

CITY OF HIGH POINT

AGENDA ITEM



TITLE: Cigna Contract Renewal – Employee Health Care	
FROM: Angela Kirkwood, Director of Human Resources	MEETING DATE: September 16, 2024
PUBLIC HEARING: N/A	ADVERTISED DATE/BY: N/A
ATTACHMENTS: City of High Point Medical Update	

PURPOSE: Renew the contract between Cigna Healthcare and the of City of High Point for city employee’s healthcare coverage plan year of January 1, 2025, to December 31, 2025.

BACKGROUND: The City of High Point offers healthcare coverage to its employees that includes medical and dental care products. The plan year runs from January 1st to December 31st. At the Finance Committee Meeting on Thursday, September 12, Mark Browder of Mark III Employee Benefits, briefed the City Council on the Medical Plan and Dental Plan Renewal options.

The City will pay Cigna Healthcare approximately \$3.14 million to administer the plan and provide stop loss coverage. The cost to administer the plan is approximately 14.1% of total claims. The City will reimburse Cigna for actual health and dental claims.

BUDGET IMPACT: Funds are included in the FY 2024-25 budget.

RECOMMENDATION/ACTION REQUESTED: Council is requested to authorize the City Manager to execute a twelve (12) month contract with Cigna Healthcare for healthcare coverage for city employees. The contract will be effective January 1, 2025, to December 31, 2025, and that the appropriate City official and/or employee be authorized to execute all necessary documents.



CITY OF
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MEDICAL PLAN

2025 CIGNA Medical Renewal



September 12, 2024



- Long-term, self-funding delivers a lower cost strategy for funding Medical Coverage, because of a lower overall expense structure.
- Allows the City to receive revenue sources retained by CIGNA (Rebates).
- Self-funding give the City significantly more flexibility to implement enhanced wellness strategies.
- Make adjustments to Plan design for Wellness incentives and Clinic integration.
- The City is well positioned to make the transition.

Medical Plan Experience



City of High Point PPO - Actives

Date	Subs	Mbrs	Medical In Network	Medical Out of Network	Pharmacy	Fixed Claims Fee	Combined Medical Claims	Claims Per Sub Per Month	Total Cost	Stop-loss Credits	Other Credits	Net Costs	County Budgeted
January-24	1,234	2,227	\$195,215.00	\$0.00	\$143,320.00	\$4,356.00	\$342,891.00	\$277.87	\$554,758.20	\$0.00	\$0.00	\$554,758.20	\$1,432,599.96
February-24	1,233	2,233	\$1,015,196.00	\$124.00	\$220,412.00	\$92,292.00	\$1,328,024.00	\$1,077.07	\$1,559,021.40	\$33,956.00	\$0.00	\$1,525,065.40	\$1,431,439.02
March-24	1,237	2,239	\$782,542.00	\$5,192.00	\$377,160.00	\$93,449.00	\$1,258,343.00	\$1,017.25	\$1,486,703.60	\$79,486.00	\$0.00	\$1,407,217.60	\$1,436,082.78
April-24	1,243	2,253	\$693,314.00	\$9,588.00	\$301,150.00	\$92,843.00	\$1,096,895.00	\$882.46	\$1,324,947.40	\$80,672.00	\$0.00	\$1,244,275.40	\$1,443,048.42
May-24	1,236	2,246	\$1,294,216.00	\$10,480.00	\$330,370.00	\$101,128.00	\$1,736,194.00	\$1,404.69	\$1,966,391.80	\$256,152.00	\$0.00	\$1,710,239.80	\$1,434,921.84
June-24	1,229	2,238	\$845,441.00	\$7,959.00	\$295,866.00	\$92,387.00	\$1,241,653.00	\$1,010.30	\$1,469,279.20	\$63,151.00	\$336,998.26	\$1,069,129.94	\$1,426,795.26
July-24	1,236	2,245	\$971,581.00	\$13,315.00	\$302,563.00	\$94,949.00	\$1,382,408.00	\$1,118.45	\$1,612,227.80	\$269,287.00	\$0.00	\$1,342,940.80	\$1,547,929.32
Total	8,648	15,681		\$46,658.00	\$1,970,841.00		\$8,386,408.00	\$969.75	\$9,973,329.40	\$782,704.00	\$336,998.26	\$8,853,627.14	\$10,152,816.60

