



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

#17-0756

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

FROM: Lee R. Feldman, ICMA-CM, City Manager

DATE: October 17, 2017

TITLE: Motion to Approve Contract and Business Associate Agreement for
Purchase of Dental Plan Benefits - Cigna Health and Life Insurance
Company - \$3,706,902 (three-year total)

Recommendation

It is recommended that the City Commission approve a three-year contract and Business Associate Agreement, in substantially the forms attached subject to review and approval by the City Attorney, with Cigna Health and Life Insurance Company (Cigna) for the purchase of Group Dental Health Maintenance Organization (DHMO) and Dental Preferred Provider Organization (DPPO) dental plan benefits in the estimated amount of \$3,706,902; and authorize the City Manager to approve two, one-year renewal options contingent upon appropriation of funds.

Background

There are three separate fully insured dental plans that are offered to the City's International Association of Fire Fighters (IAFF), Management, Federation, and Teamster group employees and eligible dependents. These plans are as follows:

1. IAFF DPPO - This plan is set by bargaining agreement and has both lower benefits and premiums than the Citywide DPPO plan. Prior to the incumbent, Humana Insurance Company (Humana), the plan was self-funded with Guardian.
2. Citywide DPPO - This plan is offered to Management, Federation and Teamsters.
3. Citywide DHMO - This plan is offered to Management, Federation and Teamsters. Prior to Humana, the carrier was Metropolitan Life Insurance Company (MetLife)

The Citywide dental plans have been provided by Humana since January 1, 2010. The IAFF DPPO dental plan has been offered by Humana since January 1, 2014. This solicitation was prepared for a January 1, 2018 effective date based on the expiration of the current agreement with Humana. Cigna was selected as the recommended firm by the evaluation committee based on the following key highlights of their proposal:

1. Premiums for both employees and the City were slightly less than the current rates.
2. Premiums are fixed for three years; for years four and five of the contract, they have a rate cap of not-to-exceed 7%.
3. The proposal includes a commitment to reach out to dentists who are in-network with the current plan but not currently in the Cigna network.

The background of the solicitation process includes the following:

- March 9, 2017 – Request for Proposal (RFP) 575-11928 was issued for group DHMO and DPPO dental plan benefits.
- April 11, 2017 – The RFP closed with a total of four firms submitting proposals. Those firms were:

Aetna Life Insurance Company (Aetna)
Cigna
Humana
MetLife

Humana and MetLife were deemed non-responsive because they would not accept the City's purchasing card for payment. In addition, MetLife did not provide the required Statement on Standards for Attestation Engagements 16 Type II audit reports as required in the specifications.

- May 26, 2017 – The evaluation committee consisting of Matthew Cobb, Risk Management Coordinator; Melissa Ferrer, Senior Accounting Clerk; and Steve Simac, IAFF Local 765 Representative met with AnnDebra Diaz, Senior Procurement Specialist, to begin the evaluation process. The City's Benefit Consultant also assisted with the process. The committee provided an initial evaluation and ranking of the two responsive firms and voted to obtain Best and Final Offers (BAFOs) from both firms.
- June 1, 2017 – The City received the BAFOs from Cigna and Aetna.
- June 2, 2017 – The evaluation committee met to review the BAFOs, finalize the review of proposals, and evaluate and rank the firms based on the evaluation criteria shown below:

EVALUATION CRITERIA	WEIGHT
Size and Adequacy of Provider Network	30%
Level of Benefits for the DHMO plan	20%
Level of Benefits for the DPPO plans	20%
Total premium Cost	30%

The two responsive firms were ranked as follows:

Cigna (1st Place)
Aetna (2nd Place)

Resource Impact

There will be a fiscal impact to the City in the amount of \$1,235,634.

<i>Funds available as of October 1, 2017</i>					
ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	AMOUNT
545-INS220101-5140	Self-Insured Health Benefits	Non-Operating Expenses/Dental Carrier Premiums	\$25,016,086	\$ 25,016,086	\$1,235,634
TOTAL AMOUNT ►					\$1,235,634

Strategic Connections

This item is a *Press Play Fort Lauderdale Strategic Plan 2018* initiative, included within the Internal Support Cylinder of Excellence, specifically advancing:

- Goal 12: Be a leading government organization, managing our resources wisely and sustainably.
- Objective 1: Ensure sound fiscal management.

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

Attachments

Exhibit 1 – Solicitation
Exhibit 2 – Final Ranking
Exhibit 3 – Cigna Proposal
Exhibit 4 – Aetna Proposal
Exhibit 5 – Humana Proposal
Exhibit 6 – MetLife Proposal
Exhibit 7 – Cigna Contract
Exhibit 8 – Cigna Business Associate Agreement
Exhibit 9 – Cigna's Letter of Agreement

Prepared by: Matthew Cobb, Human Resources
AnnDebra Diaz, Finance
Linda Blanco, Finance

Department Directors: Averill Dorsett, Human Resources
Kirk Buffington, Finance