



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 2/26/2019

ALL

Item Creation Date: 11/8/2018

T26618 - Third Party Administrator (TPA) for Pharmacy Benefit Management Services -
ORDINANCE

Agenda Item#: 25.

Summary:

ORDINANCE approving and authorizing an Administrative Services Agreement for Third-Party Administrator for Self-funded Pharmacy Benefits Management Services, effective May 1, 2019, between the City of Houston and **CIGNA HEALTH AND LIFE INSURANCE COMPANY**, for the Human Resources Department

Background:

Request for Proposal received July 19, 2018 for S83-T26618 – Approve an ordinance authorizing a contract between the City of Houston and Cigna Health and Life Insurance Company for pharmacy benefit management and administration services for City of Houston employees, retirees, and eligible dependents.

Specific Explanation:

The Director of Human Resources Department and the Chief Procurement Officer recommend that City Council approve an Ordinance authorizing an award for a **five (5) year contract with two (2) one-year options to Cigna Health and Life Insurance Company (CIGNA)** for pharmacy benefit management services. The City of Houston's Human Resources Department has elected to proceed with the traditional rebate option for the pharmacy benefits management needs, which imposes no monthly administrative fee per member for the duration of the contract. The Director of Human Resources Department and/or Chief Procurement Officer may terminate the contract at any time upon one-hundred and eighty (180) days written notice to the contractor.

The Scope of Work requires the contractor to provide pharmacy benefit management services, which include managing the entire process inclusive of claims processing, administrative services, formulary reporting, rebate management, management of specialty drugs, network management and reporting.

Currently, the City has four (4) different self-funded plan designs: Consumer Driven Health Plan (CDHP), Open Access Plan (OAP), Limited EPO Plan and Retirees of Texas Option Plus Plan (RTOP), of which the RTOP will be discontinued effective May 1, 2019. These plans differ by deductible, copayment or coinsurance.

The Request for Proposal (RFP) was advertised in accordance with the State of Texas bid laws, and thus, submittals were received from seven (7) firms: CIGNA, United Healthcare, CVS Healthcare, Envision Rx, Blue Cross Blue Shield of Texas, Script Care and Express Scripts. The Evaluation Committee consisted of Voting and non-Voting members. The Voting members were comprised of individuals from the Human Resources Department and Finance Department. The non-Voting members consisted of individuals from the Human Resources Department, Fire Department, Municipal Courts and Segal Consulting. The evaluation was based upon the following criteria:

1. Responsiveness of Proposal
2. Technical Competence
3. Price Proposal

Cigna Health and Life Insurance Company received the highest overall score and was deemed to be the best qualified vendor to perform the requirements as outlined in the RFP.

This item was presented to Council Committee on Budget & Fiscal Affairs on January 8, 2019.

MWBE Participation:

The Request for Proposal was issued as a goal-oriented contract with a 6% MWBE participation level. Cigna Health and Life Insurance Company has designated the below-named company as its certified MWBE subcontractor.

SUBCONTRACTOR	TYPE OF WORK	%
The Urban Circle	Promotional materials	6%

Pay or Play Program:

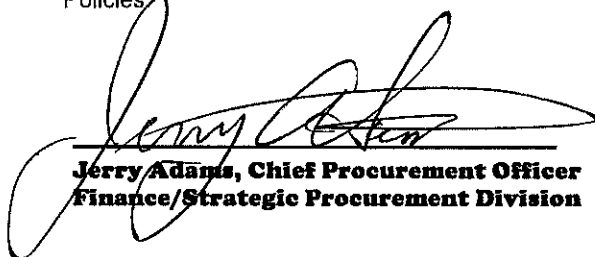
The proposed contract requires compliance with the City's "Pay or Play" Ordinance regarding health benefits for employees of the City Contractors. In this case, Cigna Health and Life Insurance Company will provide health benefits to eligible members in compliance with City policy.

Hire Houston First:

The proposed contract requires compliance with the City's "Hire Houston First" Ordinance that promotes economic opportunity for Houston businesses and supports job creation. In this case, Cigna Health and Life Insurance Company does not meet the requirements for HHF designation; no prospective firms met the HHF requirements.

Fiscal Note:

Funding for this item is not required in the FY2019 Adopted Budget. Therefore, no Fiscal Note is required as stated in the Financial Policies



Jerry Adams, Chief Procurement Officer
Finance/Strategic Procurement Division

Department Approval Authority

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ATTACHMENTS:

Description	Type
<u>Form A - Fair Campaign</u>	Backup Material
<u>Form B</u>	Backup Material
<u>Delinquent Tax Report</u>	Backup Material
<u>Pay or Play</u>	Backup Material
<u>Affidavit of Ownership</u>	Backup Material
<u>Form 1295</u>	Backup Material
<u>Certification of Funds</u>	Financial Information
<u>Letter of Intent -MWBE</u>	Backup Material
<u>Administrative Services Agreement</u>	Contract/Exhibit
<u>Pharmacy Benefits Management Table of Contents</u>	Contract/Exhibit
<u>Exhibit A - Pharmacy Benefits Plan Documents</u>	Contract/Exhibit
<u>Exhibit A-1 Plan Document</u>	Contract/Exhibit
<u>Exhibit A-2 Plan Document Open Access</u>	Contract/Exhibit
<u>Exhibit A-3 CDHP Plan Final</u>	Contract/Exhibit
<u>Addendum B - Banking</u>	Contract/Exhibit
<u>Addendum C - Complaint and Appeals Process</u>	Contract/Exhibit
<u>Exhibit E - Service Performance Standards</u>	Contract/Exhibit
<u>Exhibit E-1 - PBM Service Guarantees</u>	Contract/Exhibit
<u>Exhibit F - Pharmacy Management Reports</u>	Contract/Exhibit

<u>Exhibit G - Fees, Rates and guarantees</u>	Contract/Exhibit
<u>Exhibit G-1 - Cigna Home Delivery Pharmacy Specialty Drug List</u>	Contract/Exhibit
<u>Exhibit I - MWBE Requirements</u>	Contract/Exhibit
<u>Exhibit J - Limit of Appropriation</u>	Contract/Exhibit
<u>Exhibit K - Drug Abuse and Detection Policy Final</u>	Contract/Exhibit
<u>Exhibit M - Retiree Drug Subsidy Data Exchange Agreement</u>	Contract/Exhibit
<u>Exhibit N - Recovery Litigation Authorization</u>	Contract/Exhibit
<u>Exhibit O - HIPAA Business Associates Agreement</u>	Contract/Exhibit
<u>Ordinance</u>	Ordinance/Resolution/Motion
<u>Agenda for Council Committee on Budget & Fiscal Affairs</u>	Backup Material
<u>Coversheet signed by CPO for T26618-Pharmacy</u>	Signed Cover sheet

