



Legislation Text

File #: ID 17-0393, **Version:** 1

Resolution Authorizing Contract For Medical Plan Administration Services

Department: City Manager
Council District: N/A

Public Hearing: N/A
Advertising Date/By: N/A

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PURPOSE:

The City of Greensboro contracts with a Third Party Administrator that is specialized in the areas of providing healthcare benefits plan administration and customer service related to the City's Medical Plan. The three-year contract, with two potential one-year renewals, will exceed \$100,000, which requires City Council approval.

BACKGROUND:

On behalf of the Human Resources Department, Marsh and McLennan Agency (MMA) conducted Request for Proposals (RFP) for medical plan administration and pharmacy coverage. The M/WBE Office assisted in a search to find historically under-utilized firms to solicit for the bid, but did not find any. Four of the major healthcare carriers were invited by MMA to submit a response to the contract opportunity. Three carriers submitted responses to the RFP: CIGNA; United Healthcare (incumbent); and Blue Cross Blue Shield. Of those responding, none were State certified M/WBE firms. Only CIGNA and United Healthcare moved forward to finalist status.

Marsh and McLennan subsequently presented the Best and Final Offer from both finalists to a committee of representatives from the City Manager's Office, Financial and Administrative Services, Legal, Human Resources and MWBE. The cost differential between CIGNA and United Healthcare as submitted in the Best and Final Offer totaled \$996,000, per year, in projected savings in favor of CIGNA.

Several criteria were taken into consideration in review of the responses to the Medical Plan RFP in the areas of customer service, cost savings and financial guarantees, reporting, systems and wellness plan integration in addition to provider network access. An updated provider network analysis was performed for United Healthcare. This updated analysis projects additional savings which closes the cost difference to \$670,000, per year, in favor of CIGNA. Based on review of all information provided by the finalists, CIGNA's proposal represents the best solution for the City's health plan requirements is therefore recommended for award to CIGNA effective 1/1/2018.

BUDGET IMPACT:

The total estimated annual Claims Administration contract value is \$1,318,000. The three year estimated total

is \$3,954,000. The maximum five-year estimated total Claims Administration contract value is \$6,590,000. Funds for this contract in the amount of approximately \$659,000 will be available 1/1/2018 and \$1,318,000 will be available in fiscal year 2018-19. Funding for subsequent years is subject to future City Council appropriations.

RECOMMENDATION / ACTION REQUESTED:

Recommendation to award a three-year contract with two potential one-year extensions to CIGNA. Council approval of a resolution authorizing Contract for Medical Plan Administration Services is requested. Account #684-1001-01.5419