

# MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139,  
www.miamibeachfl.gov

## COMMISSION MEMORANDUM

TO: Honorable Mayor Dan Gelber and Members of the City Commission

FROM: Alina T. Hudak, City Manager 

DATE: May 17, 2023

**SUBJECT: A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ACCEPTING THE RECOMMENDATION OF THE CITY MANAGER, PURSUANT TO REQUEST FOR PROPOSAL (RFP) 2023-259-WG FOR HEALTH, PHARMACY, AND MEDICARE ADVANTAGE PLANS, AUTHORIZING THE ADMINISTRATION TO NEGOTIATE WITH CIGNA HEALTH AND LIFE INSURANCE COMPANY, THE TOP-RANKED PROPOSER, FOR PLAN A (HEALTH AND PHARMACY PLANS) AND PLAN C (MEDICARE ADVANTAGE PLAN); AND, IF UNSUCCESSFUL, AUTHORIZING THE ADMINISTRATION TO NEGOTIATE WITH AETNA LIFE INSURANCE COMPANY, THE SECOND-RANKED PROPOSER, FOR PLAN A (HEALTH AND PHARMACY PLANS) AND HUMANA, INC., THE SECOND-RANKED PROPOSER, FOR PLAN C (MEDICARE ADVANTAGE PLAN); FURTHER, AUTHORIZING THE CITY MANAGER AND CITY CLERK TO EXECUTE AN AGREEMENT UPON CONCLUSION OF SUCCESSFUL NEGOTIATIONS BY THE ADMINISTRATION.**

### **ADMINISTRATION RECOMMENDATION**

The Administration recommends that the Mayor and City Commission of the City of Miami Beach, Florida, approve the Resolution accepting this recommendation, pursuant to Request for Proposals (RFP) 2023-259-WG for health, pharmacy, and Medicare Advantage plans, authorizing the Administration to negotiate with Cigna Health and Life Insurance Company, the top-ranked proposer, for Plan A (health and pharmacy plans) and Plan C (Medicare Advantage plan). If negotiations with Cigna are not successful, the Resolution authorizes the Administration to negotiate with Aetna Life Insurance Company, the second-ranked proposer, for Plan A (health and pharmacy plans) and Humana, Inc., the second-ranked proposer, for Plan C (Medicare Advantage plan). Finally, the Resolution authorizes the City Manager and City Clerk to execute an agreement upon the conclusion of successful negotiations by the Administration.

This solicitation is currently under the cone of silence.

### **BACKGROUND/ HISTORY**

Effective January 1, 2009, the City went from a fully-insured health insurance plan to a self-insured program. The day-to-day administration of the self-insured plan is managed through an Administrative Services Only ("ASO") agreement. On October 1, 2016, pursuant to RFP 2016-086-WG, the City entered into an ASO agreement with Cigna Health and Life Insurance Company ("Cigna") for the administration of its health plan and pharmacy benefits. The ASO services include but are not limited to, utilization review, claims management, case management, disease management, nationwide access to physician network, concierge services, administration of COBRA benefits, a 24/7 nurse line, and pharmacy benefits management. The existing ASO Agreement with Cigna is scheduled to expire on September 30, 2023.

There are approximately 2,678 members on the plan, including 1,574 employees, 437 retirees,

and dependents. Approximately 50% of the retirees are Medicare-eligible. There are three plan designs – Open Access Plus (“OAP”)/(operates as an HMO), High Deductible Health Plan (“HDHP”), and a Preferred Provider Organization (“PPO”), which was closed for enrollment as of October 1, 2019.

In light of the expiring contract with Cigna, the Administration prepared RFP 2023-259-WG seeking proposals from qualified firm(s) with whom a replacement agreement could be negotiated. The intent of the RFP was to solicit proposals for ASO services for the City’s health plan covering employees, retirees, and dependents, effective October 1, 2023. The issuance also solicited pharmacy benefit management and a new offering for Medicare-eligible employees and retirees. Standalone Pharmacy Benefit Managers (“PBM”) and Pharmacy Benefit Administrators (“PBA”) were encouraged to respond to the pharmacy services portion of the RFP.

