



Legislation Text

File #: 23-0616, Version: 1

TO: Mayor Richard C. Irvin
FROM: Alisia Lewis, Chief Human Resources Officer
DATE: 8/02/2023

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, 2024 through December 31, 2024.

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, One Guide, 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 2023 was \$42.38.

DISCUSSION:

CIGNA's administration fee for Medical/Dental/Vision is increasing 3%. Claims year to date through June have been running at projections for the pre-65 Retirees, the Active OAP, and Value HSA. Claims utilization typically increase the 2nd half of the plan year below medical inflation of 7.5%. The Human Resources team was successful in negotiating the following additionally renewal concessions from CIGNA:

Individual Stop Loss insurance renewal is increasing 13.8% reduce from an initial 19% increase resulting in \$80,000 reduction.

Rx Net Cost (with Rebates) are improving approximately \$293,000

Wellness Fund is remaining at \$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, 2024 through December 31, 2024.

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 2024 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, 2024 through December 31, 2024.