

CITY COUNCIL REPORT



Meeting Date: **April 28, 2026**
Charter Provision: ***Provide for the orderly government and administration of the affairs of the City***
Objective: ***Adopt Resolution 13648***

ACTION

Employee health care benefits contract. Adopt Resolution 13648 to:

1. Authorize, approve and direct the Mayor to execute, on behalf of the city, Contract No. 2026-059-COS with Cigna.
2. Authorize the City Manager or designee to execute any other documents and take such other actions as are necessary to carry out the intent of this Resolution.

BACKGROUND

The City has self-insured a portion of its medical and dental benefit plans since 1990. In January 2004, all medical plans became self-insured. Operationally, a self-insured employer designs its own schedule of benefits, pays for those benefits, and typically utilizes the services of an external organization to provide medical and utilization review services, administer the plans and provide customer service.

On July 1, 2014, the City entered into City Services Contract No. 2014-009-COS (the "Contract") with Cigna to provide medical, pharmacy, dental, employee assistance plan, and stop-loss coverage for a ten-year term. The contract was extended for a two-year period through Resolution No. 12769. In August 2025, the City issued a request for proposal (RFP) and selected Cigna for an initial one-year term.

Cigna will provide for program administration and access to provider network services or for medical, pharmacy, dental, employee assistance programs and behavioral health benefits for City employees and eligible beneficiaries. Additionally, the contract includes stoploss insurance. Under a self-insured arrangement the employer assumes financial risk for claims instead of paying a monthly premium to a carrier who assumes the risk. In order to protect the plan from unpredictable, catastrophic claims, an employer may purchase stop-loss insurance for a fixed premium rate.

The one-year term approval will allow for additional analysis and consideration of all available options within the marketplace which may include an unbundled plan approach.

ANALYSIS & ASSESSMENT

The contract's current overall annual cost of \$3,700,000 (including all lines of coverage) and represents the same administrative costs as the prior contract. Currently the City has 2,165 employees, 4,905 total members enrolled, plus a small retiree population. These costs are fixed and

Action Taken _____

represent the administration and network access with medical claims paid directly by the City of Scottsdale as a self-funded medical plan.

FISCAL IMPACTS

The costs of these benefit programs are split between the City of Scottsdale and employee payroll deduction.

STAFF RECOMMENDATION

Staff recommends the following:

1. Authorize, approve and direct the Mayor to execute, on behalf of the city, Contract No. 2026-059-COS with Cigna.
2. Authorize the City Manager or designee to execute any other documents and take such other actions as are necessary to carry out the intent of this Resolution.

STAFF CONTACT

Lynna Soller, Human Resources Manager, lsoller@ScottsdaleAZ.gov, 480-312-1930

APPROVED BY

Monica Boyd

4/13/26 11:54 MST

Monica Boyd, Director of Human Resources
480-312-2615, mboyd@ScottsdaleAZ.gov

Date

Judy Doyle

4/6/26 19:27 MST

Judy Doyle, Deputy City Manager
480-312-2691; jdoyle@scottsdaleAZ.gov

Date

Sonia Andrews

4/6/26 18:52 MST

Sonia Andrews, City Treasurer
480-312-2364, sandrews@ScottsdaleAZ.gov

Date

Greg Caton

4/6/26 16:55 MST

Greg Caton, City Manager
480-312-7759, gcaton@ScottsdaleAZ.gov

Date

ATTACHMENTS

1. Resolution No. 13648
2. Contract No. 2026-059-COS

RESOLUTION NO. 13648

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, APPROVING CITY SERVICES CONTRACT NO. 2026-059-COS, WITH CIGNA HEALTH AND LIFE INSURANCE COMPANY TO ADMINISTER CITY-PROVIDED BENEFITS.

