

# HUB

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## Employee Benefits RFP Recommendations



October 2021

## **Background**

Since January 2018, the City has contracted with Aetna for employee medical insurance. As required by Chapter 252 of the Texas Local Government code, and to ensure the City and its employees receive competitive rates and quality services, the City has worked closely with our insurance broker, HUB International (HUB), to release a Request for Proposal (RFP) and select the best provider for plan year 2022.

# RFP Vendor Response List (Top 3)



Product	Top 3 Vendors		
Medical	Aetna (92)	Cigna (98)	TML (92)
Dental	Aetna (96)	Cigna (99)	UCCI (98)
Life/Disability	Mutual of Omaha (97)	NY Life (95)*	Standard (95)

\*By bundling Medical and Life/Disability with New York Life, the City receives an additional 1% medical discount from Cigna.

# 2022 Benefit Recommendations



## Medical / Rx Recommendation – Cigna

It is recommended for the City of Pflugerville to contract with Cigna for Medical and Rx coverage for the 2022 plan year. Aetna, the incumbent, presented a best and final offer of 19.6% with no plan design changes. Cigna is presenting a +2.3% increase to rates after a bundling discount (medical, dental, vision, life/disability). The current industry average for premium increases is 7%.

Cigna was able to closely match benefits that are in place with Aetna today (ex. deductibles, out of pocket maximums, coinsurance, copays). Additionally, the network provider match compared to Aetna is 96%. 97.1% of your employees will have access to a primary care provider within 10 miles of their ZIP code.

Cigna will also be including the following :

- Motivate Me, a **free** wellness platform where members can earn up to **\$150** (via gift cards) for completing wellness activities (**estimated value \$50K**). All incentives will be funded by Cigna.
- One time **\$25K wellness allowance** in 2022. Each year the City renews with Cigna, the City will receive a **\$15K wellness allowance**.

### **Dental Insurance – Cigna**

Contracting with Cigna for dental insurance is recommended for the 2022 plan year with a -11.3%, or \$25,411 decrease to total premiums. Rates will be guaranteed for 2 years, with a 10% rate cap for year 3.

Cigna was able to match maximums, deductibles and coinsurance amounts on the DDPO plan. They were able to closely match all other benefits. Regarding network, Cigna has one of the largest regional and national dental networks.

By bundling medical and dental, the City will see 2% medical savings.

### **Voluntary Vision Insurance – Cigna**

It is recommended that the City contract with Cigna for vision insurance for the 2022 plan year. Cigna is presenting a -7%, or 2,371 decrease and rates will be guaranteed for 3 years. Cigna was able to closely match benefits that are in place today with Aetna.

### **Life / AD&D / Disability – New York Life (formally Cigna)**

Contracting with New York Life for Life / AD&D and Long-Term Disability (LTD) benefits is recommended for 2022 plan year with a -11%, or \$12,211 decrease to employer paid premiums. Furthermore, Voluntary Life / AD&D rates received a rate pass. New York Life has agreed to hold rates for 3 years.

The only change recommended is increasing the LTD Maximum from \$7,500 to \$10,000, which aligns the City's benefits with municipal benchmarks.

By bundling medical and life/disability, the City will receive a 1% medical discount.

# Timelines: Renewal Calendar



<b>Timeline</b>	<b>Dates</b>
<b>RFP Analysis</b>	September
<b>Transition &amp; Implementation Begins with Vendors</b>	October
<b>Continue Implementation / Conduct Open Enrollment</b>	November
<b>Finalize Open Enrollment &amp; Implementation</b>	November / December
<b>New Plans and Carriers Effective</b>	January 1, 2022

# Thank you.