



City of Aurora

44 East Downer Place
Aurora, Illinois 60505
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Cover Memorandum

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Status: Agenda Ready

In Control: Finance Committee

File Type: Resolution

TO: Mayor Richard C. Irvin

FROM: Alisia Lewis, Chief Human Resources Officer

DATE: August 16, 2021

SUBJECT:

A Resolution Authorizing Agreement for Administrative Services with Cigna Health and Life Insurance Company (Cigna) for PPO and Value HSA(HDHP) Group Health, Prescription Benefits Management (PBM), Flexible Spending, Dental, Vision, C.O.B.R.A. and Stop Loss Plan Administration for period January 1, 2022 through December 31, 2022.

PURPOSE:

To authorize an agreement for third-party administrative services (TPA) with Cigna for the City's PPO and Value HSA(HDHP) health insurance plan, dental insurance, vision coverage, prescription benefits management (PBM), flexible spending, C.O.B.R.A. and stop loss insurance coverage.

BACKGROUND:

Cigna has been the City's third-party administrator for the City's PPO, Value HSA(HDHP), dental, vision, PBM, flexible spending, C.O.B.R.A. and stop loss coverage for participating employees, retirees and their dependents since January 2016. The PEPM (per employee per month) fee for 2021 was \$36.74.

DISCUSSION:

CIGNA's administration fee for Medical/Dental/Vision is increasing 1.9%. Claims are trending significantly higher for the pre-65 Retirees, while the Active OAP population is trending at the rate of medical inflation and the HDHP remains flat.

Additionally:

PPO discount improving by 9.9%

Claim and Clinical guarantees equal to \$300,000

Rx Net Cost (with Rebates) are improving approximately \$165,000

Wellness Fund increase from \$30,000 to \$40,000

Human Resources is seeking approval to enter into a one (1) year agreement with Cigna.

IMPACT STATEMENT:

No impact.

RECOMMENDATIONS:

Place on the Finance Committee agenda for approval to City Council.

cc: Finance Committee

CITY OF AURORA, ILLINOIS

RESOLUTION NO. _____
DATE OF PASSAGE _____

A Resolution Authorizing Agreement for Administrative Services with Cigna Health and Life Insurance Company (Cigna) for PPO and Value HSA(HDHP) Group Health, Prescription Benefits Management (PBM), Flexible Spending, Dental, Vision, C.O.B.R.A. and Stop Loss Plan Administration for period January 1, 2022 through December 31, 2022.

WHEREAS, the City of Aurora has a population of more than 25,000 persons and is, therefore, a home rule unit under subsection (a) of Section 6 of Article VII of the Illinois Constitution of 1970; and

WHEREAS, subject to said Section, a home rule unit may exercise any power and perform any function pertaining to its government and affairs for the protection of the public health, safety, morals, and welfare; and

WHEREAS, it is in the best interests of the City of Aurora to enter into a contractual relationship by and between the City of Aurora and Cigna for administration of PPO group health plan administration for City employees and retirees; and:

WHEREAS, it is desirable to have Cigna administer the Preferred Provider Organization (PPO) plan, Value HSA(HDHP), dental, vision, flexible spending accounts, prescription benefits program, COBRA, and HIPAA; and

WHEREAS, the 2022 proposed City budget will provide funding for this item in employee health account numbers 602-0000-410.28-02; 602-0000-410.28-04; 602-0000-410.28-21; and retiree health account numbers 704-0000-410.28-52; 704-0000-410.28-54; 704-0000-410.28-62; 704-0000-410.28-64; 704-0000-410.28-72 and 704-0000-410.28-74.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Aurora, Illinois,

as follows: I. That the Mayor is hereby authorized to enter into an administration contract with Cigna.

II. That said contract is for the period January 1, 2022 through December 31, 2022.