The RFP was structured to receive proposals in the following manner:

- Plan A – ASO and Pharmacy Services
- Plan B – Pharmacy Benefits Only
- Plan C – Medicare Advantage Plans

### **ANALYSIS**

On February 22, 2023, the Mayor and City Commission approved the issuance of RFP 2023-259-WG for Health, Pharmacy, and Medicare Advantage Plans. On February 23, 2023, the RFP was issued. A voluntary pre-proposal conference to provide information to proposers submitting a response was held on March 9, 2023. Two (2) addenda were issued. The Procurement Department issued bid notices to 13,615 companies utilizing the City's e-procurement system, with 53 prospective bidders accessing the solicitation. RFP responses were due and received on April 14, 2023. The City received proposals from the following firms:

#### Plan A – ASO and Pharmacy Services

- Aetna Life Insurance Company
- AvMed
- Cigna Health and Life Insurance Company

#### Plan B – Pharmacy Benefits Only

- Drex, Inc.
- CerpassRx
- Cigna Health and Life Insurance Company
- MedImpact Healthcare Systems, Inc.

#### Plan C – Medicare Advantage Plans

- Cigna Health and Life Insurance Company
- Humana

The proposal submitted by Drex, Inc., was determined to be non-responsive for failure to meet the minimum experience requirement and received no further consideration.

On May 8, 2023, the Evaluation Committee convened to consider the proposals received. The Committee was comprised of Marvin Adams, Employee Benefits Manager, Human Resources Department, Andrew Bejel, Assistant Human Resources & Risk Management Director, City of North Miami Beach, Thomas Curitore, Assistant Director, Code Compliance Department, Jennifer Sanchez, Senior Human Resources Specialist, Human Resources Department, and Elizabeth Miro, Assistant Director, Facilities and Fleet Management Department.

The Committee was provided an overview of the project, and information relative to the City's Cone of Silence Ordinance and the Government Sunshine Law. The Committee was also provided with general information on the scope of services and a copy of each proposal. The Committee was instructed to score and rank each proposal pursuant to the evaluation criteria established in the RFP.

The evaluation process resulted in the proposers being ranked by the Evaluation Committee in the following order (See Attachment A):

Plan A – ASO and Pharmacy Services

- 1<sup>st</sup> ranked - Cigna Health and Life Insurance Company
- 2<sup>nd</sup> ranked - Aetna Life Insurance Company
- 3<sup>rd</sup> ranked - AvMed

Plan B – Pharmacy Benefits Only

- 1<sup>st</sup> ranked - Cigna Health and Life Insurance Company
- 2<sup>nd</sup> ranked - MedImpact Healthcare Systems, Inc.
- 3<sup>rd</sup> ranked - CerpassRx

Plan C – Medicare Advantage Plans

- 1<sup>st</sup> ranked - Cigna Health and Life Insurance Company
- 2<sup>nd</sup> ranked - Humana

The following is a summary of the recommended firms for Plans A and C (Attachment B describes in detail the benefits and cost-savings from each proposer relating to Plan A – ASO and Pharmacy):

Cigna Health and Life Insurance Company (top-ranked firm for Plans A and C):

Cigna has been providing benefits to the government and education sector for over fifty years. Today, they have over 1.6 million covered lives in this sector and also currently provide integrated benefits to many of our neighboring government and education districts, including the City of Miami, the City of Fort Lauderdale, and Miami-Dade County Public Schools.

Cigna has been the ASO administrator for Health, Pharmacy, Dental, and EAP since the plan year beginning October 1, 2016. Some of the benefits and cost savings experienced with Cigna during the contract period of October 2016 to the present are:

- Employees and retirees have great access to healthcare providers under the Cigna Open Access Plus (“OAP”) network. Currently, 96% of utilized providers are in-network.
- During plan year 2021 the City was provided a month fee holiday which resulted in \$96,000 in savings
- On-site Cigna representative assisting employees with plan navigation and claims management
- In 2022 the City re-negotiated its pharmacy contract terms and conditions with Cigna with projected cost impact improvements in excess of \$500k for the 1<sup>st</sup> year
- During this period, a high-deductible health plan was implemented. The plan now has about 17% of the City’s healthcare population enrolled
- Cigna reduced administrative fees in the plan year 2019 and held flat thereafter
- Cigna increased the City’s annual Wellness credit from \$50,000 to \$100,000 in 2019