City of High Point HSA - Actives

Date	Subs	Mbrs	Medical In Network	Medical Out of Network	Pharmacy	Fixed Claims Fee	Combined Medical Claims	Claims Per Sub Per Month	Total Cost	Stop-loss Credits	Other Credits	Net Costs	County Budgeted
January-24	90	140	\$7,726.00	\$0.00	\$32,946.00	\$383.00	\$41,055.00	\$456.17	\$56,247.00	\$0.00	\$0.00	\$56,247.00	\$81,390.60
February-24	88	136	\$40,667.00	\$0.00	\$17,852.00	\$4,752.00	\$63,271.00	\$718.99	\$78,125.40	\$0.00	\$0.00	\$78,125.40	\$79,581.92
March-24	87	136	\$37,242.00	\$0.00	\$68,516.00	\$4,579.00	\$110,337.00	\$1,268.24	\$125,022.60	\$0.00	\$0.00	\$125,022.60	\$78,677.58
April-24	84	132	\$61,225.00	\$0.00	\$44,112.00	\$4,581.00	\$109,918.00	\$1,308.55	\$124,097.20	\$0.00	\$0.00	\$124,097.20	\$75,964.56
May-24	86	134	\$26,483.00	\$0.00	\$40,026.00	\$5,543.00	\$72,052.00	\$837.81	\$86,568.80	\$0.00	\$0.00	\$86,568.80	\$77,773.24
June-24	88	136	\$28,896.00	\$0.00	\$48,521.00	\$4,440.00	\$81,857.00	\$930.19	\$96,711.40	\$0.00	\$0.00	\$96,711.40	\$79,581.92
July-24	88	136	\$10,589.00	\$0.00	\$46,286.00	\$4,604.00	\$61,479.00	\$698.63	\$76,333.40	\$0.00	\$0.00	\$76,333.40	\$110,208.56
Total	611	950		\$0.00	\$298,259.00		\$539,969.00	\$883.75	\$643,105.80	\$0.00	\$0.00	\$643,105.80	\$583,178.38

City of High Point - Retirees

Date	Subs	Mbrs	Medical In Network	Medical Out of Network	Pharmacy	Fixed Claims Fee	Combined Medical Claims	Claims Per Sub Per Month	Total Cost	Stop-loss Credits	Other Credits	Net Costs	County Budgeted
January-24	48	74	\$11,369.00	\$0.00	\$21,237.00	\$103.00	\$32,709.00	\$681.44	\$40,811.40	\$0.00	\$0.00	\$40,811.40	\$65,872.32
February-24	46	69	\$31,689.00	\$0.00	\$42,397.00	\$3,014.00	\$77,100.00	\$1,676.09	\$84,864.80	\$0.00	\$0.00	\$84,864.80	\$63,127.64
March-24	46	69	\$19,408.00	\$0.00	\$68,465.00	\$2,816.00	\$90,689.00	\$1,971.50	\$98,453.80	\$0.00	\$0.00	\$98,453.80	\$63,127.64
April-24	47	71	\$60,516.00	\$486.00	\$39,920.00	\$3,067.00	\$103,989.00	\$2,212.53	\$111,922.60	\$0.00	\$0.00	\$111,922.60	\$64,499.98
May-24	48	72	\$60,064.00	\$1,040.00	\$47,894.00	\$4,025.00	\$113,023.00	\$2,354.65	\$121,125.40	\$0.00	\$0.00	\$121,125.40	\$65,872.32
June-24	44	68	\$68,385.00	\$2,126.00	\$54,971.00	\$2,947.00	\$128,429.00	\$2,918.84	\$135,856.20	\$0.00	\$0.00	\$135,856.20	\$60,382.96
July-24	45	68	\$67,300.00	\$550.00	\$45,359.00	\$2,382.00	\$115,591.00	\$2,568.69	\$123,187.00	\$0.00	\$0.00	\$123,187.00	\$56,356.65
Total	324	491		\$4,202.00	\$320,243.00		\$661,530.00	\$2,041.76	\$716,221.20	\$0.00	\$0.00	\$716,221.20	\$439,239.51