WHEREAS, the city has a need for the administration of medical, pharmacy, dental, employee assistance program, stoploss insurance, and behavioral health benefits for employees and eligible beneficiaries; and

WHEREAS, Cigna Health and Life Insurance Company was selected by the city to provide these services.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Scottsdale, Maricopa County, Arizona, as follows:

Section 1. The City Council hereby authorizes, approves and directs the Mayor to execute, on behalf of the city, City Services Contract No. 2026-059-COS with Cigna Health and Life Insurance Company to administer city-provided benefits.

Section 2. The City Council hereby authorizes the City Manager or his designee to execute any other documents and take such other actions as are necessary to carry out the intent of this Resolution.

PASSED AND ADOPTED by the Council of the City of Scottsdale, Maricopa County, Arizona this ____ day of _____, 2026.

CITY OF SCOTTSDALE, an Arizona
municipal corporation

ATTEST:

Ben Lane, City Clerk

Lisa Borowsky, Mayor

APPROVED AS TO FORM:

Lindsay Hampshire
Luis E. Santaella, Interim City Attorney
By: Lindsay Hampshire, Assistant City Attorney



**CITY OF SCOTTSDALE
CITY SERVICES CONTRACT
Healthcare Benefits**

This City Services Contract ("Contract") is entered into this 28th day of April, 2026 between the City of Scottsdale, an Arizona municipal corporation ("City"), and Cigna Health and Life Insurance Company ("Contractor"). This Contract will be effective on July 1, 2026 ("Effective Date"). For purposes of this Contract, the City and Contractor may be referred to individually as a "Party" and collectively as the "Parties".

RECITALS

- A. The City desires to contract for the following services: Medical (Cigna OAP In-Network, Cigna OAP and Cigna OAP + HSA) Pharmacy, Dental PPO, Dental HMO, Behavioral Health and Employee Assistance Program.
- B. Contractor is duly qualified to perform the requested non-professional services.

AGREEMENT

FOR AND IN CONSIDERATION of the mutual promises and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

- 1. **INCORPORATION OF RECITALS.** The Recitals set forth above are incorporated into and made a part of this Contract.
- 2. **SERVICES, ADMINISTRATIVE SERVICES ONLY AGREEMENT, DOCUMENTATION.**

2.1 Services. The entire Solicitation, identified as 26RFP005 Healthcare Benefits, is incorporated herein by this reference as fully as if written out below. Contractor's proposal submitted in response to the Solicitation, dated September 24, 2025, including Contractor's "Exceptions and Clarifications" to the Solicitation, is incorporated herein by this reference as fully as if written out below. If any provision incorporated by reference from the Solicitation conflicts with any provision of the Contractor's proposal, the provision of the Solicitation will control; provided, however, that Contractor's "Exceptions and Clarifications" to "Attachment B" of the Solicitation are accepted. If any provision of the Contractor's proposal conflicts or is in any way inconsistent with any provision of this Contract, Contractor's "Exceptions and Clarifications" will control.

2.2 Administrative Services Only Agreement. The Administrative Services Only Agreement by and between the City of Scottsdale and Cigna Health and Life Insurance Policies, Contract No. 2016-093-COS, as amended (the "ASO Agreement"), shall remain in full force and effect. The ASO Agreement is hereby amended so that all references to "Contract No. 2014-009-COS" are replaced with this "Contract No. 2026-059-COS".

2.3 [Intentionally omitted.]

2.4 Documentation. Except for Contractor's proprietary information in its claims systems created in connection with the provision of the services to be provided hereunder, all documents, including but not limited to data compilations, studies, and reports which are prepared in the performance of this Contract, will remain the property of the City and must be delivered to the Contract Administrator before final payment is made to Contractor.

2.5 [Intentionally omitted.]

3. PAYMENTS.

3.1 FEE SCHEDULE

Contractor will be paid according to the negotiated schedule attached as **Exhibit A** and the Pharmacy proposal attached as **Exhibit B**.

