
July 19, 2021

Tammie L. Hechler
2600 Hollywood Blvd, Suite 206
City of Hollywood, FL 33022

Re: 2022 Calendar Year - Gehring Group Recommendation of RFP Results

Dear Ms. Hechler,

On behalf of the City, Gehring Group released a request for proposal (RFP) in April of 2021 for the following lines of insurances expiring with the City for a plan year starting January 01, 2022:

- Medical/Rx administration
- Stop Loss Insurance
- Dental insurance administration
- Vision Insurance
- Flexible Spending Account (FSA) administration
- Health Reimbursement Account (HRA) administration
- COBRA administration

The RFP responses were due in May and the City received a total of 82 responses varying over the several lines of coverages. In June, Gehring Group presented the initial RFP results to City Staff and selected the following carriers as finalists to request best and final offers:

- Medical/Rx administration: Cigna (Incumbent) and United Healthcare
- Stop Loss Insurance: Cigna (Incumbent) and United Healthcare
- Dental insurance administration: Cigna (Incumbent) and United Healthcare
- Vision insurance: VSP (Incumbent), NVA, and EyeMed
- FSA & HRA administration: P&A Group (incumbent) and WEX
- COBRA administration: WEX (incumbent) and P&A Group

The subsequent information includes Gehring Group's recommendation for each of these lines of coverages:

Medical/Rx insurance administration and Stop Loss Insurance:

Both Cigna and United Healthcare (UHC) proposed a bundled program of medical administration, pharmacy benefit management, and integrated stop loss insurance. When analyzing this line of coverage, there are many factors that are compared including: plan design, fixed costs (administration and stop loss expenses), claims expenditures, prescription rebates, provider network access, prescription formulary disruption, and other available funds.

Total estimated expenses under Cigna's program for 2022 is \$35,743,394 while UHC's program is estimated at \$35,870,847. Both plan designs proposed are very similar with minimal differences. Cigna's provider network is at a 98.3% in network match while UHC's network is at a 96.4% match. Furthermore,

UHC's prescription formulary would result in 2.2% of scripts going to a more expensive tier and 3.3% of scripts being excluded. Lastly, Cigna is proposing a total of \$2,925,000 in other funds while UHC is proposing \$1,813,240 in other funds over a 5 year period. These funds are divided into separate buckets that can be used for wellness, technology (Bentek), COBRA, and discretionary purposes.

Due to the results of these categories, Gehring Group is recommendation that the City retain Cigna for medical/rx administration and stop loss insurance for the 2022 calendar year.

Dental Insurance Administration

When analyzing dental insurance administration proposals, the most important factors to analyze include: plan design, administration fees, rate guarantee, and the provider network access. Both Cigna and UHC proposal similar plan designs with slight differences in the out of network benefit levels. Both carriers proposed a 60 month rate guarantee at a 4.5% decrease to the City's current fee. Cigna's provider network is at an 88.5% in network match while UHC is at an 83.4% in network match.

Gehring Group is recommending that the City retain Cigna for dental insurance administration for the 2022 calendar year.

Vision Insurance:

Similar to dental insurance, the top factors when analyzing vision insurance include: plan design, proposed rates, rate guarantee, and the provider network access. All three carriers proposed similar plan designs with differences in the frames and out of network benefits. VSP is proposing a 15.7% decrease to current rates, NVA is proposing 32.1% decrease to current rates, and EyeMed is proposing 15.8% decrease to current rates. VSP's provider network is at a 78.9% in network match, NVA is at a 47.7% match, and EyeMed is at a 77.6% match.

Although NVA is proposing the lowest rates, Gehring Group is recommending the City retain VSP for vision insurance for the 2022 calendar year as they are proposing the strongest in network provider match and plan design offering.

Flexible Spending and Health Reimbursement Account administration:

Both P&A Group and WEX proposed very similar services for these lines of coverages. WEX proposed slightly lower fees (\$680 per year) however P&A Group proposed slightly enhanced services such as lower custom reporting and enrollment meeting fees. Both carriers proposed a 60 month rate guarantee. In addition, the disruption to City staff and members is also taken into consideration as a transition to a new vendor includes a change to the claims adjudication process, technology, and services.

Gehring Group is recommending that the City retain P&A group for FSA and HRA administration for the 2022 calendar year.

COBRA Administration:

Both WEX and P&A Group proposed very similar services with matching administration fees. WEX proposed slightly reduces fees for the initial notices and both carriers offered a 60 month rate guarantee.

Gehring Group is recommendation that the City retain WEX for COBRA administration for the 2022 calendar year.

In summary, with these recommendations the City and members would receive the following enhanced services and reduced expenses for the 2022 calendar year:

- Lower aggregate stop loss claims corridor resulting in reduced maximum claims exposure (125% to 120% corridor off expected claims).
- Increase Rx discounts and increased Rx rebates by approximately \$636,067 for 2022.
- Increased wellness funds (\$100,000 to \$150,000).
- Increase discretionary funds (\$0 to \$500,000).
- The dental deductible waived for orthodontia services.
- 4.5% decrease in the dental administration fee.
- \$20 increase to the in network frames allowance under the vision insurance.
- 15.7% decrease to employee's premium under the vision insurance.
- Enhanced vision benefit (SunCare) that allows the frames benefit to be used for non Rx glasses under participating providers.
- Decreased HRA and FSA administration fees.

Please don't hesitate to reach out with any additional questions.

Thank you,

Dustin Kuehn

Dustin Kuehn, Senior Benefits Consultant
Gehring Group