. 5A**

WHEREAS, the current contract with Anthem Blue Cross and Blue Shield to provide employee health insurance coverage will expire on December 31, 2023; and

WHEREAS, the procurement provisions for the Anthem health insurance contract provides for a one-year contract with four subsequent annual one-year renewal options without additional procurement; renewal of the contract for the 2024 calendar year will represent the second of the four one-year renewal options; and

WHEREAS, the Anthem premium cost for the **2023** calendar year is estimated to be \$4,745,356; and

WHEREAS, Anthem has proposed a 25.0% increase in the premium costs for the 2024 calendar year; and

WHEREAS, the proposed 25.0% increase in the premium costs results in an estimated increase of \$1,186,339 for calendar year **2024** and generates a total estimated 2024 health insurance cost of \$ 5,931,695; and

WHEREAS, the proposed 25.0% increase in the premium costs results in an increase for calendar year **2024** of which LMHA employees will contribute approximately \$527,520 (8.9%) and LMHA will pay the remaining \$5,404,175 (91.1%); and

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WHEREAS, the proposed 25.0% increase will be factored into the current Operating Budget (7/1/2023-6/30/2024) using an additional \$623,716 from the MTW Section 8 Reserves as the funding source.

NOW, THEREFORE, BE IT RESOLVED BY THE LOUISVILLE METRO HOUSING AUTHORITY BOARD OF COMMISSIONERS that the Executive Director and Contracting Officer is authorized to enter into a contract with Anthem Blue Cross and Blue Shield to provide health insurance coverage to LMHA employees for the period of January 1, 2024 through December 31, 2024 for an annual premium amount of approximately \$5,931,695 (based on employee enrollments).

## RESOLUTION BACKGROUND STATEMENT

### APPROVAL OF 2024 HEALTH INSURANCE CONTRACT RENEWAL WITH ANTHEM BLUE CROSS AND BLUE SHIELD

#### Item No. 5A

#### I. STATEMENT OF FACTS:

The current contract with Anthem Blue/Cross Blue Shield expires December 31, 2023. The procurement provisions for the Anthem health insurance contract provides for a one-year contract with four subsequent annual one-year renewal options without additional procurement. Renewal of the contract for the 2024 calendar year will represent the second of the four one-year renewal options.

Anthem initially proposed a premium increase of 55.29% for the 2024 calendar year. Anthem related their very large, proposed increase to one primary factor, a claim for a “lifesaving” gene therapy drug costing \$3 million dollars.

As a result of staff discussions with Anthem regarding the percentage of the proposed premium increase and review of Anthem’s large claims data for LMHA, the proposed premium increase was reduced to 25.0%. There were no changes to benefits as the \$3 million dollar claim had already been factored into the renewal and any proposed changes to plan benefits would have no effect on the proposed renewal percentage.

As a result of the 25.0% increase the total estimated Anthem health insurance premium for calendar year 2024 is projected to be approximately \$5,931,695, of which LMHA employees will contribute approximately 527,520 (8.9%) and LMHA will pay the remaining 5,404,175 (91.1%).

The employee contribution percentages are initially anticipated to remain unchanged from calendar year 2023 into calendar year 2024. However, staff is also reviewing the possibility of an increase to the employee’s portion of the health insurance premium on July 1, 2024, based upon results from the compensation and benefits survey conducted for LMHA by Gallagher HR Consulting, work completed by McGriff Insurance Services, a health insurance broker retained by LMHA; and information from MCM CPA’s and Advisors.

## RESOLUTION BACKGROUND STATEMENT

### APPROVAL OF 2024 HEALTH INSURANCE CONTRACT RENEWAL WITH ANTHEM BLUE CROSS AND BLUE SHIELD

#### Item No. 5A

#### I. STATEMENT OF FACTS (cont'd):

The 25% premium cost increase will require a current budget (7/1/2023-6/30/2024) increase of approximately \$623,716 which will be funded from the Authority's MTW Section 8 Reserves. LMHA's subsequent budget year (7/1/24-6/30/25) will also include a cost estimate for the final 6 months of the 2024 calendar year premium, in addition to a projected premium cost increase for the 2025 calendar year.

As is customary, it is anticipated that there will be some fluctuation in 2024 premium costs as a result of changes made by employees during the open enrollment period during December 2023, as well as employee changes made during the 2024 calendar year.

#### II. ALTERNATIVES:

- A. Approve the health insurance contract renewal with Anthem.
- B. Do not approve the health insurance contract renewal with Anthem.

#### III. RECOMMENDATION:

Staff recommends Alternative "A."

#### IV. JUSTIFICATION:

- Due to the contract renewal occurring on January 1, 2024, LMHA must implement the necessary steps required to assure there is no interruption in health insurance coverage for its employees.
- Funds have been identified within the current operating budget (7/1/2023-6/30/2024) to cover the cost of the 2024 medical insurance premium increase; and also noted for consideration within the 7/1/2024-6/30/2025 Operating Budget preparation.
- The proposed Employer/Employee cost sharing percentages remain unchanged going into the 2024 calendar year with the potential for some modification at a later date.

**RESOLUTION BACKGROUND STATEMENT**

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**V. BUDGET APPROVAL:**

Funding for this contract is included in the FY 6/30/2024 and FY 6/30/2025 budgets.

\_\_\_\_\_  
Jeffrey Ralph, Director of Finance

\_\_\_\_\_  
Date

**VI. PROCUREMENT CERTIFICATION:**

The award of a contract for health insurance premiums is in compliance with the Louisville Metro Housing Authority's Procurement Policies and Procedures.

\_\_\_\_\_  
Steve Webb, Purchasing Agent

\_\_\_\_\_  
Date

Submitted by: Joyce A. Babb  
Director of Personnel  
November 21, 2023