

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA, AUTHORIZING THE APPROPRIATE CITY OFFICIALS TO EXECUTE AGREEMENTS BETWEEN CIGNA AND THE CITY OF HOLLYWOOD FOR MEDICAL & PRESCRIPTION DRUG ADMINISTRATION, DENTAL ADMINISTRATION; P & A GROUP AND THE CITY OF HOLLYWOOD FOR FSA AND HRA ADMINISTRATION; VSP AND THE CITY OF HOLLYWOOD FOR VISION INSURANCE FOR A NOT TO EXCEED AMOUNT OF 110% OF \$919,930.00 ANNUALLY.

WHEREAS, the City issued Request for Proposal (No. 4513-16-RD) for Benefits Consultant Services at which time the Gehring Group responded and was awarded the contract in July of 2016; and

WHEREAS, the Gehring Group issued a Request for Proposal in August of 2016 to forty-seven (47) third party administrators (TPA) and insurance carriers seeking proposals for medical and prescription drug administrative services, dental administrative services as well as flexible spending account (FSA) administration and vision insurance; and

WHEREAS, Aetna, AvMed, Meritain, Cigna and Florida Blue all provided proposals for medical and prescription drug administration; and

WHEREAS, after careful review it was determined that Cigna offered the most competitive medical and prescription drug administration proposal based on pricing and contract terms; and

WHEREAS, Cigna's offer includes wellness funds of \$100,000.00 in years one through five (1-5), a full-time on-site Cigna representative, \$70,000.00 for an online enrollment and administration system for each year of the five (5) years of the contract and a three (3) month premium holiday for claims administration resulting in approximately \$200,000.00 in additional savings for 2017; and

WHEREAS, Cigna proposed a five (5) year claims administration fee that remains unchanged until the year 2020 plan year when it increases by approximately 2% and in January of the year 2021 by an additional 2%; and

WHEREAS, the administrative fee with Cigna for years 2017, 2018, 2019 is approximately 24% lower than the current Florida Blue administrative fee resulting in a \$261,364.00 annual savings for the 2017 plan year; and

WHEREAS, the administrative fee with Cigna in year 2021 even with increasing in 2020 and 2021 is still lower than Florida Blue's administrative fee in year 2017; and

WHEREAS, Cigna's overall fixed costs are approximately 12% below the City's current costs; and

WHEREAS, moving forward, the Gehring Group and the City are recommending a carrier change from Florida Blue to Cigna for medical and prescription drug coverage as well as the implementation of an "in-network" only plan to be offered alongside the current PPO plan design; and

WHEREAS, the Cigna in-network only plan referred to as the "OAPIN" plan is an open access plan that does not require referrals to access care from a specialist nor is the member required to select a primary care physician; and

WHEREAS, the "OAPIN" plan is structured with higher annual deductibles and annual maximum out of pocket limits; however enrollment in this plan can potentially reduce claims liability by approximately 13.5% and employees would have the option of selecting either the PPO option or the OAPIN plan; and

WHEREAS, seventeen (17) carriers were solicited to provide self-funded and fully-insured dental programs and seven carriers submitted a proposal; and

WHEREAS, Cigna's self-insured program was selected as a finalist based on the multi-line discount included in the offer enabling Cigna to reduce the current 2016 dental administrative fee by approximately 38% or \$31,763.00 annually for plan years 2017, 2018, 2019; and

WHEREAS, the offer also included a two (2) year rate cap on the dental administrative fee of a 1.7% increase in 2020 and an increase of 2.1% in 2021; and

WHEREAS, Cigna's administrative fee for dental in year five (5) is 35% below the current Florida Combined Life/Florida Blue fee; and

WHEREAS, the medical aggregate attachment factors will be reduced an additional 1% due to bundling the medical and prescription drug administration; and

WHEREAS, Cigna's geographic access report reveals that 98.8% of employees have access to two (2) contracted providers within a ten (10) mile radius of their home zip code as compared to Florida Combined Life/Florida Blue at 97.8%; and

WHEREAS, in addition to the medical and dental programs, the flexible spending account administration was also included in the recent Request for Proposal, and

WHEREAS, after review of the initial marketing results from eleven administrators, it was determined to ensure legislative FSA compliance that the City paid dollars from the current Flexible Spending Account be transferred to a Health Reimbursement Account; and

WHEREAS, the P&A Group's proposal included pricing for both Flexible Spending Account and Health Reimbursement Account administration that increases the City's annual cost by \$5,712.00, and

WHEREAS, The Gehring Group and the City are recommending that the City switch administrators effective January 1, 2017 from TASC to the P&A Group for an annual increase of \$5,712.00, and

WHEREAS, the increase in cost will also include the administration of a Health Reimbursement Account to ensure legislative compliance as well as administration for a Flexible Spending Account where employees will benefit from the strong technology and service platforms supported by the P&A Group; and

WHEREAS, the voluntary vision plan offered through VSP since 2015 paid 100% through employee contributions is recommended to continue to allow the plan to grow more stable and to provide continuity of care to members with a two year rate guarantee with an increase of 29% due to an existing loss ratio of 102%; and

WHEREAS, funding for the agreements have been appropriated and exists in account number 58.1241.00000.590.009199;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA:

Section 1: That it hereby approves and authorizes the execution, by the appropriate City Officials, of a contract embodying the terms and conditions approved by the City Commission this date between Cigna and the City of Hollywood, in a form acceptable to the City Manager and approved as to form and legality by the City Attorney.

Section 2: That it hereby approves and authorizes the execution, by the appropriate City Officials, of a contract embodying the terms and conditions approved by the City Commission this date between P&A Group and the City of Hollywood, in a

form acceptable to the City Manager and approved as to form and legality by the City Attorney.

Section 3: That it hereby approves and authorizes the execution, by the appropriate City Officials, of a contract embodying the terms and conditions approved by the City Commission this date between VSP and the City of Hollywood, in a form acceptable to the City Manager and approved as to form and legality by the City Attorney.

Section 4: That this resolution shall be in full force and effect immediately upon its passage and adoption.

PASSED AND ADOPTED this _____ day of _____, 20_____.

PETER BOBER, MAYOR

ATTEST:

PATRICIA A. CERNY, MMC, CITY CLERK

APPROVED AS TO FORM AND LEGALITY
For the use and reliance of the
City of Hollywood, Florida, only.

JEFFREY P. SHEFFEL, CITY ATTORNEY