



CITY OF MCKINNEY, TEXAS

Legislation Text

File #: 21-0682, **Version:** 1

Consider/Discuss/Act on a Resolution Authorizing the City Manager to Enter into a Contract with Cigna Health and Life Insurance Company (Cigna) for Third Party Administrative Services for Employee Medical, Prescription Drugs and Dental Benefits

COUNCIL GOAL: Operational Excellence
(2C: Identify opportunities for internal efficiencies and continuous improvement to effect a high performing organizational culture)

MEETING DATE: August 3, 2021

DEPARTMENT: Human Resources and Risk Management

CONTACT: Ike Obi, Director of Human Resources and Risk Management

RECOMMENDED CITY COUNCIL ACTION:

- Approval of Resolution

ITEM SUMMARY:

- This Resolution authorizes a contract with Cigna to administer the City of McKinney's medical, prescription drugs and dental benefits, including the administration of plan designs and provider network services.

BACKGROUND INFORMATION:

- The City issued a request for proposal (21-44RFP) to accept proposals for employee health benefits administration and management services on May 9, 2021.
 - Advertised in the McKinney Courier Gazette
 - Posted on McKinney TV
 - 178 matching eBid Supplier Notifications
 - Including 6 Historically Underutilized Business Supplier Notifications
- Out of 178 supplier notifications, two (2) proposals were received on May 27, 2021.
- A committee comprised of Human Resources staff and Holmes Murph Associates, City's benefit consultant, reviewed and ranked the proposals based on the following criteria:
 - 30 Points: Ability to limit the disruption for Plan Design, Medical, Dental and Pharmacy Networks, Prescription Drug List and Members, and Coordination with External Vendor Partners (Wellness, Near-Site Clinic, Client Specific Networks and IBM Watson). Ability to bundle the Health Savings Account (HSA) with the Medical plan for ease of administration and have one account manager that can be the City contact for Medical, Pharmacy and HSA

- 30 Points: Financials and Overall Cost/Preference given to vendor that exceeds required 3-year rate guarantee
 - 25 Points: Medical, Pharmacy, and Dental Questionnaire responses including availability of: claims reporting, disease management programs, current and former client references, vendor representation for OE meetings, and member ID cards
 - 10 Points: Service Model and Value-Added Programs
 - 5 Points: Health Saving Account (HSA) Administration and Investment Options
- Cigna's proposal offers the most comprehensive and cost-effective package of services, including favorable fee-credits, claims discounts and pharmacy rebates, and rate renewal guarantees.
- Contract term is for a 3 (three) year period and with the option for 2 (two) one-year annual renewals.

FINANCIAL SUMMARY:

- Estimated annual cost for administrative services is approximately \$466,284 for medical and prescription drug. The estimated annual cost for dental administrative services is \$21,285. This amount would vary based on enrollment and volume of covered payroll.
- Funding is available in account:
 - 015-2110-413-8575 for Medical, Prescription Drugs, and Dental.

BOARD OR COMMISSION RECOMMENDATION:

- N/A