3.2 Payment Approval. All charges must be approved by the Contract Administrator before payment.

3.3 Payment Terms. Payment is due no later than thirty (30) days after the Contract Administrator's approval of any invoice. In no event will the City issue payment prior to receipt of an original, approved form of invoice containing accurate invoice and reference numbers. The City will not be liable for any delays in payment caused by Contractor's failure to timely submit invoices. Contractor shall send an electronic copy of all invoices to the Contract Administrator for approval. Upon approval, all invoices shall be sent to the City at the following address:

City of Scottsdale
Accounts Payable
7447 E. Indian School Road, Suite 210
Scottsdale, Arizona 85251-4468

4. TERM AND RENEWAL. The initial term of this Contract shall be for a period of One (1) year, commencing on the Effective Date. The Parties may extend this Contract for up to Four (4) additional terms of One (1) year each, subject to the same terms and conditions outlined herein. Any such extensions shall be in the form of an amendment to this Contract and signed by the Purchasing Director or designee and the Contractor's authorized representative.

5. CONTRACT ADMINISTRATOR. The "Contract Administrator" for the City is **The HR Benefits Manager**. The Contract Administrator will serve as Contractor's primary point of contact with the City, monitor Contractor's performance, review and approve invoices, establish delivery schedules, and in conjunction with Purchasing ensure Certificates of

Insurance are current, conform to the requirements of this Contract, and are in the City's possession. Contractor will direct any reports and/or special requests to the Contract Administrator.

6. **NOTICES.** All notices, requests, demands, consents, approvals, and other communications which may be or are required to be served or given under this Contract, shall be in writing and hand delivered or sent by registered or certified United States mail, return receipt requested, postage prepaid, addressed to the Party or Parties, as follows:

If to City: City of Scottsdale
 Attn: Human Resources
 9191 E. San Salvador Dr.
 Scottsdale, AZ 85258

Copy to: City of Scottsdale
 Attn: City Attorney
 3939 N. Drinkwater Blvd.
 Scottsdale, AZ 85251

If to Contractor: Cigna
 8888 E. Raintree Drive
 Scottsdale, AZ 85260

7. TERMINATION.

7.1 Termination for Convenience. City reserves the right to terminate this Contract or any part of this Contract for its sole convenience with 30 days' written notice. In the event of any termination, Contractor must immediately stop all work, and must immediately cause any of its suppliers and Subcontractors to cease all work. As compensation in full for services performed to the date of any termination, Contractor will receive a fee for the percentage of services actually completed. This fee will be in the amount to be mutually agreed upon by Contractor and the City, based on the agreed Scope of Work. If there is no mutual agreement, the Contract Administrator will determine the percentage of completion of each task detailed in the Scope of Work and Contractor's compensation will be based upon this determination. The City will make this final payment within 60 days after Contractor has delivered the last of the partially completed items. Contractor will not be paid for any work done after receipt of the notice of termination, nor for any costs incurred by Contractor's suppliers or Subcontractors, which Contractor could reasonably have avoided.

7.2 Cancellation for Cause. City may also cancel this Contract or any part of this Contract with seven (7) days' notice for cause in the event of any default by Contractor, or if Contractor fails to comply with any of the terms and conditions of this Contract. Unsatisfactory performance as judged by the Contract Administrator or failure to provide City, upon request, with adequate assurances of future performance are all causes allowing City to cancel this contract for cause. In the event of cancellation for cause,

Contractor will be liable to City for any and all damages sustained by reason of the default which gave rise to the cancellation.

In the event Contractor is in violation of any federal, state, county or city law, regulation or ordinance, the City may terminate this contract immediately upon giving notice to Contractor.

If the City improperly cancels the Contract for cause, the cancellation for cause will be converted to a termination for convenience.

