



Legislation Text

File #: 21-0395, **Version:** 1

Consider and take action on a resolution authorizing an agreement with Cigna for the employee dental insurance plan for the period of October 1, 2021 to September 30, 2024 (Director of Human Resources and Civil Service)

Council postponed, 8-0-0 on June 22, 2021

Approval of this item will finalize the selection of Cigna as the administrator of the employee dental plan for the period of October 1, 2021 to September 30, 2024.

The City's current third-party administrator for the dental plan contract expires on September 30, 2021. The City conducted a request for proposal (RFP) for third party administration for our dental plans for both self insured and fully insured dental plans. The City currently has fully funded dental plans. Under the RFP, the City stated it would evaluate continuing as fully insured as well as evaluate the option to move to self-funding the dental plans.

The RFP was released on Tuesday, April 27, 2021 and closed on Tuesday, May 25, 2021. With the help of our benefits consultants, HUB International, a detailed analysis of the submitted responses was conducted during the month of May with the following objectives in mind:

- Alignment with City of League City's objectives and support by management and Council;
- Demonstrated superior member service and claims processing;
- Ability to proactively meet the City of League City's service needs;
- Willingness, experience and capability to effectively administer the programs;
- Support during the implementation process; and
- Options to manage costs.

Staff met with HUB International to review the results of the RFP. The incumbent Cigna was identified as the finalist by HUB and staff for final consideration to City Council.

Dental Plans

Responses for Dental Plan Carriers were received from twelve providers, with nine providing fully insured options and four (Alflac, BCBSTX, Cigna, and United Health Care) providing both fully insured and self-funded options.

Cigna's fully insured plan proposal cost is \$394,440 and includes a 2-year rate guaranteed and a 3rd year rate cap increase of +5% versus the projected self insured total plan cost of \$423,117. With dental offices returning to full operation following COVID-19, the potential increase in claims could possibly overtake the amount of savings between the fully insured plan and the self insured plan.

While cost and cost premiums were close between Cigna (incumbent) and MetLife it is recommended to continue with Cigna's fully insured dental plan at a 4.85% increase in premium. Cigna's and Met Life's provider network are comparable.

CIGNA's Financial Underwriter confirmed that they do not include premium taxes in their fully-insured rates for public sector clients. HUB has confirmed that the presented premiums for Cigna do not include any premium taxes.

Attachments:

1. Data Sheet
2. Proposed Resolution
3. Response Overview and Summary

FUNDING

- ☒ Funds are available from Employee Benefit Fund Health Insurance Account #40301650-54650
- ☐ Requires Budget Amendment to transfer from Account # _____ to Account # _____
- ☐ NOT APPLICABLE

STRATEGIC PLANNING

- ☐ Addresses Strategic Planning Critical Success Factor # _____ and Initiative # _____
- ☒ NOT APPLICABLE