

## RESOLUTION 19-74

### A RESOLUTION TO RENEW MEDICAL BENEFITS WITH CIGNA HEALTH INSURANCE AND AUTHORIZE OPEN ENROLLMENT PREPARATIONS

**WHEREAS**, the City of Spring Hill Employee Handbook states that the City “offer benefits to help protect and provide security for employees and their family”; and

**WHEREAS**, current medical benefits are offered by CIGNA Health Insurance (hereinafter “CIGNA”); and

**WHEREAS**, CIGNA has offered a medical insurance renewal quote that increases medical insurance rates by five percent for the 2019-2020 plan year; and

**WHEREAS**, dental, vision and life insurance rates will not increase due to previously negotiated agreements; and

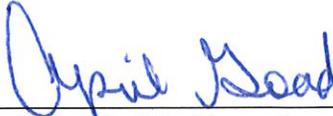
**WHEREAS**, decisions regarding health insurance renewals must be made speedily in order to allow planning and scheduling of Open Enrollment so employees have ample time to make selections before the new plan year beginning July 1, 2019; and

**NOW, THEREFORE BE IT RESOLVED**, that the Board of Mayor and Aldermen hereby determines to renew the insurance plans as attached, including a 5% increase in the 2019-2020 budget and does authorize the Human Resources Staff to prepare and schedule Open Enrollment.

Passed and adopted on the 20<sup>th</sup> day of May, 2019.

  
\_\_\_\_\_  
Rick Graham, Mayor

ATTEST:

  
\_\_\_\_\_  
April Goad, City Recorder

LEGAL FORM APPROVED:

A handwritten signature in blue ink, appearing to read "Patrick Carter", is written over a horizontal line. The signature is stylized with large loops and a long horizontal stroke extending to the right.

Patrick Carter, City Attorney



# Cigna HealthCare

## Financial Proposal

for

# City of Spring Hill

199 Town Center Parkway

Spring Hill, TN 37174

SIC Code: 9111

Account Number: 0609240

<b>Total Eligible Employees:</b>	184	<b>Participating Subscribers:</b>	214
<b>Waiting Period:</b>	FOM Following 60 Days		
<b>Eligibility Definition:</b>	Active Employees working 30 hrs		

**Effective Date: July 01, 2019**

Note: The Quoted rates are subject to final Underwriting approval and, as noted below, are subject to change in the event of changes in benefits selected or changes in the risk factors upon which the Quoted Rates are based. In addition, state law may require regulatory approval of rates. If required regulatory approval has not been obtained on the proposed effective date, the healthplan shall use rates that are consistent with its then currently approved rating methodology and the quoted rates shall be effective immediately on the date for which they are approved for use. The Quoted Rates are guaranteed while the Group Service Agreement remains in effect until the next anniversary date, unless enrollment changes by 10% in which case Cigna HealthCare may change the Quoted Rate.

**Date: March 15, 2019**



**Q1P3 As Is 5% Even**

<b>Cigna PLAN OFFERED</b>		
Product	Open Access Plus - OAP	LocalPlus - LCP
Plan Offering	Dual Option	Dual Option
Plan Name	Opt#3 (7931961)	Opt#3 (7931976)
Medical Management Model	Included	Included
Health Advocacy	Excluded	Excluded
Funding	Level Funding	Level Funding
<b>Cigna MEDICAL BENEFITS*</b>		
Collective Deductible	NO	NO
Collective OOP	NO	NO
Deductible/OOP Max Accumulator	No Cross Accumulation	No Cross Accumulation
Variable Coinsurance Applies	YES	YES
Plan Deductible Order of Applicability	Benefit Copay, Plan Deductible, Coinsurance	Benefit Copay, Plan Deductible, Coinsurance
<b>In-Network:</b>		
Office Copay - PCP	\$25	\$25
Office Copay - SPC	\$40	\$40
Inpatient Deductible - Per Admit	NA	NA
Inpatient Deductible - Per Day	NA	NA
Outpatient Facility Copay	None	None
Emergency Room Copay	None	None
Urgent Care Copay	\$25	\$25
Deductible - Individual	\$1,000	\$1,000
Deductible - Family	\$2,000	\$2,000
Out-of-Pocket - Individual	\$3,000	\$3,000
Out-of-Pocket - Family	\$6,000	\$6,000
Out-of-Pocket - Family - Individual Amount	\$3,000	\$3,000
Out-of-Pocket Max Deductibles	Ded Accumulates	Ded Accumulates
Out-of-Pocket Max Copays	All Copays Accumulate	All Copays Accumulate
Coinsurance	Variable	Variable
PCP Office Visits	100%	100%
Specialist Office Visits	100%	100%
Inpatient Hospital Facility	80%	80%
Outpatient Hospital Facility	80%	80%
Inpatient Professional Services	80%	80%
Outpatient Professional Services	80%	80%
Emergency Room	80%	80%
Urgent Care	100%	100%
Laboratory Services at an Outpatient Facility	100%	100%
Laboratory Services at an Independent Lab Facility	100%	100%
Radiology Services at an Outpatient Facility	100%	100%
Medical Specialty Drugs at an Outpatient Facility	80%	80%
Medical Specialty Drugs at a Physician's Office	100%	100%
Medical Specialty Drugs at Home Setting	100%	100%
<b>Out of Network:</b>		
Deductible - Individual	\$2,000	\$2,000
Deductible - Family	\$4,000	\$4,000
Out-of-Pocket - Individual	\$7,500	\$7,500
Out-of-Pocket - Family	\$15,000	\$15,000
Out-of-Pocket - Family - Individual Amount	\$7,500	\$7,500
Out-of-Pocket Max Deductibles	Ded Accumulates	Ded Accumulates
Out-of-Pocket Max Copays	All Copays Accumulate	All Copays Accumulate
Coinsurance	Variable	Variable
PCP Office Visits	60%	60%
Specialist Office Visits	60%	60%
Inpatient Hospital Facility	60%	60%
Outpatient Hospital Facility	60%	60%
Inpatient Professional Services	60%	60%
Outpatient Professional Services	60%	60%
Emergency Room	80%	80%
Urgent Care	60%	60%
Laboratory Services at an Outpatient Facility	60%	60%
Laboratory Services at an Independent Lab Facility	60%	60%
Radiology Services at an Outpatient Facility	80%	80%
Medical Specialty Drugs at an Outpatient Facility	60%	60%
Medical Specialty Drugs at a Physician's Office	60%	60%
Medical Specialty Drugs at Home Setting	60%	60%
Maximum Reimbursable Charge	Option 2	Option 2
Inpatient Deductible - Per Admit	NA	NA
Inpatient Deductible - Per Day	NA	NA
Outpatient Facility Deductible	None	None
MRC Fee Schedule Percentage (Professional)	110%	110%
MRC Fee Schedule Percentage (Facility/Ancillary)	110%	110%
<b>Pharmacy Benefits</b>		
Pharmacy Network	Focused 90 - CVS	Focused 90 - CVS
Formulary/PDL	Performance	Performance
Retail Copay	\$15/\$40/\$60	\$15/\$40/\$60
Retail Copay (90 Days)	\$45/\$120/\$180	\$45/\$120/\$180
Home Delivery Drug Copay	\$45/\$120/\$180	\$45/\$120/\$180
Deductible	None (\$0)	None (\$0)
Out-of-Pocket Max	Combined With Medical	Combined With Medical
<b>Mental Health/Substance Use Disorder (Yes/No)</b>	Yes	Yes
<b>Vision Rider (Yes/No)</b>	No	No

