

# Executive Summary

Board of Governors Meeting, September 22, 2021

## Vision Insurance Coverage

### Summary

This Vision Insurance Coverage Action Item will be presented at the September 22, 2021, Citizens Board of Governors Meeting.

Recommended Vendor: Davis Vision

### History

Davis Vision is the incumbent provider under a one-year current contract with Citizens for Vision Insurance Coverage, which concludes on December 31, 2021. The new contract with Davis Vision is the recommendation for Citizens by its Benefits Consultant, Mercer Health & Benefits, LLC. In addition to its initial one-year term, this contract also includes three (3) one-year renewal terms.

Mercer conducted a survey with several national carriers for these types of coverages. This showed increases between 3%-5% for policies starting January 1, 2022. The new four-year contract includes a 3% increase to the rates for the next three years. In year four, rates will remain flat with zero increase. The contract period is effective January 1, 2022 through December 31, 2025.

Estimated total cost of Vision Insurance Coverage through Davis Vision for the contract period of January 1, 2022 through December 31, 2022, is approximately \$120,060. The estimated total cost for the three (3) one-year renewals is estimated at approximately \$378,405, depending upon future enrollment.

This fully insured voluntary insurance product is 100 percent employee paid.

The actual total amount expended will be a function of employee enrollment in the Davis Vision plan during enrollment periods.

### Recommendation

It is recommended that the Board of Governors:

- a) Approve the initial term of one-year with Davis Vision from January 1, 2022, through December 31, 2022, together with three (3) one-year renewals for the estimated total contract amount of \$498,465, as described in this Action Item; and
- b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.

# ACTION ITEM

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| <input checked="" type="checkbox"/> <b>Contract – New</b>              | <input type="checkbox"/> <b>Committee or Board Minutes</b> |
| <input type="checkbox"/> <b>Contract – Amendment of Contract Terms</b> | <input type="checkbox"/> <b>Product Changes</b>            |
| <input type="checkbox"/> <b>Contract – Additional Spend</b>            | <input type="checkbox"/> <b>Other</b>                      |

<b>Contract ID</b>	<b>Vision Insurance Coverage</b> Contract Number: <b>1313502200</b> Recommended Vendor: <b>Davis Vision</b>
<b>Budgeted Item</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Funding to be included in the Annual Operating Budget for each respective contract's term year from January 1, 2022 – December 31, 2022.
<b>Procurement Method</b>	As fully insured product offerings offered to Citizens employees and families, these coverages are placed through our competitively procured insurance broker, Mercer Health & Benefits, LLC (Mercer). The incumbent provider of Vision Insurance Coverage is Davis Vision whose current contract expires December 31, 2021. Mercer's expertise in market rates and trends recommends the insurer and rates.
<b>Contract Amounts</b>	Base Term: Estimated cost of Vision Insurance Coverage through Davis Vision for the contract period of January 1, 2022, through December 31, 2022, is approximately \$120,060. This amount represents a 3% increase from the current coverage. Renewal Term: 3% increase for both the first and second renewal years. In the third renewal year (year 4), the rates will remain flat with zero increase. The estimated total cost for the three (3) one-year renewals is estimated at approximately \$378,405, depending upon future enrollment. The estimated cost for the employee-funded voluntary vision plan is 100 percent employee paid and is estimated at a total contract cost of \$498,465.
<b>Contract Term(s)</b>	Base Term: January 1, 2022, through December 31, 2022 Renewal Term: Three (3) – one (1) year renewals The contract is requested to be continued with the incumbent Vendor, as recommended by Mercer.

# ACTION ITEM

<b>Purpose/Scope</b>	<p>This Action Item requests approval for a renewal contract award for Davis Vision to provide vision insurance to be offered to Citizens' employees, effective January 1, 2022.</p> <p>Employee participation will be determined during the open enrollment period and total cost will be a function of the enrollment in the Davis Vision plan.</p>
<b>Recommendation</b>	<p>This Vision Insurance Action Item will be presented at the September 22, 2021 Citizens Board of Governors' meeting.</p> <p>Recommendation:</p> <ul style="list-style-type: none"><li>a) Approve the initial term of one-year with Davis Vision from January 1, 2022, through December 31, 2022, together with three (3) one-year renewals for the estimated total contract amount of \$498,465, as described in this Action Item; and</li><li>b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.</li></ul>
<b>CONTACTS</b>	<p>Violet Bloom, Chief Human Resources Officer James Taylor, Director, Total Rewards</p>