

Office of the Superintendent of Schools
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

July 12, 2022

REVISED

APPROVED BY BOARD

MEMORANDUM

To: Members of the Board of Education
From: Monifa B. McKnight, Superintendent of Schools
Subject: Contract Approval for RFP No. 1156.6, Medical Plans

On January 18, 2022, Montgomery County Public Schools (MCPS) issued a Request for Proposal No. 1156.6, Medical Plans, soliciting proposals for administration of medical plans. The goal of this procurement effort was to select one plan administrator for the Point of Service Plan (POS) and Health Maintenance Organization (HMO) in addition to Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. (Kaiser) that could meet the plan design requirements at a competitive cost, while offering proactive cost management strategies.

Requests for Proposals were sent to several vendors and five companies submitted proposals. Aon Consulting and staff from the Employee and Retiree Service Center evaluated each proposal based on evaluation criteria on pricing, performance guarantees, and specific contractual commitments.

Cigna was the most responsive and responsible bidder to MCPS for the vendor to administer the POS and HMO plans. Kaiser's renewal proposal also was acceptable.

The first-year annualized savings with the Cigna contract is estimated to be between \$10,000,000 and \$11,000,000.

As Cigna was a prior vendor for MCPS medical plans the transition is anticipated to be smooth. The two major areas in such transitions are the informational file transfers and communication efforts. As MCPS has prior experience with the file transfers, the transition is set to be administered with minimal effort. Cigna also has committed to providing a communications manager to assist in the review and documentation of materials used by MCPS.

WHEREAS, The Board of Education by Resolution No. 563-58 established an employee benefit plan to provide life and health insurance to eligible employees in 1958; and

WHEREAS, The Board of Education expanded the Employee Benefit Plan by Resolution Nos. 448-72, 457-72, and 43-76 to include dental coverage, vision coverage, a prescription drug plan, and dependent life insurance; and

WHEREAS, The Board of Education periodically has bid elements of the Employee Benefit Plan for the benefit of employees and to reduce administrative costs; and

WHEREAS, Montgomery County Public Schools solicited proposals to administer the medical plans, effective January 1, 2023; and

WHEREAS, Having been duly advertised under Request for Proposal No. 1156.6, Medical Plans, benefit firms were asked to submit proposals for consideration; and

WHEREAS, The Joint Employee Benefits Committee, which is comprised of representatives from all three employee associations: the Montgomery County Education Association, the Montgomery County Association of Administrators and Principals, and the Service Employees International Union, Local 500, as well as representatives from the Montgomery County Public Schools Employee Retiree Service Center and the Department of Labor Relations, recommends that Cigna and Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. should be selected as the medical plan options for employees; and

WHEREAS, Montgomery County Public Schools engaged the services of a benefit consultant, Aon Consulting, to assist them in the evaluation of proposal responses; and

WHEREAS, The evaluation has identified that the medical plans proposed by Cigna and Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. best meet the needs of Montgomery County Public Schools; and

WHEREAS, Montgomery County Public Schools and its employees will continue to have a high-quality medical benefit; now therefore be it

Resolved, That a contract for administering the Montgomery County Public Schools medical plans be awarded to Cigna commencing January 1, 2023; and be it further

Resolved, That a contract for administering the Montgomery County Public Schools medical plans be awarded to Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. commencing January 1, 2023; and be it further

Resolved, That the Board of Education president and the superintendent of schools be authorized to execute the documents necessary for this transaction.

MBM:ESD:RR:RCJ:jp