\*High level benefit summary. Please see your plan summary for a more detailed benefit description. If this proposal includes Cigna Care Network, the level of in-network benefits applicable may vary from what is shown above.

**City of Spring Hill**

Effective Date: July 01, 2019



**Q1P3 As Is 5% Even**

<b>Cigna PLAN OFFERED</b>		
Product	HSA Open Access Plus - HSA OAP	LocalPlus HSA - HSA LCP
Plan Offering	Dual Option	Dual Option
Plan Name	Opt#3 (7931981)	Opt#3 (7931983)
Medical Management Model	Included	Included
Health Advocacy	Excluded	Excluded
Funding	Level Funding	Level Funding
<b>Cigna MEDICAL BENEFITS*</b>		
Collective Deductible	YES	YES
Collective OOP	YES	YES
Deductible/OOP Max Accumulator	No Cross Accumulation	No Cross Accumulation
Variable Coinsurance Applies	NO	NO
Plan Deductible Order of Applicability	Plan Deductible, Benefit Copay, Coinsurance	Plan Deductible, Benefit Copay, Coinsurance
<b>In-Network:</b>		
Office Copay - PCP	None	None
Office Copay - SPC	None	None
Deductible - Individual	\$3,000	\$3,000
Deductible - Family	\$6,000	\$6,000
Out-of-Pocket - Individual	\$3,000	\$3,000
Out-of-Pocket - Family	\$6,000	\$6,000
Out-of-Pocket - Family - Individual Amount	\$6,000	\$6,000
Out-of-Pocket Max Deductible	Ded Accumulates	Ded Accumulates
Out-of-Pocket Max Copays	All Copays Accumulate	All Copays Accumulate
Coinsurance	100%	100%
Adult Preventive Care Office Visit	100%, No Ded	100%, No Ded
<b>Out of Network:</b>		
Deductible - Individual	\$6,000	\$6,000
Deductible - Family	\$12,000	\$12,000
Out-of-Pocket - Individual	\$6,000	\$6,000
Out-of-Pocket - Family	\$12,000	\$12,000
Out-of-Pocket - Family - Individual Amount	\$12,000	\$12,000
Out-of-Pocket Max Deductibles	Ded Accumulates	Ded Accumulates
Out-of-Pocket Max Copays	All Copays Accumulate	All Copays Accumulate
Coinsurance	80%	80%
MRC Fee Schedule Percentage (Professional)	110%	110%
MRC Fee Schedule Percentage (Facility/Ancillary)	110%	110%
<b>Pharmacy Benefits</b>		
Pharmacy Network	Focused 90 - CVS	Focused 90 - CVS
Formulary/PDL	Advantage	Advantage
Retail Coinsurance	0%/0%/0%/0%	0%/0%/0%/0%
Retail Coinsurance (90 Days)	0%/0%/0%	0%/0%/0%
Home Delivery Drug Coinsurance	0%/0%/0%/0%	0%/0%/0%/0%
Deductible	Combined With Medical	Combined With Medical
Out-of-Pocket Max	Combined With Medical	Combined With Medical
Mental Health/Substance Use Disorder (Yes/No)	Yes	Yes
Vision Rider (Yes/No)	No	No
<b>Employer Fund Contribution</b>		
Fund Amount - Individual	NA	NA
Fund Amount - Family	NA	NA
Eligible Expense	NA	NA