Combined

Date	Subs	Mbrs	Medical In Network	Medical Out of Network	Pharmacy	Fixed Claims Fee	Combined Medical Claims	Claims Per Sub Per Month	Total Cost	Stop-loss Credits	Other Credits	Net Costs	County Budgeted
January-24	1,372	2,441	\$214,310.00	\$0.00	\$197,503.00	\$4,842.00	\$416,655.00	\$303.68	\$651,816.60	\$0.00	\$0.00	\$651,816.60	\$1,579,862.88
February-24	1,367	2,438	\$1,087,552.00	\$124.00	\$280,661.00	\$100,058.00	\$1,468,395.00	\$1,074.17	\$1,722,011.60	\$33,956.00	\$0.00	\$1,688,055.60	\$1,574,148.58
March-24	1,370	2,444	\$839,192.00	\$5,192.00	\$514,141.00	\$100,844.00	\$1,459,369.00	\$1,065.23	\$1,710,180.00	\$79,486.00	\$0.00	\$1,630,694.00	\$1,577,888.00
April-24	1,374	2,456	\$815,055.00	\$10,074.00	\$385,182.00	\$100,491.00	\$1,310,802.00	\$954.00	\$1,560,967.20	\$80,672.00	\$0.00	\$1,480,295.20	\$1,583,512.96
May-24	1,370	2,452	\$1,380,763.00	\$11,520.00	\$418,290.00	\$110,696.00	\$1,921,269.00	\$1,402.39	\$2,174,086.00	\$256,152.00	\$0.00	\$1,917,934.00	\$1,578,567.40
June-24	1,361	2,442	\$942,722.00	\$10,085.00	\$399,358.00	\$99,774.00	\$1,451,939.00	\$1,066.82	\$1,701,846.80	\$63,151.00	\$336,998.26	\$1,301,697.54	\$1,566,760.14
July-24	1,369	2,449	\$1,049,470.00	\$13,865.00	\$394,208.00	\$101,935.00	\$1,559,478.00	\$1,139.14	\$1,811,748.20	\$269,287.00	\$0.00	\$1,542,461.20	\$1,714,494.53
August-24													
September-24													
October-24													
November-24													
December-24													
Total	9,583	17,122	\$6,329,064.00	\$50,860.00	\$2,589,343.00	\$618,640.00	\$9,587,907.00	\$1,000.51	\$11,332,656.40	\$782,704.00	\$336,998.26	\$10,212,954.14	\$11,175,234.49
				Rx/Sub/Mth	\$270.20		Trend	91%		66.93%	\$82.09	Position	\$962,280.35

