

Information for Town Council Meeting on November 12, 2019

TO: Mayor and Town Council

VIA: Kirk W. Blouin, Town Manager

FROM: Danielle Olson, Director of Human Resources

RE: Resolution Awarding a Contract to Cigna, Inc., in an Amount not to Exceed \$225,000 to Provide Administrative Services for Group Health, Prescription and Dental Coverage, **Resolution No. 137-2019**

DATE: October 30, 2019

STAFF RECOMMENDATION

Staff recommends Town Council approval of Resolution No. 137-2019, awarding a contract to Cigna, Inc., in an amount not to exceed \$225,000 to provide administrative services for group health, prescription and dental coverage and authorizing the Town Manager to take actions necessary to effectuate this contract.

SUMMARY EXPLANATION/BACKGROUND

The Gehring Group, the Town's health insurance broker, as a normal course of business, conducted a full marketing for all lines of group insurance coverage that includes health, prescription, dental, vision, life insurance and all other ancillary plans. A review of the marketing results showed a cost savings of approximately \$237,000 by moving health, prescription and dental coverage to Cigna.

Additional benefits associated with the carrier change include:

- Three (3) year contract with a 3% escalator for years four (4) and five (5).
- \$225,000 in wellness funds (\$75 per year) for the three (3) year contract.
- Coordination of care with combined health, prescription and dental coverage under one carrier maximizing the value of care being delivered to the employee and taking advantage of proactive preventive care to reduce the potential of high claims.
- A wellness tracking platform, Motivate Me, designed to educate employees with easy to use tools and resources that support and encourage the Town's Wellness program. This platform, included with the Cigna offering, would be implemented in lieu of purchasing a separate stand-alone platform that was included in the FY20 budget for an overall savings of \$11,000.

FISCAL IMPACT/FUNDING SOURCE

Sufficient funds have been budgeted in the FY20 Self Insurance Health fund and in the OPEB trust to provide for the expenses proposed herein.

DUE DILIGENCE

Due Diligence was conducted to determine vendor responsibility, including corporate status and that there are no performance and compliance issues. The review included conducting market research.

PURCHASING REVIEW

This item has been reviewed by the Purchasing Division and approved as recommended.

TOWN ATTORNEY REVIEW

This format has been utilized by the Town in previous recommendations and was approved by the Town Attorney.

CC: Jane Le Clainche, Director of Finance
Dean Mealy, Purchasing Manager