*\*High level benefit summary. Please see your plan summary for a more detailed benefit description. If this proposal includes Cigna Care Network, the level of in-network benefits applicable may vary from what is shown above.*



Q1P3 As Is 5% Even

**Schedule of Monthly Rates and Factors**

<b>Product:</b>	Open Access Plus	<b>Rates Based Upon</b>	Eligible	Actual
<b>Medical Choice:</b>	OAP	Employee	55	4
<b>Plan Name:</b>	Opt#3	Emp + Spouse	38	6
		Emp + Child(ren)	32	2
		Emp + Family	89	5
		Total	214	17

	Admin. Fee	Individual Stop Loss	Aggregate Stop Loss	Insurance & Admin. Costs	Claims Funding	Total Costs
Employee	\$18.25	\$131.21	\$13.02	\$162.48	\$532.91	\$695.39
Emp + Spouse	\$38.37	\$275.56	\$27.33	\$341.26	\$1,119.12	\$1,460.38
Emp + Child(ren)	\$34.72	\$249.32	\$24.75	\$308.79	\$1,012.54	\$1,321.33
Emp + Family	\$54.84	\$393.66	\$39.06	\$487.56	\$1,598.75	\$2,086.31

<b>Product:</b>	LocalPlus	<b>Rates Based Upon</b>	Eligible	Actual
<b>Medical Choice:</b>	LCP	Employee	55	42
<b>Plan Name:</b>	Opt#3	Emp + Spouse	38	25
		Emp + Child(ren)	32	26
		Emp + Family	89	62
		Total	214	155

	Admin. Fee	Individual Stop Loss	Aggregate Stop Loss	Insurance & Admin. Costs	Claims Funding	Total Costs
Employee	\$18.68	\$128.24	\$12.74	\$159.66	\$507.76	\$667.42
Emp + Spouse	\$39.05	\$269.27	\$26.78	\$335.10	\$1,066.31	\$1,401.41
Emp + Child(ren)	\$35.35	\$243.63	\$24.23	\$303.21	\$964.78	\$1,267.99
Emp + Family	\$55.88	\$384.68	\$38.24	\$478.80	\$1,523.32	\$2,002.12

<b>Product:</b>	HSA Open Access Plus	<b>Rates Based Upon</b>	Eligible	Actual
<b>Medical Choice:</b>	HSA OAP	Employee	55	0
<b>Plan Name:</b>	Opt#3	Emp + Spouse	38	1
		Emp + Child(ren)	32	0
		Emp + Family	89	1
		Total	214	2

	Admin. Fee	Individual Stop Loss	Aggregate Stop Loss	Insurance & Admin. Costs	Claims Funding	Total Costs
Employee	\$21.69	\$131.41	\$9.61	\$162.71	\$387.26	\$549.97
Emp + Spouse	\$45.54	\$275.95	\$20.19	\$341.68	\$813.25	\$1,154.93
Emp + Child(ren)	\$41.19	\$249.67	\$18.26	\$309.12	\$735.81	\$1,044.93
Emp + Family	\$65.06	\$394.23	\$28.84	\$488.13	\$1,161.78	\$1,649.91

<b>Product:</b>	LocalPlus HSA	<b>Rates Based Upon</b>	Eligible	Actual
<b>Medical Choice:</b>	HSA LCP	Employee	55	9
<b>Plan Name:</b>	Opt#3	Emp + Spouse	38	6
		Emp + Child(ren)	32	4
		Emp + Family	89	21
		Total	214	40

	Admin. Fee	Individual Stop Loss	Aggregate Stop Loss	Insurance & Admin. Costs	Claims Funding	Total Costs
Employee	\$21.94	\$128.41	\$9.38	\$159.73	\$367.33	\$527.06
Emp + Spouse	\$46.07	\$269.66	\$19.70	\$335.43	\$771.39	\$1,106.82
Emp + Child(ren)	\$41.67	\$243.98	\$17.83	\$303.48	\$697.93	\$1,001.41
Emp + Family	\$65.82	\$385.23	\$28.14	\$479.19	\$1,101.97	\$1,581.16

<b>Stop Loss Details</b>	
Individual Stop Loss Limit (Medical & Rx):	\$75,000
Corridor Factor (Total):	120%
Level Funding Arrangement:	1/2 retained by Cigna HealthCare, 1/2 returned to the Employer

Rates are subject to final underwriting terms and conditions.



