

# Council Work Session

Employee Benefits RFP Strategy & Timeline

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# Agenda

1. Employee Benefits Plan Experience
2. Background
3. Objectives
4. RFP Process, Renewals, & Provider Selection
5. RFP Timeline/Schedule



## Employee Benefit Plan Experience

The City of McKinney has trended below regional and national norms in healthcare spend. For plan year 2023, total healthcare spend increased by 5% compared to plan year 2022. For plan year 2024, total healthcare spend increased by 2.5% compared to 2023.

During this two-year period, national medical trend averaged 7.1%, while pharmacy trend averaged 9.1%.

The City has taken proactive steps to control healthcare spending through:

- Benefits Education
- Continued Promotion of the HSA Plan
- Rx Management Programs
- Wellness Program Promotion
- Leveraging Technology (ex. Telemedicine)



## Background

- The City is self funded, with Cigna providing medical administrative services and pharmacy benefits administration for the past 10+ years.
- The City is seeking a partner that will provide greater transparency and actively support employee experience and cost management strategies.
- HUB International, the City's benefits broker, is facilitating the RFP process.
- The City has one remaining renewal option for Cigna through 2026 but is choosing to go out for bid for medical TPA, PBM, Dental, and EAP, as well as Vision. New agreements will be effective 1/1/2026.
- The last RFP cycle (2021) yielded only two bidders limiting the City's ability to ensure competitive pricing and service quality.



## Objectives

The RFP is conducted with the following objectives in mind:

- Aligns with the City's objectives and is supported by management and the Council.
- Ensures transparency and supports costs management and quality improvement.
- Ability to provide advanced analytics and reporting to help manage future costs effectively.
- Demonstrates superior member service and claims processing.
- Ability for bundling various coverage options for savings.
- Provide smooth implementation and ongoing support.



# RFP Process, Renewals & Provider Selection

## **Preparation:**

- HUB and City staff draft RFP, submission forms, questionnaires, and vendor selection criteria.

## **Vendor Engagement:**

- Pre-release meetings are underway to ensure comprehensive responses.

## **Review & Selection:**

- HUB provides an easy-to-understand summary of pricing, services, guarantees, vendor performance, repricing and clinical analysis.
- HUB & the City will name finalists based on feedback from responses, schedule and oversee finalist presentations, and proceed with best and final negotiations.

## **Final Decision:**

- A best and final analysis and scoring is presented by HUB for the City to make an informed and confident decision.
- City leadership evaluates finalists, with recommendations presented to Council.

# RFP Timeline / Schedule

## Benefits RFP

- March 28<sup>th</sup> – RFP Released
  - April 22<sup>nd</sup> – Proposals Due
  - Late May – HUB Presentation of Preliminary Results
  - June – Finalist Meetings & Staff Recommendations
  - July – Present Recommendations to Council
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- Oct 2025 – Release Stop Loss RFP
  - 2026 – RFP Life/Disability, FSA/COBRA/Retiree, benefit administration system.



# THANK YOU

Any Questions?





# Appendix

# TPA/PBM History

