

City of Mesquite
ASO Renewal Analysis
Effective: January 1, 2022

Vendor	AM Best	Comment
BCBS	A (Excellent)	Current Vendor
CIGNA	A (Excellent)	Quoted - On Spreadsheet

This is not an insurance contract: This proposal is for comparison purposes only. Please refer to certificate booklet or proposal for additional details, including limitations and exclusions.

Final rates and benefits will be determined by actual enrollment and plan selection.

City of Mesquite

ASO Renewal Analysis

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Third Party Administrator	Current	Renewal	Proposed	Proposed
	BCBS	BCBS	CIGNA	CIGNA
Network	Blue Choice & Blue Essentials	Blue Choice & Blue Essentials - Enhanced Pharmacy	Open Access Plus	Open Access Plus
Medical Administration-1,129	\$50.99	\$46.17	\$19.50	\$13.50
Prescription Drug Rebate	-\$33.55	-\$58.04	\$0.00	\$0.00
Medical Rebate	\$0.00	-\$2.13	-	-
Rx Administration	Included	Included	Included	Included
Network Access Fee	Included	Included	\$18.50	\$18.50
Pre-Certification	Included	Included	Included	Included
HSA Fee	Included	Included	\$4.50	\$4.50
Disease Management	Included	Included	\$5.25	\$5.25
SL Interface (3rd party)	\$0.50	\$0.50	\$1.50	\$1.50
Telemedicine	\$0.45	\$0.45	Included	Included
Pharmacy Consultant Fee	\$1.68	\$0.00	Included	Included
Additional Fee (WBM)	\$4.95	\$4.95	-	-
Total Admin Fees	\$25.02	-\$8.10	\$49.25	\$43.25
Rate Guarantee		2023: \$47.79 2024: \$49.46 2025: \$51.19 2026: \$52.98	3 Years - Until 12/31/2024 2025 and 2026: \$46.99 total admin fee	3 Years - Until 12/31/2024 2025 and 2026: \$40.69 total admin fee
Total Monthly Admin Fee	\$28,247.58	-\$9,144.90	\$55,603.25	\$48,829.25
Annual Admin Fee	\$338,970.96	-\$109,738.80	\$667,239.00	\$585,951.00
\$ Difference over current	-	-\$448,709.76	\$328,268.04	\$246,980.04
% over/under current	-	-132.37%	96.84%	72.86%
Med Re-Pricing Total Claims	\$9,351,853.52	\$9,351,853.52	\$9,475,637.03	\$9,475,637.03
\$ Difference	--	\$0.00	\$123,783.51	\$123,783.51
% over/under current	--	0.00%	1.32%	1.32%
Total Charges (Admin & Claims)	\$9,690,824.48	\$9,242,114.72	\$10,142,876.03	\$10,061,588.03
Total \$\$ Difference/current	--	-\$448,709.76	\$452,051.55	\$370,763.55
Total % Difference/current	--	-4.63%	4.66%	3.83%
Rx Re-Pricing Total Claims	\$2,896,138.62	\$2,896,138.62	\$2,705,860.54	\$2,705,860.54
Rx Expected Rebates	\$0.00	\$0.00	\$722,527.00	\$0.00
Total Rx (Costs-Rebates)	\$2,896,138.62	\$2,896,138.62	\$2,705,860.54	\$2,705,860.54
Total Charges Med & Rx	\$12,586,963.10	\$12,138,253.34	\$12,848,736.57	\$12,767,448.57
Total \$\$ Difference/current	--	-\$448,709.76	\$261,773.47	\$180,485.47
Total % Difference/current	--	-3.56%	2.08%	1.43%
Total Cost - Credits	\$12,586,963.10	\$12,138,253.34	\$12,848,736.57	\$12,767,448.57
Total % Difference/current	--	-3.56%	2.08%	1.43%

Notes:

\$65,000 Wellness/Communciation credit.
\$45,000 credit if life coverage is sold along with medical. In additon, the admin fee will be reduced by \$1 PEPM.

Credits:
Ongoing Discretionary Optional Service Fund of \$50,000. Ongoing Wellness Fund of \$75,000. 1st Year Transition Fund of \$75,000 (Year 1 only).

Credits:
Ongoing Discretionary Optional Service Fund of \$50,000. Ongoing Wellness Fund of \$75,000. 1st Year Transition Fund of \$100,000 (Year 1 only).

Year (1) Fee Credit – 6 months of Fees or approximately \$266,068.

Year (1) Fee Credit - increased from 6 Months to 12 Months or approximately \$462K..

Year (2) Fee Credit – 4 Months of Fees or approximately \$177,379.

Year (2) Fee Credit - increased from 4 Months to 6 Months approximately \$308K.

Year (3) Fee Credit – 2 Months of Fees or approximately \$88,689.

Year (3) Fee Credit - increased from 2 Months to 4 Months approximately \$155K.

Disclaimer

The following summary of coverages is to be used only as an overview of each policy written and in no way should it be used, nor is intended to be used, as a substitute for the original policy provisions. It has been prepared as a guideline for your reference only.

The policy/policies contain conditions, limitations and exclusions which may affect or limit coverage to be provided and should be reviewed by the insured to verify that coverage has been written as requested.

All of the information contained in this proposal is subject to the terms, conditions and limitations contained in the policies. Values are based on information provided by the client.

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McGRIFF, SEIBELS & WILLIAMS, INC. COMPENSATION STATEMENT

Our principal remuneration for the placement and service of your insurance policy(ies) will be by commission (a proportion of the premium paid that is allowed to us by the insurance company(ies)) and/or a mutually agreed fee.