**Plan Cost Summary - Rates**

Monthly Factors		Total Enrollment	Current	Renewal	Option: Q1P3 As Is 5% Even
<b>Administration Fees (Includes Commissions)</b>					
Open Access Plus	Employee	4	\$18.25	\$14.46	\$18.25
OAP	Emp + Spouse	6	\$38.37	\$30.41	\$38.37
	Emp + Child(ren)	2	\$34.72	\$27.55	\$34.72
	Emp + Family	5	\$54.84	\$43.42	\$54.84
LocalPlus	Employee	42	\$18.68	\$14.50	\$18.68
LCP	Emp + Spouse	25	\$39.05	\$30.45	\$39.05
	Emp + Child(ren)	26	\$35.36	\$27.54	\$35.35
	Emp + Family	62	\$55.89	\$43.45	\$55.88
HSA Open Access Plus	Employee	0	\$21.69	\$40.32	\$21.69
HSA OAP	Emp + Spouse	1	\$45.54	\$84.70	\$45.54
	Emp + Child(ren)	0	\$41.20	\$76.63	\$41.19
	Emp + Family	1	\$65.06	\$120.97	\$65.06
LocalPlus HSA	Employee	9	\$21.94	\$40.80	\$21.94
HSA LCP	Emp + Spouse	6	\$46.07	\$85.68	\$46.07
	Emp + Child(ren)	4	\$41.68	\$77.53	\$41.67
	Emp + Family	21	\$65.82	\$122.39	\$65.82
<b>Monthly Subtotal</b>			<b>\$8,925.63</b>	<b>\$9,259.95</b>	<b>\$8,924.71</b>
<b>Individual Stop Loss Rate</b>					
Open Access Plus	Employee	4	\$100.56	\$133.79	\$131.21
OAP	Emp + Spouse	6	\$211.19	\$280.97	\$275.56
	Emp + Child(ren)	2	\$191.08	\$254.22	\$249.32
	Emp + Family	5	\$301.70	\$401.40	\$393.66
LocalPlus	Employee	42	\$98.28	\$134.29	\$128.24
LCP	Emp + Spouse	25	\$206.37	\$281.97	\$269.27
	Emp + Child(ren)	26	\$186.72	\$255.13	\$243.63
	Emp + Family	62	\$294.82	\$402.84	\$384.68
HSA Open Access Plus	Employee	0	\$100.71	\$133.97	\$131.41
HSA OAP	Emp + Spouse	1	\$211.49	\$281.33	\$275.95
	Emp + Child(ren)	0	\$191.35	\$254.53	\$249.67
	Emp + Family	1	\$302.14	\$401.89	\$394.23
LocalPlus HSA	Employee	9	\$98.41	\$134.45	\$128.41
HSA LCP	Emp + Spouse	6	\$206.67	\$282.33	\$269.66
	Emp + Child(ren)	4	\$186.99	\$255.44	\$243.98
	Emp + Family	21	\$295.24	\$403.34	\$385.23
<b>Monthly Subtotal</b>			<b>\$45,567.95</b>	<b>\$62,114.46</b>	<b>\$59,457.09</b>



**Plan Cost Summary - Rates**

Monthly Factors		Total Enrollment	Current	Renewal	Option: Q1P3 As Is 5% Even
<b>Aggregate Stop Loss Rate</b>					
Open Access Plus	Employee	4	\$12.52	\$14.01	\$13.02
OAP	Emp + Spouse	6	\$26.28	\$29.43	\$27.33
	Emp + Child(ren)	2	\$23.80	\$26.63	\$24.75
	Emp + Family	5	\$37.56	\$42.04	\$39.06
LocalPlus	Employee	42	\$12.25	\$13.58	\$12.74
LCP	Emp + Spouse	25	\$25.75	\$28.50	\$26.78
	Emp + Child(ren)	26	\$23.30	\$25.78	\$24.23
	Emp + Family	62	\$36.77	\$40.72	\$38.24
HSA Open Access Plus	Employee	0	\$9.24	\$10.52	\$9.61
HSA OAP	Emp + Spouse	1	\$19.41	\$22.10	\$20.19
	Emp + Child(ren)	0	\$17.56	\$20.01	\$18.26
	Emp + Family	1	\$27.73	\$31.58	\$28.84
LocalPlus HSA	Employee	9	\$9.02	\$10.15	\$9.38
HSA LCP	Emp + Spouse	6	\$18.94	\$21.34	\$19.70
	Emp + Child(ren)	4	\$17.14	\$19.32	\$17.83
	Emp + Family	21	\$27.06	\$30.48	\$28.14
Monthly Subtotal			\$5,365.73	\$5,964.29	\$5,580.21
<b>Total Monthly Insurance and Admin. Costs</b>			<b>\$59,859.31</b>	<b>\$77,338.70</b>	<b>\$73,962.01</b>



