

City Council – Action Request Form

Date: August 9, 2021

To: Mayor, Mayor Pro Tempore, and Members of the City Council

From: Ben Rowe, Assistant City Manager
Dr. Marquis H. Barnett, Human Resources Director

Council Action Requested:

Resolution Authorizing the City Manager to Enter Into a Contract with Cigna to Administer the City’s Self-Funded Dental Insurance Plans

Strategic Focus Area: Service Excellence

Strategic Objective: No

Strategic Plan Action Item: No

Key Work Item: No



Summary of Information:

The current contract with Savers Administrative Services to administer the City’s self-insured dental insurance plan ends on December 31, 2021. Human Resources Staff with the assistance of the Chief Financial Officer reviewed seven (7) bids for dental administrative services. Parameters for the proposals included the change from a reimbursement plan to a dental insurance plan through a Preferred Provider Organization (PPO).

This differs from the City’s current plan design, which is a reimbursement plan where the employee must pay for services rendered and receive reimbursement. The panel conducted virtual interviews with Aetna, Cigna and Delta. This process was managed by the City’s benefits broker Willis Towers Watson. The criteria used to score proposals and their respective weights are below:

Committee Action:

Committee	<u>Finance 8/9/2021</u>	Action	<u>Approval</u>
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For	<u>Unanimous</u>	Against	<u></u>
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Remarks:

- MWBE Commitment (20%)
- Business Location (20%)
- Cost Effectiveness (20%)
- Qualifications and Experience (20%)
- Reference List (10%)
- Proposal Quality (10%)

Provider	Score	Overall Ranking
Cigna	300	1
Delta Dental	300	1
United Healthcare	280	3
Met Life	275	4
Aetna	270	5
Blue Cross Blue Shield	240	6
Ameritas	185	7

Staff recommends acceptance of the proposal from Cigna. The implementation of a network is projected to save at least \$75,000 in claims with a total savings across fees and claims of 17.4% - or nearly \$200,000. Additionally, the Cigna proposal includes the following:

- 3-year administrative fee rate guarantee of \$2.45 Per Employee Per Month;
- \$50,000 first year Integration Credit if both medical and dental plans are with Cigna;
- \$7,000 annually to support MWBE initiatives;
- \$4,200 first year Implementation Credit to assist with education, outreach and audits;

Switching to a dental PPO will also permit employees who have elected enrollment in a Medical Flexible Spending Account (FSA) to use their benefit card at their dental provider – eliminating the requirement that employees file claims and await reimbursement from either the plan or their FSA. Premiums are not estimated to increase for employees electing the basic dental coverage. Employees who elect the buy-up option will be charged a higher premium.