COUNTY DEPARTMENT AGENDA REQUEST

Department:	Administration	Presenter(s):	County Administrator Steve Rapson
Meeting Date:	March 14, 2013	Type of Request:	New Business

Wording for the Agenda:

Approval of the medical plan selection team's recommendation to award CIGNA Fayette County's medical provider.

Background/History/Details:

The medical plan selection team (Chairman Brown, Commissioner Barlow, County Administrator, Finance Director, Human Resources Director and Human Resources Benefits Administrator) interviewed the top three finalists Blue Cross/Blue Shield, CIGNA and Humana Healthcare. Based on the best and final offers received, there was unanimous agreement that CIGNA offered the best over-all medical plan and lowest cost. (Attachment A)

CIGNA reduces expected claims costs due to deeper discounts when compared with Humana, our current provider. The average network discounts of CIGNA are 59% - higher discounts mean lower claims. CIGNA provides a performance guarantee for implementation and service levels along with an integrated solution and $70,000 for wellness incentives.

CIGNA's expected claims are lower than both competitors and caps the County's exposure at 106% of its (lower) expected claims that make up 84% to 89% of the expected maximum liability. The difference is cost between renewal and CIGNA is over $1.5M year.

Once approved, staff will begin working with CIGNA to develop plan modifications for plan tiering, stop-loss, and wellness initiatives.

What action are you seeking from the Board of Commissioners?

Approval of the medical plan selection team's recommendation to award CIGNA Fayette County's medical provider.

If this item requires funding, please describe:

Has this issue come before the Commissioners in the past?	Yes	If so, when?	March 2010
Do you need audio-visual for the presentation?	No	Back-up Material Submitted?	No

STAFF USE ONLY

Approved by Finance	Yes	Reviewed by Legal	
Approved by Purchasing	Not Applicable	Approved by County Clerk	Yes
Administrator's Approval			

Staff Notes:

Marketing & Renewal (page #4): Humana originally proposed $8,955,755 renewal or $1.9M, 27.1% increase. Apples to Apples their best and final option is $9,937,346 or $2.9M, 41.0% increase. CIGNA proposal is $7,835,598 (including $1M allowance for Humana run-out claims) or $2,101,748 less expensive. CIGNA's offers a performance guarantees for implementation and service levels, integrated solution for wellness, a minimum premium is an alternative funding arrangement that reduces the risk for the County and caps the County's exposure at 106% of its (lower) expected claims minimizing the County's maximum exposure to to claims and fees.

Financial Review

FINANCIAL REVIEW

Fayette County, Georgia

Effective Period: **June 01, 2013 Through May 31, 2014 (Actual Contract to June 30, 2014)**

Covered Units (Subscribers)						
Single	285	285	285	285	285	285
Family	337	337	337	337	337	337
Total Number of Employees	622	622	622	622	622	622
Total Number of Members	1378	1378	1378	1378	1378	1378
Charge for Admin Services	**Humana Original Renewal**	**Humana Revised Renewal**	**Cigna 1st Year**	**Cigna Mature***	**BCBS 1st Year**	**BCBS Mature***
2013 Administrative Fee	$36.50	$22.57	$70.32	$70.32	$33.95	$33.95
2013 Reinsurance Fee (HCR)	$3.63	$3.63	Included	Included	$4.88	$4.88
Composite *COBRA/HIPAA included*	$40.13	$26.20	$70.32	$70.32	$38.83	$38.83
Total	**$299,530**	**$195,557**	**$524,868**	**$524,868**	**$289,827**	**$289,827**
	9.9%	-28.2%	92.7%	92.7%	6.4%	6.4%
Contract Basis	12/15	12/15	12/36	12/36	12/24	12/24
SPECIFIC Stop-Loss						
Annual Maximum Reimbursement	$2,000,000	$2,000,000	Unlimited	Unlimited	Unlimited	Unlimited
Lifetime Maximum Reimbursement	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
Specific Deductible (per Covered Person)	$100,000	$150,000	$150,000	$150,000	$150,000	$150,000
Coinsurance Level	100%	100%	100%	100%	100%	100%
Specific Premium						
Single Rate	$71.41	$42.55	$73.65	$73.65	$74.90	$74.90
Family Rate	$196.38	$117.01	$73.65	$73.65	$74.90	$74.90
Composite	$139.12	$82.89	$73.65	$73.65	$74.90	$74.90
Estimated Annual Specific Premium	**$1,038,392**	**$618,691**	**$549,724**	**$549,724**	**$559,054**	**$559,054**
	25.0%	-25.5%	-33.8%	-33.8%	-32.7%	-32.7%
Aggregate Premium	12/12 ASL	12/15 ASL	No ASL Fee	No ASL Fee	12/12 ASL	12/24 ASL
Single Rate	$1.91	$2.07	$0.00	$0.00	$4.50	$4.50
Family Rate	$5.24	$5.68	$0.00	$0.00	$4.50	$4.50
Composite	$3.71	$4.03	$0.00	$0.00	$4.50	$4.50
Estimated Annual Aggregate Premium	**$27,691**	**$30,080**	**$0**	**$0**	**$33,588**	**$33,588**
	0%	*9%*			*21.3%*	*21.3%*
Total Annual Premium and Admin	**$1,365,613**	**$844,328**	**$1,074,592**	**$1,074,592**	**$882,469**	**$882,469**
% over current for all fixed cost combined	*20.7%*	*-25.3%*	*-5.0%*	*-5.0%*	*-22.0%*	*-22.0%*
AGGREGATE Stop-Loss	RENEWAL	RENEWAL	Cigna	Cigna	BCBS	BCBS
Projected Claims	100%	100%	100%	100%	100%	100%
Single	$417.59	$500.27	$728.15	$828.99	$759.10	$893.06
Family	$1,148.36	$1,375.74	$728.15	$828.99	$759.10	$893.06
Composite	$813.52	$974.60	$728.15	$828.99	$759.10	$893.06
Estimated Annual Claims	**$6,072,113**	**$7,274,414**	**$5,434,912**	**$6,187,581**	**$5,665,922**	**$6,665,800**
Monthly Aggregate Deductible Factors	125%	125%	106%	106%	110%	110%
Single	$521.98	$625.34	$771.84	$878.73	$835.19	$982.37
Family	$1,435.45	$1,719.67	$771.84	$878.73	$835.19	$982.37
Composite	$1,016.90	$1,218.25	$771.84	$878.73	$835.19	$982.37
Projected Annual Aggregate Deductible*	**$7,590,142**	**$9,093,018**	**$5,761,006**	**$6,558,836**	**$6,233,858**	**$7,332,410**
Total Combined Est. Max. Liability	**$8,955,755**	**$9,937,346**	**$6,835,598**	**$7,633,428**	**$7,116,327**	**$8,214,878**
% over current for Max Liability	*27.1%*	*41.0%*	*-3.0%*	*8.3%*	*1.0%*	*16.6%*

** Mature numbers do not reflect leveraged trend.*