

RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A FINAL ONE-YEAR EXTENSION TO THE AGREEMENT WITH CIGNA TO ADMINISTER THE CITY'S SELF-FUNDED HEALTH AND DENTAL INSURANCE PLANS

WHEREAS, the City of Winston-Salem maintains a health reserve fund to fund health and dental insurance claims and contracts for management services and claims processing for its medical, pharmacy, and dental plans covering active employees certified for benefits and retirees who have not attained the age of 65; and

WHEREAS, the City offers two Preferred Provider Organization health insurance plans and two Preferred Provider Organization dental insurance for employees certified for benefits and retirees who have not attained the age of 65; and

WHEREAS, the current contract for medical and dental plan administrative services ends on December 31, 2025; and

WHEREAS, in preparation to establish a 5-year medical and dental administrative services contracting window, the Human Resources Department directed the City's benefits consultant Willis Towers Watson to manage a Request for Proposal for medical and dental administrative services; and

WHEREAS, the medical proposal from Cigna received 462 points in the Request for Proposal process and the dental proposal received 453 points which represented the highest aggregate score of submitted medical and dental proposals; and

WHEREAS, since 2022, the Cigna partnership has yielded a significant increase in pharmacy rebates; and Cigna's medical clinical program savings in 2024 exceeded \$3.4M; and

WHEREAS, Cigna has offered a three-year rate guarantee at the current rate including the following provisions: (1) administrative fee of \$35.36 per member, per month (medical), \$2.45 (dental) per member per month, with 3% increases in year four (\$36.42 pepm) and five (\$37.51 pepm), (2) \$100,000 per year innovation fund for annual wellness, communication,

technology and audit credits, and (3) \$160,000 annual commitment to supporting local Minority and Women-owned business initiatives; and

WHEREAS, Cigna was the only proposed to fulfill the Minority and Women-owned business initiatives; and

NOW, THEREFORE, BE IT RESOLVED, that the Mayor and the City Council of the City of Winston-Salem authorize the City Manager to enter into a three-year contract with Cigna to administer the City's health and dental plans at an administrative fee of \$35.36 per member per month (medical) and \$2.45 per member per month (dental) with options to extend the agreement for two additional 12-months periods to include a 3% increase; and

BE IT FURTHER RESOLVED, that this resolution is effective upon adoption.