Aetna Life Insurance Company (2<sup>nd</sup> ranked firm for Plan A):

Aetna offers a broad network, of high-performance, and accountable care arrangements that connect members with high-quality, cost-effective care. They go beyond the traditional network with local options that provide greater convenience and savings. As part of CVS Health, convenient MinuteClinic, and CVS HealthHUB, locations offer care that's affordable and readily accessible.

They have over 299K national employees, including more than 5,000 in Florida with local offices in Orlando, Ft. Lauderdale, Miami, Jacksonville, and Tampa. Over 40 of their Florida employees work exclusively with Public Sector entities like the City of Miami Beach.

Some of their references include Sarasota County Government, Manatee County, and Lee County Board of County Commissioners.

Humana (2<sup>nd</sup> ranked firm for Plan C):

Humana Inc., headquartered in Louisville, Kentucky, offers a wide range of insurance products and health and wellness services that incorporate an integrated approach to lifelong well-being. Medicare is a significant part of Humana's business and a major contributor to their success. They offered their first private Medicare plans in 1985 and their first Medicare plans for employers in 1990, giving them more than 32 years of experience offering group Medicare plans.

Humana services over 630 Group Medicare clients today representing 560,000 group members, with 28 public sector clients in Louisiana. In addition, Humana agrees to provide the City with the requested retiree concierge advocacy model for its Medicare-eligible retirees through their partnership and seamless integration with RetireeFirst. RetireeFirst complements its high-touch member service model by providing an engaging personalized concierge solution with Retiree Healthcare Advocates available to guide retirees through every phase of their healthcare benefit.

Today, Humana is licensed to offer employee-sponsored, network-based Medicare Advantage solutions in all 50 states plus the District of Columbia and Puerto Rico. Humana is also licensed to cover retirees residing in USVI, Guam, Marianas Islands, and American Samoa.

Some of their references include El Paso County, Colorado, the City of Lynn Massachusetts, and the City of Dento, Texas.

Plan B – Pharmacy Benefits Only

Of the three proposers in this category, Cigna ranked number one and thus is being recommended to provide the pharmacy benefit plan along with the medical ASO services (Plan A).

Plan C – Medicare Advantage Plan for 65+ Active and Retirees

The City sought proposals for Medicare-eligible employees and retirees and received two responses. The Administration is recommending the proposal received from Cigna, which provides the following benefits:

- Implementation flexibility allowing for a 10/1/2023 or 01/01/2024 plan start date
- 0% rate increase through 2025; 5% rate cap for 2026
- In-home support for members
- Pro-active outreach to all new members
- Concierge and Administration services provided by Retiree First

**FINANCIAL INFORMATION**

ASO Services for this contract are processed through the internal service fund accounts, managed by the Human Resources Department, Employee Benefits Division. The funding for the medical and pharmacy plans is analyzed and projected through actuarial services and approved in the budget process each year. Currently, the annual ASO fee for the plan year 2023 is \$711,948, and the per-script fee is \$2.50 (this does not include the claims costs associated with each plan). Cigna is proposing an annual ASO fee of \$692,988, and a per-script fee of \$2.25 for the plan year 2024. This results in annual savings in ASO fees of \$18,958.

**CONCLUSION**

After reviewing the proposals and the results of the evaluation committee, it is recommended that the Administration negotiate with Cigna Health and Life Insurance Company, the top-ranked proposer who is most qualified to provide ASO services for the City's health and pharmacy plan covering employees, retirees, and dependents. While all of the proposing firms have sufficient experience to provide services for the City of Miami Beach, Cigna Health and Life Insurance Company, provides a unique familiarity with the City's employees and retirees and is able to assist the City in tailoring plan designs. Cigna has a robust network of doctors and medical facilities, where 96% of visits are in-network. In selecting Cigna, the City eliminates the potential for disruption to our members. The proposal includes a reduction in ASO fees and a flat renewal thereafter through plan year 2026. Additionally, Cigna is including the on-site Cigna representative at no additional cost.

