

Memorandum

To: Board of Managers
From: Jonny F. Hipp, Administrator
Date: February 20, 2025
Re: Justification for Obtaining an "Agent of Record" for Employee Health Insurance

Introduction

The purpose of this memorandum is to present the rationale and justification for engaging an "Agent of Record" (AOR) for the management and procurement of health insurance and other employee benefits possibly beginning October 1, 2025, and to perform pre-purchase evaluative services. An AOR would act as the Hospital District's designated representative to interface with insurance carriers, ensuring the District receives the most comprehensive coverage options, cost efficiency, and ongoing support.

Key Reasons for Engaging an Agent of Record

- 1. Expertise and Market Knowledge**
An AOR possesses extensive knowledge of the health insurance market and regulatory environment. That person can provide tailored advice on plan options, carrier stability, and emerging trends, enabling informed decision-making aligned with the Hospital District's needs and budget.
- 2. Streamlined Communication and Negotiation**
Designating an AOR centralizes communication between the Hospital District and insurance providers. The agent leverages established relationships with carriers to negotiate favorable terms, lower premiums, and improved benefit structures. This streamlined process reduces administrative burdens on staff.
- 3. Access to Competitive Bidding**
An AOR facilitates a comprehensive competitive bidding process among multiple insurers. By assessing various proposals, the agent ensures the Hospital District selects the plans that provide the best value in terms of coverage, network access, and cost.
- 4. Ongoing Plan Management and Support**
Beyond plan selection, the AOR provides continuous support including claims resolution, benefits administration, and compliance with legal requirements. This ongoing assistance also helps Hospital District employees navigate coverage complexities, enhancing overall satisfaction.

5. Cost Efficiency and Risk Mitigation

An experienced AOR identifies cost-saving opportunities, such as wellness programs or plan design modifications, while mitigating risks associated with inadequate or non-compliant coverage. That person's oversight minimizes financial exposure and liability for the Hospital District.

6. Employee Engagement and Education

The AOR conducts employee workshops and one-on-one consultations to explain plan options and usage, improving benefits utilization and perceived value. Enhanced understanding leads to more effective use of benefits, reducing unnecessary claims and costs.

Conclusion

Appointing an Agent of Record for the Hospital District's health insurance and other employee benefits strategy is a prudent decision that delivers expertise, cost savings, operational efficiency, and improved employee engagement. The AOR will serve as a valuable partner in securing and managing benefits that attract and retain top talent while aligning with our financial objectives.

Recommendation

I recommend authorizing the Administrator to obtain the services of an AOR for the management and procurement of the Hospital District's health insurance and other employee benefits possibly beginning October 1, 2025, and to perform pre-purchase evaluative services.

Gary F. Wipp