

**Item Title:** Approval of a Multi-year Agreement with Cigna to Administer the County's Medical Insurance

**Specific Action Requested:**

**The Board of Commissioners authorizes the County Manager to enter into a four year agreement with Cigna for the administration of the County's employee and retiree medical insurance, subject to terms and conditions acceptable to the County Attorney, effective January 1, 2018.**

**Item Summary:**

**Background**

The County manages a \$35+ million self-funded medical insurance plan [exclusive of pharmacy costs] that was last competitively procured in 2011. The current provider is Blue Cross and Blue Shield of North Carolina (BCBSNC). The County recently issued a Request for Proposals (RFP) for a vendor to administer the County's medical insurance and stop loss coverage. A summary of the process and related recommendation is provided below.

**RFP Process**

The County received 4 proposals for the administration of the requested health care benefits: (1) Aetna, (2) Blue Cross & Blue Shield of North Carolina, (3) Cigna and (4) United Health. Responses were evaluated with assistance from the County's Benefits Consultant Marsh, McLennan and Associates as to: Network Richness, including availability and consistency; Customizable Plan Provisions to include plan offerings, rates and plan design flexibility; Predicted Fixed and Variable/Claims Costs along with Performance Guarantees; Online and In-person Customer Support; Care Management and Innovative Wellness Strategies; Vendor Collaboration with other County partners; and Vendor Credentials based on experience and marketplace reputation.

All four vendors were selected for the first round of on-site interviews. Two vendors, Aetna and Cigna, were elevated to the finalist round based on the strength of their proposals, competitive cost proposals and client references.

**Recommendation**

Based upon review of written proposals, on-site interviews with all four vendors and a half day strategic meeting with the two finalists, and client references, Cigna is the recommended vendor to provide medical insurance. As further explained below, Cigna is the recommended vendor given the (1) broad network available, (2) commitment to holistic health, (3) technology and tools, (4) customer service model and (5) predicted cost savings and performance guarantees.

Cigna's proposed plan provides access to the broadest network of providers and hospitals which includes WakeMed, Duke and UNC. Cigna's network allows members to choose their quality provider and facility of choice, without an increased cost. The comprehensive network structure offered by Cigna will allow our members to select the quality provider that best meets their needs at the lowest in-network cost; this network

provides our members with options to quality health care and allows for the best continuation of care (causing the least disruption to members).

Cigna's strong commitment and focus to holistic health is evidenced by their willingness to place case managers at each major facility to assist members with medical appointments and/or filling medications. The case manager also serves as a resource to engage members in condition care and disease management programs as well as explain other health and well-being services. Cigna is also willing to provide \$100,000 in funds annually for health and wellness programs, an increase of \$75,000 over the current vendor.

Cigna's robust technology platform allows administrators to access a variety of health and wellness tools. The platform also has the opportunity to engage members in better health through health care driven initiatives, such as financial incentives for completing a preventive screening or engaging in a disease management program. The online platform, along with their aggregate reporting capabilities, will enable the County to better address health care concerns and increase engagement.

Employees and family members covered on the medical plan will be provided with 24/7 customer service access. Cigna's enhanced customer model provides a designated team of customer support advocates who are specialized in working with public sector employees and families. These advocates are available to research claims and identify providers and are also versed in the County's other benefits so they can assist in communicating opportunities and coordinating benefits. In addition, Cigna is providing the County with an on-site 30-hour team member to provide in-person customer service and further support the County's medical insurance plans.

Given the broad network with market leading negotiated discounts, integrated case managers and a holistic approach to health care and engagement, Cigna estimates that the County will be able to save \$2,000,000 compared to the 2018 budgeted medical spend (cost avoidance). Cigna has proposed a performance penalty of \$560,000 if the County's medical trend exceeds 6% when comparing projected 2017 to 2018 medical spend. Cigna's cost proposal will result in administrative cost reductions of approximately \$1,500,000 over the term of the contract, with fees per member per month being held constant for four years. Cigna will also administer a competitive Stop Loss policy that provides coverage for high-cost claims.

In conclusion, the recommendation to partner with Cigna will enable the County to engage with a strategic partner that will provide a greater level of service at highly competitive costs including: a comprehensive and competitive benefit plan within a broad network of providers, an enhancement to the County's holistic health approach and initiatives, increased engagement, excellent customer service and proactive employee health management to reduce the trend of medical spend.

#### Next Steps

The next step would be to engage Cigna and the recommended Employee Health Center vendor in a collaborative discussion regarding benefit plans and services. Proposed benefit plans and premiums structures would be presented to the Board of Commissioners for approval in September.

**Attachments:**

1. Presentation on Process and Recommendation
2. Contract Overview with Cigna
3. Scorecard for On-Site Initial Interview w Medical Vendors
4. Agenda for On-Site Initial Interview
5. Scorecard for Strategic Finalist Meeting w Medical Vendors
6. Agenda for Strategic Finalist Meeting