

Information for Town Council Meeting on December 10, 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 \$800,000 to Stop-Loss Coverage, **Resolution No. 144-2019**

DATE: November 26, 2019

STAFF RECOMMENDATION

Staff recommends Town Council approval of Resolution No. 144-2019, awarding a contract to Cigna, Inc., in an amount not to exceed \$800,000 to provide stop loss 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, conducted a full marketing for all lines of group insurance coverage that includes stop-loss, health, prescription, dental, vision, life insurance and other ancillary plans. The renewal rate, had the town remained with Florida Blue for medical and Symetra for stop-loss, was expected to be 8.4%. By moving the medical and stop loss to Cigna, the increase will be 0.8%

Referencing exhibit A, the Annual Specific Stop Loss Premium is expected to increase by 21.5%. The increase is attributed to demographics (specifically average age of covered participants), the high cost of specialty medications that includes those currently being covered under the plan and new pharmaceuticals that are expected to hit the market in the coming year, expected claimants over the stop loss level, and trend which is currently at 20%. However, due to the change in carrier and stop loss provider, this increase was offset by a -32.9% reduction in the Administrative Fee and Aggregate Stop Loss Premium with Cigna.

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