7.3 Funds Appropriation. If the Scottsdale City Council does not appropriate funds to continue this Contract and pay for charges under this Contract, the City may terminate this Contract at the end of the current fiscal period. The City agrees to give written notice of termination to Contractor at least 30 days prior to the end of its current fiscal period and will pay to Contractor all approved charges incurred through the end of this period.

8. INSURANCE.

8.1 General. Contractor agrees to comply with all applicable City ordinances and state and federal laws and regulations. Without limiting any obligations or liabilities of Contractor, Contractor must purchase and maintain, at its own expense, this Contract's stipulated minimum insurance with insurance companies properly licensed by the State of Arizona (admitted insurer) with an AM Best, Inc. rating of B ++ 6 or above or an equivalent qualified unlicensed insurer by the State of Arizona (non-admitted insurer). Failure to maintain insurance as specified may result in termination of this Contract at the City's option, while acting reasonably.

8.2 Certificates of Insurance. A current Acord Certificate is acceptable. Failure to provide an appropriate Certificate of Insurance will result in rejection of your certificate, delay in Contract execution, and/or termination of Contract. Additionally, Certificates of Insurance submitted without referencing a Contract number may be subject to rejection and returned or discarded.

8.3 No Representation of Coverage Adequacy. By requiring the insurance stated in this Contract, the City does not represent that coverage and limits will be adequate to protect Contractor. Failure to demand any evidence of full compliance with the insurance requirements stated in this Contract or failure to identify any insurance deficiency does not relieve Contractor from, nor may it be construed or considered a waiver of, Contractor's obligation to maintain the required insurance at all times during the performance of this Contract.

The City hereby acknowledges and agrees to the following: Since The Cigna Group's (Contractor's parent affiliate) ("TCG's") insurance programs are nonstandard and considered tailored, where TCG's insurance policies are heavily manuscripted, almost all of TCG's insurers require it to execute a confidentiality and nondisclosure statement as a precondition to obtaining preferential insurance coverage terms. Moreover, as a publicly traded organization, disclosure of insurance policy copies may be construed as a disclosure of material, nonpublic information. Therefore, Contractor is unable to disclose copies of insurance policies to a non-entity of TCG or a non-regulatory entity or agency.

Contractor shall upon request provide evidence of insurance coverage(s) via the industry-standard ACORD® Certificate of Insurance form.

8.4 Coverage Term. All insurance required by this Contract must be maintained in full force and effect until all work or services required to be performed under the terms of this Contract are satisfactorily performed, completed, and formally accepted by the City, unless otherwise specified in this Contract.

8.5 Claims Made. In the event any insurance policies required by this Contract are written on a "claims made" basis, coverage shall continue uninterrupted throughout the term of this Contract by keeping coverage in force using the effective date of this Contract as the retroactive date on all "claims made" policies. The retroactive date for exclusion of claims must be on or before the effective date of this Contract and can never be after the effective date of this Contract. Upon completion or termination of this Contract, the "claims made" coverage shall be extended for an additional three (3) years using the original retroactive date, either through purchasing an extended reporting option, or by continued renewal of the original insurance policies. Submission of annual Certificates of Insurance, citing the applicable claims-made coverages and provisions specified herein, shall continue for three (3) years past the completion or termination of this Contract.

8.6 Policy Deductibles and/or Self-Insured Retentions. The policies stated in these requirements may provide coverage which contains deductibles or self-insured retention amounts. Any deductibles or self-insured retention are not applicable to the policy limits provided to the City. Contractor is solely responsible for any deductible or self-insured retention amount.

Contractor's insurance programs are subject to various levels of self-insured retentions or deductibles. The City acknowledges and agrees that, with over 85 Insurance policies in place in over 30 countries, CTG/Contractor is unable to seek prior approval from any of our counterparties (or clients) for levels of self-insured retentions or deductibles or otherwise self-insured risks. The City acknowledges that CTG is a Fortune 50 organization with financial ratings and strength comparable to those of its insurers.

