



City of Pflugerville

Legislation Text

File #: 2021-1118, Version: 1

Approving action to award an agreement to Cigna for Medical/Pharmacy, Dental and voluntary Vision insurance and New York Life for Life, AD&D, and Disability insurance and authorizing the City Manager to execute the agreement.

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.

Following release of the RFP in August, the City received six proposals for medical insurance, of which three were selected as finalists and scored based on cost, financial stability, communication, claims processing, reporting, technology and references (see table below). Based on these factors, Cigna was identified as the top ranked proposer for medical insurance, proposing a plan increase of only 2.3% compared to Aetna's proposal of 19.4%. TML proposed a slightly lower rate increase of 1.4%, but when considering overall service quality, similarity to current plans, and reference checks, Cigna was ranked the top proposer.

In addition to the factors above, we also consider plan disruption when switching providers. Fortunately, Cigna has a robust network and closely matches current employee plans causing very little disruption.

While medical insurance is the majority of the insurance cost incurred by the City and its employees, the City also works with companies to provide dental, life/disability, and vision insurance which were included in the RFP as well. Cigna provided the best option for dental insurance and New York Life provided the best option for life/disability insurance. While New York Life was not the highest score initially, there is a discounted rate when bundled with Cigna which makes it the most competitive option.

Vision insurance is voluntary and carried fully by employees. Given there is no cost to the City, the contract is not on the agenda. However, Cigna was ranked as the top proposer.

Cigna also has strong wellness programs and has agreed to provide wellness incentives including "Motivate Me," which allows employees to earn up to \$150 in gift cards for completing wellness activities (est. \$50,000 value), as well as a \$25,000 for City-led wellness initiatives.

RFP Scores

Medical	Aetna (92)	Cigna (98)	TML (92)
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Dental	Aetna (96)	Cigna (99)	UCCI (98)
Life/Disability	Mutual of Omaha	NY Life (95)	Standard (95)
Vision	Aetna (97)	Cigna (98)	MetLife (97)

Prior City Council Action

NA

Deadline for City Council Action

October 26, 2021

Funding Expected: Revenue ___ Expenditure Funds for insurance premiums.

Budgeted Item: Yes No ___

Amount: \$3,643,998 (estimate depending on final enrollment)

1295 Form Required? Yes No ___

Legal Review Required: ___ Required ___ Date Completed: _____

Supporting documents attached:

Presentation Slides

Recommended Action

Approve action to award the agreement to Cigna for Medical/Pharmacy, Dental and voluntary Vision insurance and New York Life for Life, AD&D, and Disability insurance and authorizing the City Manager to execute the agreement.