**Plan Cost Summary - Rates**

Monthly Factors		Total Enrollment	Current	Renewal	Option: Q1P3 As Is 5% Even
<b>Monthly Claims Funding</b>					
Open Access Plus	Employee	4	\$530.95	\$525.56	\$532.91
OAP	Emp + Spouse	6	\$1,115.00	\$1,103.72	\$1,119.12
	Emp + Child(ren)	2	\$1,008.81	\$998.63	\$1,012.54
	Emp + Family	5	\$1,592.86	\$1,576.78	\$1,598.75
LocalPlus	Employee	42	\$506.43	\$509.12	\$507.76
LCP	Emp + Spouse	25	\$1,063.51	\$1,069.04	\$1,066.31
	Emp + Child(ren)	26	\$962.23	\$967.26	\$964.78
	Emp + Family	62	\$1,519.30	\$1,527.28	\$1,523.32
HSA Open Access Plus	Employee	0	\$392.14	\$394.76	\$387.26
HSA OAP	Emp + Spouse	1	\$823.49	\$828.99	\$813.25
	Emp + Child(ren)	0	\$745.06	\$750.03	\$735.81
	Emp + Family	1	\$1,176.41	\$1,184.28	\$1,161.78
LocalPlus HSA	Employee	9	\$372.59	\$381.20	\$367.33
HSA LCP	Emp + Spouse	6	\$782.43	\$800.52	\$771.39
	Emp + Child(ren)	4	\$707.91	\$724.28	\$697.93
	Emp + Family	21	\$1,117.75	\$1,143.59	\$1,101.97
<b>Monthly Subtotal</b>			<b>\$222,220.29</b>	<b>\$223,714.58</b>	<b>\$222,221.41</b>
<b>Total Cost</b>					
Open Access Plus	Employee	4	\$662.28	\$687.82	\$695.39
OAP	Emp + Spouse	6	\$1,390.84	\$1,444.53	\$1,460.38
	Emp + Child(ren)	2	\$1,258.41	\$1,307.03	\$1,321.33
	Emp + Family	5	\$1,986.96	\$2,063.64	\$2,086.31
LocalPlus	Employee	42	\$635.64	\$671.49	\$667.42
LCP	Emp + Spouse	25	\$1,334.68	\$1,409.96	\$1,401.41
	Emp + Child(ren)	26	\$1,207.61	\$1,275.71	\$1,267.99
	Emp + Family	62	\$1,906.78	\$2,014.29	\$2,002.12
HSA Open Access Plus	Employee	0	\$523.78	\$579.57	\$549.97
HSA OAP	Emp + Spouse	1	\$1,099.93	\$1,217.12	\$1,154.93
	Emp + Child(ren)	0	\$995.17	\$1,101.20	\$1,044.93
	Emp + Family	1	\$1,571.34	\$1,738.72	\$1,649.91
LocalPlus HSA	Employee	9	\$501.96	\$566.60	\$527.06
HSA LCP	Emp + Spouse	6	\$1,054.11	\$1,189.87	\$1,106.82
	Emp + Child(ren)	4	\$953.72	\$1,076.57	\$1,001.41
	Emp + Family	21	\$1,505.87	\$1,699.80	\$1,581.16
<b>Total Monthly Cost</b>			<b>\$282,079.60</b>	<b>\$301,053.28</b>	<b>\$296,183.42</b>



**Plan Cost Summary - Rates**

Monthly Factors	Total Enrollment	Current	Renewal	Option: Q1P3 As Is 5% Even
<b>Stop Loss Features</b>				
Individual Stop Loss Level		\$75,000	\$75,000	\$75,000
Corridor Factor		120%	120%	120%



Q1P3 As Is 5% Even

**Expense Summary**

Monthly Rates		Enrollment	Insurance & Admin. Costs	Claims Funding	Total Costs
Open Access Plus[] OAP	Employee	4	\$162.48	\$532.91	\$695.39
	Emp + Spouse	6	\$341.26	\$1,119.12	\$1,460.38
	Emp + Child(ren)	2	\$308.79	\$1,012.54	\$1,321.33
	Emp + Family	5	\$487.56	\$1,598.75	\$2,086.31
LocalPlus[] LCP	Employee	42	\$159.66	\$507.76	\$667.42
	Emp + Spouse	25	\$335.10	\$1,066.31	\$1,401.41
	Emp + Child(ren)	26	\$303.21	\$964.78	\$1,267.99
	Emp + Family	62	\$478.80	\$1,523.32	\$2,002.12
HSA Open Access Plus[] HSA OAP	Employee	0	\$162.71	\$387.26	\$549.97
	Emp + Spouse	1	\$341.68	\$813.25	\$1,154.93
	Emp + Child(ren)	0	\$309.12	\$735.81	\$1,044.93
	Emp + Family	1	\$488.13	\$1,161.78	\$1,649.91
LocalPlus HSA[] HSA LCP	Employee	9	\$159.73	\$367.33	\$527.06
	Emp + Spouse	6	\$335.43	\$771.39	\$1,106.82
	Emp + Child(ren)	4	\$303.48	\$697.93	\$1,001.41
	Emp + Family	21	\$479.19	\$1,101.97	\$1,581.16
Monthly Cost Total Medical			\$73,962.01	\$222,221.41	\$296,183.42

Cost Summary Medical			
Total Costs (12 Months)	\$887,544.12	\$2,666,656.92	\$3,554,201.04

**PROPOSAL TERMS AND CONDITIONS For Proposal: Q1P3 As Is 5% Even**

**A. General Terms of this Proposal**

Cigna HealthCare is pleased to present this Proposal for an Administrative Services Only group medical, pharmacy and behavioral health benefit plan (the "Plan") sponsored by City of Spring Hill. This proposal is valid for 60 days from its original date of release, 03/15/2019. Any revisions or updates to this proposal will not renew this valid timeframe unless expressly communicated by Cigna HealthCare.