8.7 Use of Sub-Contractors. During the term of this Agreement, if a Subcontractor is engaged in any way to provide services to the City specifically under the Contract, Contractor must execute a written agreement with Subcontractor containing the same Indemnification Clause and Insurance Requirements stated in this Contract protecting the City and Contractor. Contractor will be responsible for executing the agreement with Subcontractor and obtaining Certificates of Insurance verifying the insurance requirements.

As a standard insurance industry practice, the City acknowledges that Contractor typically requires its subcontractors to maintain reasonable and customary types and limits of insurance. Subcontractor insurance requirements vary based upon factors such as contract value, scope of services, availability of insurance, and financial exposure to CTG. Standard insurance requirements may be waived based upon our overall supplier risk assessment. City acknowledges and agrees that, notwithstanding anything to the

contrary in this Section 8.7, Contractor is not required to specify levels and/or types of insurance for its subcontractors.

8.8 Evidence of Insurance and Requirement Endorsements. Before beginning any work or services under this Contract, Contractor must furnish the City with Certificate(s) of Insurance, or available blanket endorsements as required by this Contract, issued by Contractor's insurer(s) as evidence that policies are placed with insurers as specified in this Contract and provide the required coverage, conditions, and limits of coverage and that any coverage and provisions are in full force and effect. If a Certificate of Insurance is submitted as verification of coverage, the City will reasonably rely upon the Certificate of Insurance as evidence of coverage, but any acceptance and reliance will not waive or alter in any way the insurance requirements or obligations of this Contract. If any of the required policies of insurance expire during the life of this Contract, it will be Contractor's responsibility to forward renewal Certificates within 10 days after the renewal date containing all the aforementioned insurance provisions. Certificates will specifically cite the following provisions endorsed to the Contractor's policy:

8.8.1 The City, its agents, representatives, officers, directors, officials and employees, as well as any federal agencies as may be required pursuant to applicable laws and other agreements to which the City is subject, including, but not limited to, the U.S. Bureau of Reclamation, must be included as Additional Insured on a blanket basis under the following policies:

- a. Commercial General Liability
- b. Auto Liability
- c. Umbrella/Excess Liability - Follow Form to underlying insurance as required.

8.8.2 Contractor's insurance must be primary insurance as respects performance of subject contract.

8.8.3 All required policies shall waive rights of recovery (subrogation) on a blanket basis against the City, its agents, representatives, officers, directors, officials, and employees for claims arising out of work or services performed by Contractor under this Contract.

8.8.4 If the Contractor receives notice that any of the required policies of insurance are materially reduced or cancelled, it will be Contractor's responsibility to provide prompt notice of same to the City, unless such coverage is immediately replaced with similar policies.

8.9 Commercial General Liability. Contractor must maintain "occurrence" form Commercial General Liability insurance with a limit of not less than \$1,000,000 for each occurrence, \$2,000,000 Products and Completed Operations Annual Aggregate, and a \$2,000,000 General Aggregate Limit. The policy must cover liability arising from premises, operations, products-completed operations, personal injury, and advertising injury. If any excess insurance is utilized to fulfill the requirements of this paragraph, the excess

insurance must be "follow form" equal or broader in coverage scope than the underlying insurance.

8.10 Auto Liability. If any vehicle is used in the performance of the Scope of Work that is the subject of this contract, the Contractor must maintain Business Automobile Liability insurance with a limit of \$1,000,000 each accident on the Contractor's owned, hired, and non-owned vehicles assigned to or used in the performance of the Contractor's work or services under this Contract. If any excess insurance is utilized to fulfill the requirements of this paragraph, the excess insurance must be "follow form" equal or broader in coverage scope than the underlying insurance.