For the reasons stated herein, it is recommended that the Mayor and City Commission approve the Resolution authorizing the Administration to enter into negotiations with Cigna Health and Life Insurance Company, as the top-ranked proposer, for Plan A (health and pharmacy plans) and Plan C (Medicare Advantage plans), and, if unsuccessful, authorizing negotiations with Aetna Life Insurance Company, the second-ranked proposer, for Plan A (health and pharmacy plans) and Humana, Inc., the second-ranked proposer, for Plan C (Medicare Advantage plan); further authorizing the City Manager and City Clerk to execute an agreement upon the conclusion of successful negotiations by the Administration.

MT/MA/AD/KB  


Attachment A

RFP 2023-259-WG HEALTH, PHARMACY(Rx), AND MEDICARE ADVANTAGE PLANS  Plan A ASO and Rx Services	Marvin Adams			Ranking	Andrew Bejel			Ranking	Thomas Curitore			Ranking	Elizabeth Miro			Ranking	Jennifer Sanchez			Ranking	Low Aggregate Totals	Ranking
	Qualitative	Quantitative	Subtotal		Qualitative	Quantitative	Subtotal		Qualitative	Quantitative	Subtotal		Qualitative	Quantitative	Subtotal		Qualitative	Quantitative	Subtotal			
Aetna Life Insurance Company	91	0	91	2	98	0	98	1	90	0	90	1	85	0	85	2	85	0	85	2	8	2
AvMed	74	0	74	3	60	0	60	3	70	0	70	3	72	0	72	3	65	0	65	3	15	3
Cigna Health and Life Insurance Company	98	0	98	1	93	0	93	2	85	0	85	2	90	0	90	1	90	0	90	1	7	1

Quantitative Points		
Proposer	Veteran's Points	Total Quantitative (Cost + Veteran's)
Aetna Life Insurance Company	5	0
AvMed	5	0
Cigna Health and Life Insurance Company	5	0

FOR DISPLAY PURPOSES ONLY. FINAL RANKING DOES NOT CONSTITUTE AN AWARD RECOMMENDATION.

RFP 2023-259-WG HEALTH, PHARMACY(Rx), AND MEDICARE ADVANTAGE PLANS  Plab B Rx Benefits Only	Marvin Adams			Ranking	Andrew Bejel			Ranking	Thomas Curitore			Ranking	Elizabeth Miro			Ranking	Jennifer Sanchez			Ranking	Low Aggregate Totals	Ranking
	Qualitative	Quantitative	Subtotal		Qualitative	Quantitative	Subtotal		Qualitative	Quantitative	Subtotal		Qualitative	Quantitative	Subtotal		Qualitative	Quantitative	Subtotal			
CerpassRx	71	0	71	3	65	0	65	3	70	0	70	2	73	0	73	3	60	0	60	3	14	3
Cigna Health and Life Insurance Company	93	0	93	1	93	0	93	1	85	0	85	1	90	0	90	1	85	0	85	1	5	1
MedImpact Healthcare Systems, Inc.	78	0	78	2	80	0	80	2	70	0	70	2	82	0	82	2	75	0	75	2	10	2

**Quantitative Points**

Proposer	Veteran's Points	Total Quantitative (Cost + Veteran's)
Drex	5	0
CerpassRx	5	0
Cigna Health and Life Insurance Company	5	0
MedImpact Healthcare Systems, Inc.	5	0

FOR DISPLAY PURPOSES ONLY. FINAL RANKING DOES NOT CONSTITUTE AN AWARD RECOMMENDATION.

