



Cover Memorandum/Staff Report

File #: 21-897

Agenda Date: 9/13/2021

Item #: 6.L.1.

TO: Mayor and Commissioners
FROM: Duane D'Andrea, Human Resources Director
THROUGH: Terrence R. Moore, ICMA-CM
DATE: September 13, 2021

AWARDING AGREEMENTS FOR GROUP HEALTH, VISION, LIFE INSURANCE

Recommended Action:

Motion to allow the City Manager to enter into and execute a three (3) year agreement with CIGNA to provide the City's group health plan; a four (4) year agreement with EyeMed to provide the City's group vision plan; and a two (2) year agreement with The Standard to provide the City's group life insurance benefit.

Background:

The City's current agreement with UnitedHealthcare for the group medical plan, the current agreement with EyeMed for the group vision plan and the current agreement with The Standard for group life insurance will expire on September 30, 2021. Therefore, the City's consultant, Gehring Group, was instructed to issue an RFP for these plans. As a result of the RFP review, Gehring Group, has recommended the City change its current medical plan carrier from UnitedHealthcare to CIGNA, upgrade its vision plan with EyeMed and renew its group life insurance with The Standard.

Medical Plan - Change from UnitedHealthcare to CIGNA

This recommended change in the City's medical plan carrier will provide the City with a 5.7% decrease in the projected medical plan costs for the 2021/2022 plan year. These savings are comprised of:

- A reduction in Administrative Services Only (ASO) fees of 12.1% with a three-year rate guarantee and a 2% increase in years 4 and 5.
- A reduction in the Individual Stop Loss premium of 7.1%.
- A reduction in the Aggregate Stop Loss premium of 2.0%.
- A reduction in total claims cost from a UnitedHealthcare's projected \$10,412,309 to CIGNA's projected \$10,250,565. This reduction in costs is based on CIGNA's claim repricing centered on CIGNA's negotiated fees with providers.
- CIGNA's estimated pharmacy rebates of \$457,240 versus UnitedHealthcare's estimated pharmacy rebates of \$293,752, resulting in an increase of \$163,489 in pharmacy rebate for the 2021/2022 plan year.

- Additional discretion fund provided by CIGNA including
 - \$100,000 in wellness funds
 - \$100,000 for technology, mental health initiatives, COVID expenses or a premium holiday for ASO and Stop Loss fees in year one, \$60,000 in year 2 and \$30,000 in year 3.
- CIGNA performance guarantees of \$76,000 versus UnitedHealthcare’s \$50,000 in performance guarantees. Performance guarantees include service implementation, call, and claim readiness, payment accuracy and plan discounts.
- Inclusion of a First Responder mental health network providing care through 218 licensed social workers and psychologists and 19 psychiatrists specially trained in the mental health needs of first responders and FHE Health a treatment center located in Deerfield Beach providing mental health and substance abuse for first responders.
- Full-time onsite Wellness Coordinator for the life of the contract providing the City with expertise in wellness programs and their implementation.
- 100% match of the current UnitedHealthcare medical provider network.
- 24/7/365 Customer Service compared to UnitedHealthcare’s Monday - Friday 7 am to 10 pm, Saturday 9 am to 5:30 pm and closed on Sunday customer service.

In total, the City’s consultant has determined that changing the medical plan provider from the current UnitedHealthcare to CIGNA would provide a first-year savings of 5.7% (\$664,357).

A copy of the consultant evaluation and CIGNA highlight sheet is attached for your reference.

Vision Plan

As a result of the RFP the current vision plan provider, EyeMed, was determined to provide the best benefit to employees. EyeMed did submit two plans for the City’s consideration, the current benefit plan with a renewal premium rate increase of 8.8% or the implementation of an enhanced benefit plan with a 2.9% premium rate increase. This agreement is for four (4) years and includes a rate guarantee for the term of the agreement. A schedule of the benefit enhancements is below:

Benefit	Current	Enhanced
Annual Eye Exam	\$10 copay	\$0 copay at Plus Providers
Frames	Up to \$130	Up to \$180; 20% discount over \$180

As this plan is funded solely through employee contribution, the City will not incur any cost increase with this plan. As noted below, the Insurance Committee approved the enhanced benefit plan.

A copy of the consultant evaluation is attached for your reference.

Group Life Insurance

The City’s current group life insurance carrier, The Standard, has provided their annual renewal with no change in the City’s premium cost, or the employees’ cost for voluntary supplemental life insurance and no change in premium for retiree funded Retiree Life Insurance with a rate guarantee of two years. The current budgeted cost for the City is \$139,078.08.

Insurance Committee

The Insurance Committee is comprised of a representative for PBA employees (Meer Deen), IAFF employees (Kevin Saxton) SEIU employees (Andrew Rayfield) and general employees (Sue Radig). The committee met with the Gehring Group team for a presentation of the RFP finalists.

Based on the information provided by the consultant, and the savings to the City, the members unanimous recommended the City change its current medical plan provider from UnitedHealthcare to CIGNA effective October 1, 2021, providing the City with first year savings of 5.7% (\$664,357).

Additionally, realizing the enhanced benefits through EyeMed’s Plus Provider network, the members unanimous recommended the City change the current EyeMed plan to the enhanced EyeMed plan with an annual cost increase of 2.9% (\$1,809.84). As this plan is fully funded by employee contributions creating an increase in employee premium as listed below:

Coverage Level	Current Employee Bi-weekly Contribution	Enhanced Bi-weekly Contribution	Bi-weekly Increase
Employee Only	\$2.30	\$2.36	\$0.06
Employee + 1	\$4.48	\$4.61	\$0.13
Employee + 2 or more	\$6.43	\$6.61	\$0.18

Following both Gehring Group’s, and the Insurance Committee’s recommendations, staff proposes the approval of a three (3) year agreement with CIGNA to provide the City’s group health plan; a four (4) year agreement with EyeMed to provide the City’s group vision plan; and a two (2) year agreement with The Standard to provide the City’s group life insurance benefit.

Funding Source/Financial Impact:

Group Medical: 551-13-041-513.45-20, 551-13-041-513.45-35, 551-13-041-513.45-36, 551-13-041-513-45.41

Group Vision: 551-13-041-513.45-49

Group Life Insurance:551-13-041-513.45.40, 551-13-041-513.45-37, 551-17-020-513.45-60

Timing of Request:

The new contracts need to implemented by October 1, 2021, the beginning of the City’s new plan year.