



**CITY OF FORT LAUDERDALE
City Commission Agenda Memo
REGULAR MEETING**

#22-0817

TO: Honorable Mayor & Members of the
Fort Lauderdale City Commission

FROM: Greg Chavarria, City Manager

DATE: October 18, 2022

TITLE: Motion Approving Agreements for Third-Party Administration of Group Health, Pharmacy Benefit Management, and Employee Assistance Programs with Cigna Health and Life Insurance Company and Evernorth Behavioral Health, Inc. – \$2,923,521 – (**Commission Districts 1, 2, 3 and 4**)

Recommendation

Staff recommends the City Commission approve agreements, in substantially the forms attached, for Third-Party Administration (TPA) services for Group Health, Pharmacy Benefit Management (PBM), and a Business Associate Agreement (BAA) with Cigna Health and Life Insurance Company (Cigna); and a Business Associate Agreement with Evernorth Behavioral Health, Inc., for an Employee Assistance Program (EAP), in the initial three-year contract amount of \$2,923,521, and authorize the City Manager to approve three (3), one-year renewal options, in the estimated annual renewal amount of \$1,009,317, for a potential six-year contract amount of \$5,951,472, contingent upon appropriation of funds.

Background

The City's final renewal option for administrative services will expire on December 31, 2022.

The solicitation process began on June 3, 2022, with RFP 12698-525 being issued and advertised for TPA group health, PBM and EAP services. On June 30, 2022, the RFP closed with a total of two (2) firms submitting proposals.

- Aetna/CVS (Aetna)
- Cigna Health and Life Insurance Company (Cigna)

On July 8, 2022, the chosen evaluation committee consisting of Katrina Valentino, Benefits Manager; Matt Cobb, Assistant Risk Manager; and Julie Oakley-Garofalo, Senior Administrative Assistant (Teamsters); met with Erick Martinez, Senior Procurement Specialist and John Torrenga, Procurement Administrator. The City's Benefits Consultant and Actuary also assisted in the analysis of networks and repricing. With only two firms

submitting, the proposals were reviewed, evaluated, and finalized the same day. The evaluation criteria and ranking of the firms are illustrated below:

EVALUATION CRITERIA	WEIGHT
Size and Adequacy of Provider Network	20%
Questionnaire & Performance Guarantees	15%
Administrative Services	20%
Wellness & EAP	10%
References	5%
Cost	30%
Total	100%

The two responsive firms were ranked as follows:

Cigna (1st Ranked Firm)

Aetna/CVS (2nd Ranked Firm)

Cigna’s proposed ASO (Administrative Services Only) rates are \$39.77 or \$40.92, per enrolled employee depending upon the enrolled plan type. This PEPM (per employee per month) rate includes the EAP premium of \$2.20 PEPM. The City’s monthly cost is determined by the number of employees multiplied by the rate. Utilizing current enrollments and trends, enrollments are estimated at 1,950 for ASO and 3,050 for EAP. These enrollment numbers equal a 36-month estimated contract value of \$2,923,521 for ASO and EAP services.

Resource Impact

There will be a fiscal impact to the in the estimated amount of \$974,507 for Fiscal Year 2023.

<i>Funds available as of October 1, 2022</i>					
ACCOUNT NUMBER	PROJECT NAME (Program)	CHARACTER/ ACCOUNT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	PURCHASE AMOUNT
10-545-9070-519-50-5130	Self-Insured Health Benefits	Non-Operating Expenses/Health Insurance Admin	\$33,596,144	\$33,596,144	\$974,507
Purchase Total ►					\$974,507

Strategic Connections

This item supports the *Press Play Fort Lauderdale 2024* Strategic Plan, specifically advancing:

- The Internal Support Focus Area
- Goal 8: Build a leading government organization that manages all resources wisely and sustainably.
- Objective: Maintain financial integrity through sound budgeting practices, prudent

fiscal management, cost effective operations, and long-term planning.

This item advances the *Fast Forward Fort Lauderdale 2035* Vision Plan: We Are United.

This item supports the *Advance Fort Lauderdale 2040* Comprehensive Plan, specifically advancing:

- The Internal Support Focus Area
- Implementation Element
- Goal 1: The Fort Lauderdale Comprehensive Plan shall accomplish the City's *Fast Forward Fort Lauderdale 2035* Vision Plan regarding the City's future growth and the six Cylinders of Excellence and shall be the City's primary policy document to guide all of its activities and development.

Attachments

Exhibit 1 – Solicitation (to be provided separately)

Exhibit 2 – Final Ranking

Exhibit 3A – Cigna Proposal – Part 1

Exhibit 3B – Cigna Proposal - Part 2

Exhibit 4 – City Agreement

Exhibit 5 – Cigna's Medical ASO Agreement

Exhibit 6 – Cigna's Pharmacy ASO Agreement

Exhibit 7 – Cigna Health and Life BAA

Exhibit 8 – Evernorth Behavioral Health, Inc., BAA

Prepared by: Katrina L Valentino, Human Resources
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Department Director: Jerome Post, Human Resources
Susan Grant, Finance