You should be aware that we may receive additional income from the following sources:

- ☐ **Interest or Investment Income earned on insurance premiums.**
- ☐ **Expense Allowances or Reimbursements from insurance companies and other vendors for (a) educational and professional development programs; (b) managing and administering certain binding authorities and other similar facilities, including claims which may arise; and (c) attendance at insurance company meetings and events; all of which we believe enable us to provide more efficient service and competitive terms to those clients for whom we consider the use of such facilities appropriate.**
- ☐ **Tier II Commission (sometimes referred to as “extra compensation”) is exclusive to the placement of employee benefits insurance and is based on premium volume of new business and/or premium retention.**
- ☐ **Contingent Commission (sometimes referred to as “profit sharing”) which can be based on profitability, premium volume, premium retention, and/or growth. If any part of your account is on a fee basis, we will not accept contingent commissions related to your account.**

If you have questions or desire additional information about remuneration and other income, please contact your Agent who will put you in touch with our Chief Risk Manager for assistance. If any part of your insurance program is placed through any BB&T-owned companies (including retail insurance brokers BB&T Insurance Services, Inc. and BB&T Insurance Services of California, Inc.; wholesale insurance brokers CRC Insurance Services, Inc. and Crump Life Insurance Services, Inc.; managing general underwriter AmRisc, LP; insurance premium finance company, Prime Rate Premium Finance Corporation, Inc. or affiliates; or BB&T Assurance Company, Ltd.) disclosure of that income will also be included.

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Provider Security Standards

The following is a brief summary of the measures that we have taken as your broker to review and report to you objectively on the financial security of your insuring companies. Information is included on A.M. Best Company, our primary security rating source, and the internal standards, which we have established to address this important issue for our customers.

MSW Security Review -McGriff, Seibels& Williams has established an internal "Security Review Group" composed of senior management representatives from the Finance, Marketing, Branch, Wholesale and Administrative Divisions of the company. This group's purpose is to develop and implement all procedures and standards for the financial security of all insurers, intermediaries and associations used by MSW and its subsidiary companies.

This group meets periodically to review the current listing of all companies, intermediaries and associations, which are actively used by MSW. It will also act on any pending requests received from throughout the company to have new Providers activated, and to deactivate any Providers that do not meet current MSW standards. MSW Provider Classifications:

"Approved Provider" is any Provider whose A.M. Best's rating is A-or higher. The Best's rating of an "approved" Provider must be printed on all MSW Confirmations of Coverage (Binders) and proposals delivered to clients or prospects.

"Exception Provider" is certain Providers with a rating lower than A-, including those companies "not rated by A.M. Best" which after review by the Security Review Group will be an approved security.

Any Provider approved by MSW receiving an A.M. Best downgrade of rating will be posted on our website (www.mcgriff.com). A downgrade that results in an "Approved" Provider moving to a less than A-A.M. Best Rating will be communicated to you in writing.

A.M. Best Company

AmbestRoad

Oldwick, New Jersey 08858

History -A.M. Best Company was incorporated in 1899 as the first rating agency in the world to offer reliable information on the financial condition of U.S. insurance companies. The Best's Rating Guide was first published in 1900, and has since become a cornerstone of the security review process by continuously evaluating the financial integrity of over 4,100 insurance companies. In 1984, the first edition of the Best's International Rating Guide was published, reporting on the claims-paying ability of over 950 international insurers.

The information used by Best to rate insurance carriers is provided by the companies themselves as a part of their normal filings with the National Association of Insurance Commissioners, those states in which the company is licensed, the SEC and/or with its shareholders. Rating reviews are performed annually on each insurance company and on an interim basis as conditions dictate. Best's Rating System -The Best's rating system is designed to evaluate a wide range of objective and subjective factors that affect the overall performance of an insurance company (not applicable to associations or intermediaries). These factors deal with the company's financial strength, its operating performance and its ability to meet its financial obligations to policyholders, as follows:

Profitability*Spread of risk

*Quality of reinsurance program*Leverage/Capitalization

*Quality and diversification of assets*Liquidity

*Adequacy of policy loss reserves*Adequacy of policyholder's surplus

*Capital structure*Management experience and objectives

Best's Rating Symbols -A typical Best's rating is composed of two parts. The "Security" portion provides an alphabetical indication of the quality of the security provided by a company to its policyholders. This rating is further defined in three categories, "Secure", "Vulnerable" or "Not Assigned". The "Financial Size" (FSC) portion of the Best's rating uses Roman numerals to rank companies based on the dollar amount of their policyholder's surplus and contingent reserve funds.

While comparative rankings for security or financial size by themselves may not adequately portray the complete financial health of a company, the combination of the two has proven to be reliable in predicting the ability of a company to meet its claims obligations in a timely manner, both now and in the near future. The actual rating symbols used by Best and their meanings are:

“Secure” Ratings A++ or A+ Superior

A or A- Excellent

B++ or B+ Good

“Vulnerable” B or B- Fair

Ratings C++ or C+ Marginal

C or C- Weak

D Poor

E Under Supervision

F In Liquidation

S Suspended

“NR” Not Rated Designation – Assigned to companies not rated by A.M. Best.

Financial Size Categories I

I	Under \$1,000,000	VIII	100,000,000 – 250,000,000
II	1,000,000 - 2,000,000	IX	250,000,000 – 500,000,000
III	2,000,000 – 5,000,000	X	500,000,000 – 750,000,000
IV	5,000,000 – 10,000,000	XI	750,000,000 – 1,000,000,000
V	10,000,000 – 25,000,000	XII	1,000,000,000 – 1,250,000,000
VI	25,000,000 - 50,000,000	XIII	1,250,000,000 – 1,500,000,000
VII	50,000,000 – 100,000,000	XIV	1,500,000,000 – 2,000,000,000
		XV	Over 2,000,000,000

Source: Best’s Key Rating Guide – 2016 Edition