2025 - 2026 Medical Plan Renewal



City of High Point	Total Number of Employees	Medical	Pharmacy	Total Benefit Payments	Stop-Loss Credits	Net Claims
August-23	1,373	\$708,652.00	\$604,953.00	\$1,313,605.00		\$1,313,605.00
September-23	1,376	\$858,367.00	\$521,873.00	\$1,380,240.00		\$1,380,240.00
October-23	1,381	\$675,728.00	\$655,773.00	\$1,331,501.00		\$1,331,501.00
November-23	1,388	\$882,842.00	\$622,380.00	\$1,505,222.00		\$1,505,222.00
December-23	1,381	\$838,564.00	\$514,302.00	\$1,352,866.00		\$1,352,866.00
January-24	1,372					\$1,300,000.00
February-24	1,367	\$1,087,676.00	\$280,661.00	\$1,368,337.00	\$33,956.00	\$1,334,381.00
March-24	1,370	\$844,384.00	\$514,141.00	\$1,358,525.00	\$79,486.00	\$1,279,039.00
April-24	1,374	\$825,129.00	\$385,182.00	\$1,210,311.00	\$80,672.00	\$1,129,639.00
May-24	1,370	\$1,392,283.00	\$418,290.00	\$1,810,573.00	\$256,152.00	\$1,554,421.00
June-24	1,361	\$952,807.00	\$399,358.00	\$1,352,165.00	\$63,151.00	\$1,289,014.00
July-24	1,369	\$1,063,335.00	\$394,208.00	\$1,457,543.00	\$269,287.00	\$1,188,256.00
Total	16,482	\$10,129,767.00	\$5,311,121.00	\$15,440,888.00	\$782,704.00	\$15,958,184.00

2025 - 2026 Renewal Calculation

Current Plan Designs	Mature Annual
Claims	\$15,958,184.00
Plan Changes	\$15,958,184.00
Trended Claims	\$18,404,573.61
Vidant Discount	\$0.00
Pharmacy Contract Improvement	\$0.00
Prudent Rx - Manufacturer Coupon Assistance Program - Not in Calculation - 35 Members Disrupted	\$0
2025 Claims	\$18,404,573.61
Annual Employee Count	16,482
Fixed Cost	\$3,355,735.20
Laser - None	\$0.00
PPACA - Fee for Comparative Effectiveness Research Agency - July 31, 2024 - Form 720	\$7,326.00
Diabetes Management Program	\$31,451.47
Weight Incentive - \$250	\$170,009.32
Medical Weight Management - Added	\$44,100.00
Data Analytics	\$12,000.00
HSA - \$750	\$75,000.00
Renewal Calculation - 2025 - 2026	\$22,100,195.59
City - 2024/2025	\$20,641,554.00
2025 - 2026 Rate Action - Projection	107.07%
Dollar Change	\$1,458,641.59

IBNR
\$1,914,982.08
\$3,191,636.80

- Based on the funding discussion, the \$20,642,000 puts the City in a solid position for the 2025 – 2026.
- We will update this number in the Fall.
- For 1/1/25, there are no changes in Active Employee contributions.



	2024 - CIGNA \$200,000 Spec - 125% Agg 12/12 Revised Taken	2025 - CIGNA \$200,000 Spec - 125% Agg Paid/12 Revised Original		2025 - CIGNA \$200,000 Spec - 125% Agg Paid/12 Revised Revised	
Network Access Fee	\$34.98	\$34.98	100.00%	\$34.98	100.00%
Medical Plan Administration Fee	\$10.00	\$10.00	100.00%	\$10.00	100.00%
Specific Stop-loss - \$200,000	\$122.03	\$162.16	132.89%	\$153.60	125.87%
Aggregate Stop Loss Coverage	\$3.23	\$3.23	100.00%	\$3.23	100.00%
Vision	\$0.35	\$0.35	100.00%	\$0.35	100.00%
Healthy Awards	\$1.44	\$1.44	100.00%	\$1.44	100.00%
Total Administration Fees (A)	\$172.03	\$212.16	123.33%	\$203.60	118.35%
Annual Cost	\$2,835,398.46	\$3,496,821.12		\$3,143,771,206.57	
Laser	\$0.00	\$0.00		\$0.00	
Wellness Dollars	\$75,000.00	\$75,000.00		\$75,000.00	
Implementation Dollars	\$15,000.00	\$15,000.00		\$15,000.00	
	No New Laser	No New Laser		No New Laser	
	Rate Cap - 45%	Rate Cap - 45%		Rate Cap - 45%	

- The original renewal was conservative from CIGNA and Mark III pushed back.
- In looking at the early stop loss reimbursements, it is probable that that CIGNA will be in a negative position by the end of 2024.
- We believe that the negotiated 2025 renewal is a good one.



Mark III
Employee Benefits