**Proposal Caveats**

Cigna HealthCare may revise or withdraw this Proposal if:

- 1 there is a change to the effective date of the quote.
- 2 the policy will not be issued in TN.
- 3 the Plan benefits are different than shown or benefit modifications are requested.
- 4 Cigna may pay on your behalf any applicable state tax or assessment imposed upon your plan by drawing upon the bank account.
- 5 the group size differs from what was assumed at the time of quote based upon confirmation of employer group status on a State definition of small or large employer group, as applicable.
- 6 enrollment in the Cigna HealthCare administered plan is less than 50% of the total eligible population identified as 184
- 7 enrollment increases or decreases by 10% or more, by product or for the total account, from the enrollment assumptions used in establishing the rates and/or fees set forth herein.
- 8 the final enrollment deviates from the quoted enrollment such that it results in a needed change in rates. Rates are based on final enrollment factors, including total number of enrollees, their age, sex, demographics, location and the distribution of enrollees by product or by customer tier.
- 9 any of the information upon which these rates or benefits were based (including Medical History Information) changes or is inaccurate.
- 10 it is not the exclusive provider of Medical / Pharmacy or Life products for all of City of Spring Hill's employees in all workstates.
- 11 the employer changes its level of contribution toward the cost of the coverage.
- 12 benefit advisor fees/commissions are requested to be different than \$29.72 PEPIM.
- 13 it is requested to provide stop loss coverage different than what is outlined in this proposal.
- 14 Federal, State or Local action impacts the benefit levels quoted herein or affects our ability to meet our obligations to you, to your covered employees/our customers or to our contracted providers. By way of illustration, such legislation or executive actions which impose controls or requirements that affect: our ability to determine rates; covered medical expenses or service benefits; providers' delivery of care or the fees they charge; or our contracts with providers, may be deemed to so affect our contractual obligations. Should this happen, Cigna HealthCare will make a good faith effort to work to reach a new agreement that equitably reflects the circumstances as altered by government action.
- 15 there is any reimbursement arrangement ("gap" cards, etc.) that subsidizes or reduces the out-of-pocket obligation of covered persons under the policy.

**B. Scope and Application of this Proposal**

Unless otherwise indicated, this Proposal:

- 1 assumes that any insurance policy, certificate/booklet, or summary plan description material will be made available to the policyholder electronically.
- 2 supersedes and renders null and void any prior Cigna HealthCare offer or proposal with respect to the Plan.
- 3 reflects the claims and administrative savings realized by packaging the following specialty coverage with medical: Pharmacy.
- 4 does not apply to part-time or seasonal employees for any plan.
- 5 does not apply to Medicare eligible retirees for any plan.
- 6 includes the Out-of-Network Savings Program and other Cost Containment programs designed to contain costs with respect to charges for health care services/supplies that are covered by the Plan. For administering these programs, Cigna retains a portion of the savings or recoveries generated.
- 7 includes a maximum reimbursable charge for out-of-network coverage equal to 110% of a fee schedule developed by Cigna HealthCare based upon a methodology similar to that used by Medicare to determine the allowable fee for similar services in the geographic market OR 80% percent of charges made to providers of such services or used in the geographic area where the service is received.
- 8 requires you notify us within 30 days if any information set forth in this form changes at any time while coverage is provided to you by Cigna HealthCare.
- 9 Notwithstanding the foregoing guarantee, Cigna may revise any charges at any time if Cigna is (i) required to pay any tax or assessment, or (ii) incur additional costs in administering the contract as a result of any state or federal law.
- 10 assumes that Cigna is selected as the carrier for both Accrocrete and Individual Stop Loss.
- 11 assumes a 12 month Stop Loss policy period.
- 12 includes Rx claims for the Individual Stop Loss (ISL) coverage.
- 13 includes Rx claims for the Accrocrete Stop Loss (ASL) coverage.
- 14 reflects that the ISL Maximum mirrors the underlying medical plan maximum.
- 15 assumes 214 covered employees on the Stop Loss quote.
- 16 assumes that the Stop Loss contract covers claims incurred since policy inception and are paid during the current policy year. The paid period will be extended the year of termination to include the 15 months immediately following.
- 17 assumes that administrative fee (excluding Incentive Programs) will be paid from the Plan Bank Account.
- 18 assumes that Incentive Program debt/gift card rewards will be funded by the client and will be direct billed or withdrawn from the bank account (as applicable).
- 19 includes charges made by third parties for care management programs to contain the cost of specific health services/items and/or improve adherence to evidence-based guidelines to promote patient safety and efficient care (e.g., charges for management of diagnostic cardiology, radiation therapy, musculoskeletal procedures and medical oncology) when applicable.
- 20 assumes that the terminal fund will apply to claims paid after the policy has been terminated; these funds are held by Cigna HealthCare and adjusted annually. The contract is not renewed, or terminates within four months of renewal, any and all surpluses in claim funding may be forfeited and retained by us as a deferred service fee, including those at the end of the claim run-out period. There will be no additional administration, insurance or claims charges following the termination date.
- 21 assumes year-end accounting will be completed on an annual basis 90 days following the policy anniversary date. Any applicable refund will appear as a credit Insurance and Admin costs in subsequent months.
- 22 Cigna HealthCare assumes that the group health plan or health insurance coverage to which this proposal applies will not be a "grandfathered health plan" and the Patient Protection and Affordable Care Act (the "Act") and that it will be subject to all requirements of the Act applicable to a group health plan or health insurance coverage unless otherwise specified in writing.
- 23 does not include paying on behalf of the Plan the Comparative Effectiveness Research Fee required under section 4376 of the Internal Revenue Code as added by the Patient Protection and Affordable Care Act. Cigna HealthCare is prohibited from calculating, collecting and paying the fee on behalf of the Plan.
- 24 assumes applicable requirements of the Patient Protection and Affordable Care Act will be implemented on the effective date/renewal date unless you direct otherwise.
- 25 For covered mental health and substance abuse services from participating providers, Cigna HealthCare shall apply discounts available under an agreement with its affiliate, Cigna Behavioral Health, Inc. City of Spring Hill shall pay Cigna HealthCare 33% of the savings (billed charges less negotiated rate x .33) which shall be taken from City of Spring Hill's bank account when the claim for covered services is paid.
- 26 Cigna HealthCare may have an agreement with your benefit advisor, under which the benefit advisor may be paid for providing marketplace intelligence or for its performance of administrative services. The amount of this payment may be based upon overall business growth and/or retention levels. As such payment is funded through Cigna HealthCare's general overhead.
- 27 the benefit advisor may qualify for incentive payment (monetary or non-monetary) from Cigna HealthCare. For example, the benefit advisor may receive payment based upon new sales, new customer growth or retention. This incentive payment is funded from Cigna HealthCare's general overhead.
- 28 The plan presented has an actuarial value, determined by Cigna HealthCare, of 60% or greater. This determination was made using Cigna HealthCare's manual rating application which may produce an actuarial value slightly different than the official HHS calculator. Although we would expect any deviation to be small, you will have to consult with your actuarial consultant for a more precise determination of the plan's actuarial value. Cigna HealthCare does not provide actuarial certifications.
- 29 assumes that dental/vision benefits will be under a separate ASO agreement and are excepted benefits and not subject to HIPAA and ACA requirements.
- 30 Assumes that drugs covered under the plan's pharmacy benefit shall be administered in accordance with the following estimated pricing terms for the product Open Access Plus - OAP:
  - o Average Brand Discount: Average Wholesale Price - 20.76%
  - o Average Generic Discount: Average Wholesale Price - 80.50%
  - o Average Specialty Discount: Average Wholesale Price - 16.29%
  - o Average Dispensing Fee: \$1.17
- 31 Assumes that drugs covered under the plan's pharmacy benefit shall be administered in accordance with the following estimated pricing terms for the product LocalPlus - LCP:
  - o Average Brand Discount: Average Wholesale Price - 20.76%
  - o Average Generic Discount: Average Wholesale Price - 80.50%
  - o Average Specialty Discount: Average Wholesale Price - 16.29%
  - o Average Dispensing Fee: \$1.17
- 32 Assumes that drugs covered under the plan's pharmacy benefit shall be administered in accordance with the following estimated pricing terms for the product HSA Open Access Plus - HSA OAP:
  - o Average Brand Discount: Average Wholesale Price - 20.76%
  - o Average Generic Discount: Average Wholesale Price - 80.50%
  - o Average Specialty Discount: Average Wholesale Price - 16.29%
  - o Average Dispensing Fee: \$1.17
- 33 Assumes that drugs covered under the plan's pharmacy benefit shall be administered in accordance with the following estimated pricing terms for the product LocalPlus HSA - HSA LCP:
  - o Average Brand Discount: Average Wholesale Price - 20.76%
  - o Average Generic Discount: Average Wholesale Price - 80.50%
  - o Average Specialty Discount: Average Wholesale Price - 16.29%
  - o Average Dispensing Fee: \$1.17
- 34 does not apply to individuals unless employed by the policyholder or an entity that participates in an association or trust that is the policyholder.
- 35 **ADDITIONAL GENERAL TERMS OF THIS PROPOSAL:**
  - o The information contained in this Proposal by Cigna HealthCare is proprietary and highly confidential. It is being provided with the understanding that it will not be used by the employer, its representatives or consultants for any purpose other than the evaluation of the Proposal. Under no circumstances is any of the information contained herein (including excerpts, summaries, extracts, and evaluations thereof) to be used, disseminated, disclosed or otherwise communicated to any person or entity other than the employer, its representatives and consultants, and their respective employees who are directly involved in the evaluation process.
  - o In order to implement the requested benefit design, different funding arrangements (i.e., insured, self-insured and/or HMO) involving affiliated Cigna companies may be required with respect to plan participants residing in certain states.
  - o Cigna HealthCare sponsors programs to inform benefit advisors about Cigna HealthCare's plan coverage and services (including producer advisory councils). The cost of these events is funded through Cigna HealthCare's general overhead.