RFP 2023-259-WG HEALTH, PHARMACY(Rx), AND MEDICARE ADVANTAGE PLANS  Plan C Medicare Advantage Plan	Marvin Adams			Ranking	Andrew Bejel			Ranking	Thomas Curitore			Ranking	Elizabeth Miro			Ranking	Jennifer Sanchez			Ranking	Low Aggregate Totals	Ranking
	Qualitative	Quantitative	Subtotal		Qualitative	Quantitative	Subtotal		Qualitative	Quantitative	Subtotal		Qualitative	Quantitative	Subtotal		Qualitative	Quantitative	Subtotal			
Cigna Health and Life Insurance Company	91	0	91	1	98	0	98	1	95	0	95	1	89	0	89	1	80	0	80	2	6	1
Humana	83	0	83	2	93	0	93	2	95	0	95	1	86	0	86	2	85	0	85	1	8	2

Quantitative Points		
Proposer	Veteran's Points	Total Quantitative (Cost + Veteran's)
Cigna Health and Life Insurance Company	5	0
Humana	5	0

FOR DISPLAY PURPOSES ONLY. FINAL RANKING DOES NOT CONSTITUTE AN AWARD RECOMMENDATION.



## Attachment B

The following chart displays the benefits and cost-savings from each proposer for Plan A – ASO and Pharmacy:

Administrator				Cigna (Current)	Cigna (Renwal)	Aetna	AvMed Opt 1	AvMed Opt 2
Enrollment	HMO	PPO	HDHP					
Employee	753	94	144					
Employee + 1	240	21	59					
Family	194	1	74					
<b>Total Enrollment</b>	<b>1,187</b>	<b>116</b>	<b>277</b>					
<b>Total Account</b>	<b>1,580</b>							
<b>Administration Fees (Fixed)</b>								
Medical Administration				\$10.25	\$9.25	\$33.29	\$47.51	\$40.77
Case Management				Included	Included	Included	Included	Included
Disease Management				Included	Included	Included (Aetna One Flex)	See ASO Proposal, Fee/Participant	See ASO Proposal, Fee/Participant
Behavioral Health				Included	Included	Included	Included	Included
Network Access				\$17.25	\$17.25	Included	Included	Included
Concierge Services				Included	Included	Included	Included	Included
Reinsurer Interface Fee (if any)				\$0.69	\$0.69	Included	Included	Included
Wellness Vendor Interface Fee (if any)				Included	Included	Included	Included	Included
CSG Consulting Fee				<u>\$9.36</u>	<u>\$9.36</u>	<u>\$9.36</u>	<u>\$9.36</u>	<u>\$9.36</u>
<b>Monthly Medical Administration (Per Subscriber Per Month)</b>				<b>\$37.55</b>	<b>\$36.55</b>	<b>\$42.65</b>	<b>\$56.87</b>	<b>\$50.13</b>
<b>Total Administration Fees (Annualized)</b>				<b>\$711,948</b>	<b>\$692,988</b>	<b>\$808,644</b>	<b>\$1,078,255</b>	<b>\$950,465</b>
<b>Pharmacy Administration</b>				<b>Cigna</b>	<b>Cigna</b>	<b>Aetna</b>	<b>AvMed</b>	<b>AvMed</b>
Contract				Traditional	Traditional	Traditional	Pass Through	Pass Through
Per Script Fee				\$2.50	\$2.25	\$0.00	\$1.10	\$1.10
<b>Miscellaneous Notes</b>								
Onsite Claims and Eligibility Representative (Full-Time Annual)				Included	Included	\$128,000	\$72,133	Not Included
Medical Carrier				Included	Included	Included	Included	Included
FSA vendor				Included	Included	TBD	\$9,930	\$9,930
Remedy Rx analytics				Included	Included	TBD	\$5,000	Not Included
Fee Renewal Guarantee				Flat Thru 9/30/2026	Flat Thru 9/30/2026	Flat Thru 9/30/2026	Not Included	Not Included
Fee Holiday				Not Included	3 Mo Yr 1 & 2 Mo Yr 2	2 Months	Not Included	Not Included
Innovation Fund				N/A	\$100,000	Not Included	Not Included	Not Included
Implementation Fund				Not Included	Not Included	\$10,000	\$25,000	Not Included
Annual Wellness Fund				\$100,000	\$100,000	\$100,000	\$100,000	\$100,000