

Resolution #24-0334
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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 for employees certified for benefits and retirees who have attained the age of 65; and

WHEREAS, the current contract for medical and dental plan administrative services ends on December 31, 2024; 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 review the efficiency and performance of the current provider, Cigna; and

WHEREAS, since 2022, the Cigna partnership has yielded a more than 40 percent increase in pharmacy rebates and represents an overall four percent decrease in health and dental claim administration fees; and

WHEREAS, Cigna has offered a one-year rate guarantee at the current rate including the following provisions: (1) administrative fee of \$39.41 per member, per month (\$36.96 medical, \$2.45 dental), (2) \$85,000 per year innovation fund for annual wellness, communication,

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

WHEREAS, Cigna has met all performance guarantee benchmarks outlined in the initial agreement.

NOW, THEREFORE, BE IT RESOLVED, that the Mayor and the City Council of the City of Winston-Salem authorize the City Manager to execute a final one-year extension to the initial contract under the same terms.

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