### Gap Fund Acknowledgement

Are your employees reimbursed for their co-payments, co-insurance cost, deductibles or out of pocket expenses?

If so, please let us know the details below. If not, please still confirm and sign below.

We assume NO subsidization or reimbursement for any portion of the employees' cost-sharing responsibilities. And that's how we set the premium rates/charges for all benefit plans insured and/or administered for you by Cigna HealthCare companies ("Cigna HealthCare, we, us").

Subsidization/reimbursement is also known as "Gap Funding". That is because employees receive money to fund the gap between their cost-share responsibility and Cigna HealthCare's payments.

Do you offer any of these plans?  YES  NO

- Health Savings Account (HSA)
- Health Reimbursement Account (HRA)
- Other means to reimburse employees for health plan expenses

If YES, please confirm the following:

- How much is the employer funding amount? \_\_\_\_\_
- What is the reimbursement order? Does the HSA and/or HRA fund pay first, or something else? \_\_\_\_\_
- Is there an annual rollover provision for the fund?  YES  NO
- Any changes in employer funding in the past year or future year?  YES  NO
- If YES, please provide details: \_\_\_\_\_

Please notify Cigna HealthCare prior to implementing any "Gap Funding" program. Cigna HealthCare will determine if we need to change the premium rates/charges both now and in the future based on the information you provide.

Please affirm that the above information is true and complete. Thanks!

