



Agenda Action Form Overview

The Board is requested to approve the continuation of the vendor relationship with Cigna as the County's Third-Party Administrator (TPA), Pharmacy Benefit Manager (PBM), and Stop Loss Insurance provider, effective July 1, 2026. This approval follows a competitive Request for Proposal (RFP) process conducted with the support of the County's employee benefit consultants, which concluded that Cigna's renewal proposal represents the most cost-effective option available to the County.

Background/Justification

Cigna currently serves as the County's sole provider for three critical employee benefit functions: Third-Party Administration of medical claims, Pharmacy Benefit Management, and Stop Loss Insurance coverage. With medical plan costs continuing to rise, the County initiated a formal RFP process targeting a July 1, 2026 effective date, with the goal of securing more competitive pricing and ensuring the best value for both the County and its employees.

The County solicited proposals from the broader market and received responses across all three benefit areas. For Medical Administration, proposals or declinations to quote were received from 5 carriers. The Pharmacy Benefit Administrator solicitation drew responses from 9 carriers, while the Stop Loss Insurance market generated the broadest response, with 23 carriers submitting proposals or declinations.

An evaluation committee comprised of County staff, supported by the County's employee benefit consultants, conducted a thorough analysis of all submitted proposals. The evaluation framework assessed fixed cost pricing competitiveness, performance guarantees offered, and medical claims repricing effectiveness, alongside pharmacy discount and rebate guarantee levels, member network disruption risk, and pharmacy disruption risk.

Fiscal Impact

The overall benefits budget will increase 3% in FY 2026-27, which translates to \$1.6 million. Of this amount, \$250,000 supports expanded efforts for the County's on-site wellness services. The focus is on strengthening both employee physical and mental health access, which will not only improve the quality of life for staff but also reduce long-term healthcare costs and improve overall organizational effectiveness. The \$1.6 million increase represents the lowest budget increase in several years.

Employee benefits, especially healthcare, are vital to the County's compensation package. The current two-tiered health benefits system, with employee contributions for one option, has successfully limited cost increases. Competitive bidding has delivered substantial savings (at least in terms of estimated growth) from the originally projected increase. In FY 2026-27, staff will continue to review a comprehensive benefits analysis to determine sustainable healthcare coverage levels.



Continuation of the Cigna relationship maintains consistency with the County's employee benefits program and minimizes disruption to covered employees and dependents. Employees and dependents would experience no disruption to their existing medical provider network, and continuity of the pharmacy formulary would be preserved, sparing plan participants from any medication-related disruption.

Recommendation

The County Manager recommends that the Board authorize the County Manager to enter into the updated contract with Cigna, the current incumbent beginning July 1, 2026, through June 30, 2029, and to execute future amendments including renewals.