THE CITY OF ASHEVILLE

Staff Report

Council Meeting Date: April 27, 2021

Subject: Contract Approval for provision of employee health insurance coverage.

Staff Resource(s): Shannon Barrett, Human Resources Director, and Larisa Lowman, Compensation & Benefits Manager

Action Requested: Adoption of a resolution authorizing the City Manager to enter into contracts with Cigna Health and Life Insurance Company (Cigna) and Express Scripts, Inc. (ESI) for provision of employee health insurance coverage.

Background:

- Blue Cross Blue Shield of North Carolina is the current health insurance provider for employees of the City of Asheville.
- Analysis conducted by Willis Towers Watson, the City's benefits consultant, revealed the City's current plans are below market norms.
- The City issued an RFP to solicit proposals to provide health insurance coverage for City of Asheville employees and their dependents on December 14, 2020.
- The City received four responses to the RFP for employee health insurance coverage.
- The Evaluation Committee consisting of Peggy Rowe, Special Assistant to the City Manager; Larisa Lowman, Compensation and Benefits Manager; Shannon Barrett, HR Director; Tony McDowell, Finance Director; and Taylor Floyd, Budget Manager; reviewed all RFP responses and narrowed the field to three firms.
- The final three firms were evaluated by the Evaluation Committee and Cigna Health and Life Insurance Company and Express Scripts, Inc. were selected to provide employee medical and pharmacy insurance coverage.

Vendor Outreach Efforts:

- Request for proposal was issued December 14, 2020, with a response deadline of January 11, 2021.
- Under the City's Business Inclusion Policy, contracts for banking or insurance services are excluded from the scope and application of the policy.
- Outreach efforts were performed by posting the RFP on the State's Interactive Purchasing System.

Council Goal(s):

- A Financially Resilient City

Pro(s):

- Entering into contracts with Cigna and ESI will provide employees access to medical plans that meet market norms.
- Cigna will provide increased care management for plan participants.
- The proposed contracts will provide access to more robust medical coverage, dependable pharmacy coverage, wellness initiatives and resources, with a goal to improve participant health, resulting in cost containment.
- Cigna and ESI will guarantee the administrative fees for four years with no increases.
- The proposed fees match the current fee structure with BlueCross Blue Shield so there is no increase in administrative costs.

Con(s):

- Failure to enter into the contract will leave the City of Asheville employees and their dependents without health insurance coverage for the 2022 fiscal year.

Fiscal Impact:

- No increase to the current budgeted amount for employee health insurance coverage with a potential for cost savings.

Suggested Motion:

- Adopt resolution authorizing the City Manager to enter into contracts with Cigna Health and Life Insurance Company (Cigna) and Express Scripts, Inc. (ESI) for provision of employee health insurance coverage.

Attachment(s)

- Resolution

RESOLUTION NO. 21-____

RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER CONTRACTS WITH CIGNA HEALTH AND LIFE INSURANCE AND EXPRESS SCRIPTS, INC. FOR EMPLOYEE HEALTH INSURANCE COVERAGE ADMINISTRATIVE SERVICES

WHEREAS, the City of Asheville has authority pursuant to Article 3 of Chapter 160A of the North Carolina General Statutes to enter into contracts for services with other entities; and

WHEREAS, the City is committed to providing employees and their dependents access to health insurance coverage including medical and pharmacy insurance; and

WHEREAS, City staff recommends contracting with Cigna Health and Life Insurance Company to provide administrative services in the delivery of the City's employee medical insurance coverage and with Express Scripts, Inc. for the provision of pharmacy coverage; and

WHEREAS, City staff recommends contracting with these new vendors for administrative services in the continuation of health insurance coverage; and

WHEREAS, City staff recommends the execution of contracts with an initial term of three (3) years with up to two (2) one-year extensions to said contract upon mutual approval of the parties; and

WHEREAS, the contract effective date shall be July 1, 2021; and

WHEREAS, the monies for the contracts have been budgeted in the Health Care Fund budget at the same rate as the current contracted amount;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE THAT:

The City Manager is hereby authorized to (1) enter into a contract on behalf of the City of Asheville with Cigna Health and Life Insurance Company to provide health insurance coverage and with Express Scripts, Inc. for provision of pharmacy insurance coverage to eligible employees and their dependents; (2) execute said contracts for administrative services obligating the City to pay $960,000 annually for three years and for up to two one-year extensions and, (3) execute any necessary change orders to said contracts.

Read, approved and adopted this the 27th day of April, 2021.

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City Clerk Mayor

Approved as to form:

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City Attorney