City of Spring Hill

Date: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

2018-19 Health Insurance

	\$1000 PPO	Monthly Employee Cost	Monthly City Cost
Local Plus Employee	635.64	140.28	635.64
Employee/Spouse	1,334.68	126.94	1,194.40
Employee/Child	1,207.61	200.46	1,080.67
Family	1,906.78		1,706.32
	\$1000 PPO	Monthly Employee Cost	Monthly City Cost
Open Access Employee	662.28	26.64	635.64
Employee/Spouse	1,390.84	196.44	1,194.40
Employee/Child	1,258.41	177.44	1,080.97
Family	1,986.96	280.64	1,706.32

	\$3000 H.S.A	Monthly Employee Cost	Monthly City Cost
Local Plus Employee	501.96	501.96	501.96
Employee/Spouse	1,054.11	1,054.11	1,054.11
Employee/Child	953.72	953.72	953.72
Family	1,505.87	1,505.87	1,505.87
	\$3000 H.S.A <th>Monthly Employee Cost</th> <th>Monthly City Cost</th>	Monthly Employee Cost	Monthly City Cost
Open Access Employee	523.78	21.82	501.96
Employee/Spouse	1,099.93	45.82	1,054.11
Employee/Child	995.17	41.46	953.71
Family	1,571.34	65.48	1,505.86

Local Plus  
Employee  
Employee/Spouse  
Employee/Child  
Family

Open Access  
Employee  
Employee/Spouse  
Employee/Child  
Family

2019-20 Health Insurance

	\$1000 PPO	Monthly Employee Cost	Monthly City Cost	Annual City Cost		\$3000 H.S.A	Monthly Employee Cost	Monthly City Cost	Annual City Cost
Local Plus									
Employee	667.42		667.42	8,009.04	1	527.06	527.06	527.06	6,324.72
Employee/Spouse	1,401.41	147.30	1,254.12	15,049.38	2	1,106.82	1,106.82	1,106.82	13,281.84
Employee/Child	1,267.99	133.29	1,134.70	13,616.40	3	1,001.41	1,001.41	1,001.41	12,016.92
Family	2,002.12	210.48	1,791.64	21,499.68	4	1,581.16	1,581.16	1,581.16	18,973.92
Open Access									
Employee	695.39	27.97	667.42	8,009.04	9	549.97	22.91	527.06	6,324.72
Employee/Spouse	1,460.38	206.27	1,254.12	15,049.38	10	1,154.93	48.11	1,106.82	13,281.84
Employee/Child	1,321.33	186.63	1,134.70	13,616.40	11	1,044.93	43.52	1,001.41	12,016.92
Family	2,086.31	294.67	1,791.64	21,499.68	12	1,649.91	68.75	1,581.16	18,973.92

for Local Plus, ee pays 1/2 of diff between HSA plan and Local Plus for coverages other than individual

EE pays diff between Local Plus/Open access

2018-19 Health Insurance

	\$1000 PPO	Monthly Employee Cost	Monthly City Cost
Local Plus			
Employee	635.64		635.64
Employee/Spouse	1,334.68	140.28	1,194.40
Employee/Child	1,207.61	126.94	1,080.67
Family	1,906.78	200.46	1,706.32
Open Access			
Employee	662.28	26.64	635.64
Employee/Spouse	1,390.84	196.44	1,194.40
Employee/Child	1,258.41	177.44	1,080.97
Family	1,986.96	280.64	1,706.32

	\$3000 H.S.A	Monthly Employee Cost	Monthly City Cost
Local Plus			
Employee	501.96		501.96
Employee/Spouse	1,054.11		1,054.11
Employee/Child	953.72		953.72
Family	1,505.87		1,505.87
Open Access			
Employee	523.78	21.82	501.96
Employee/Spouse	1,099.93	45.82	1,054.11
Employee/Child	995.17	41.46	953.71
Family	1,571.34	65.48	1,505.86

2019-20 Health Insurance

	Monthly Employee Cost	Monthly City Cost
\$1000 PPO	667.42	667.42
Employee	1,401.41	1,254.12
Employee/Spouse	147.30	1,134.70
Employee/Child	133.29	1,791.64
Family	210.48	

Local Plus  
Employee  
Employee/Spouse  
Employee/Child  
Family

	\$3000 H.S.A	Monthly Employee Cost	Monthly City Cost
	527.06	527.06	527.06
	1,106.82	1,106.82	1,106.82
	1,001.41	1,001.41	1,001.41
	1,581.16	1,581.16	1,581.16

1.050004 1.050004  
1.050004 1.050004  
1.050004 1.050004  
1.049998 1.049998

	Monthly Employee Cost	Monthly City Cost
\$1000 PPO	695.39	667.42
Employee	1,460.38	1,254.12
Employee/Spouse	206.27	1,134.70
Employee/Child	186.63	1,791.64
Family	294.67	

Open Access  
Employee  
Employee/Spouse  
Employee/Child  
Family

	\$3000 H.S.A	Monthly Employee Cost	Monthly City Cost
	549.97	22.91	527.06
	1,154.93	48.11	1,106.82
	1,044.93	43.52	1,001.41
	1,649.91	68.75	1,581.16

1.049997 1.050002  
1.049996 1.050003  
1.049705 1.050002  
1.050005 1.050002

for Local Plus, ee pays 1/2 of diff between  
HSa plan and Local Plus for coverages other than  
individual

EE pays diff between Local Plus/Open access