8.11 Workers' Compensation Insurance. Contractor must maintain Workers' Compensation insurance to cover obligations imposed by federal and state statutes applicable to Contractor's employees engaged in the performance of work or services under this Contract, and must also maintain Employers' Liability Insurance of not less than \$100,000 for each accident, \$100,000 disease for each employee, and \$500,000 disease policy limit. If Contractor is a sole proprietor or a single member limited liability company with no employees, and has elected not to purchase Workers' Compensation Insurance, a completed and signed Workers' Compensation Waiver Form will substitute for this insurance requirement.

9. INDEMNIFICATION.

9.1 Indemnification. To the fullest extent permitted by law, Contractor, its successors, assigns, and guarantors must defend, indemnify, and hold harmless the City, its agents, representatives, officers, directors, officials, and employees from and against all allegations, demands, proceedings, suits, actions, claims, damages, losses, expenses, including but not limited to, attorney fees, court costs, and the cost of appellate proceedings, and all claim adjusting and handling expenses, related to, arising from or out of, or resulting from, any act or omission, negligence, recklessness, or intentional wrongful conduct by Contractor in the performance of this Contract, including but not limited to, any Subcontractor or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable and any injury or damages claimed by any of Contractor's and Subcontractor's employees. This indemnity obligation does not apply to, and Contractor shall be held harmless from and against all suits, demands, or claims related to, the sole negligence of the City, its agents, representatives, officers, directors, officials, and employees. Notwithstanding anything to contrary in this Contract, City acknowledges and agrees that Contractor does not insure or underwrite the liability of the City's self-funded health benefits plan(s) (the "Plan"). City is solely responsible for the payment of all benefits under the Plan including any Plan benefits paid as a result of any legal action. City is responsible for reimbursing Contractor and its directors, officers and employees for any reasonable expense incurred (including reasonable attorneys' fees) by them in the defense of any action or proceeding involving a claim for Plan benefits or any payments which City instructs Contractor to make for health care services and/or products that Contractor has determined are not covered under the Plan.

10. COMPLIANCE WITH ARIZONA AND FEDERAL LAWS.

10.1 Conflict of Interest. The City may cancel any contract or agreement, without penalty or obligation, if any person significantly involved in initiating, negotiating, securing, drafting, or creating the contract on behalf of the City's departments or agencies is, at any time while the contract or any extension of the contract is in effect, an employee of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the contract's subject matter. The cancellation will be effective when all other parties to the contract receive the City's written notice unless the notice specifies a later time (A.R.S. § 38-511).

10.2 Immigration Law Compliance. Under the provisions of A.R.S. §41-4401, Contractor warrants to the City that Contractor and all its subcontractors will comply with all federal immigration laws and regulations that relate to their employees and that Contractor and all its subcontractors now comply with the E-Verify Program under A.R.S. §23-214(A).

A breach of this warranty by Contractor or any of its subcontractors will be considered a material breach of this Contract and may subject Contractor or Subcontractor to penalties up to and including termination of this Contract or any subcontract. Contractor will take appropriate steps to assure that all subcontractors comply with the requirements of the E-Verify Program. Contractor's failure to assure compliance by all its subcontractors with the E-Verify Program may be considered a material breach of this Contract by the City.

The City retains the legal right to inspect the papers of any employee of Contractor or (when allowed pursuant to a written agreement) any subcontractor who works on this Contract to ensure that Contractor or any subcontractor is complying with the warranty given above.

The City may conduct random verification of the employment records of Contractor and (when allowed pursuant to a written agreement) any of its subcontractors to ensure compliance with this warranty. Contractor agrees to indemnify, defend, and hold the City harmless for, from, and against all losses and liabilities arising from any and all violations of these statutes.

10.3 No Preferential Treatment or Discrimination. In accordance with the provisions of Article II, Section 36 of the Arizona Constitution, the City will not grant preferential treatment to, or discriminate against, any individual or group on the basis of race, sex, color, ethnicity, or national origin.

10.4 Israel Boycott Prohibition. Unless otherwise prohibited by law or court order, by submitting a quote/proposal/bid and/or entering into a contract with the City, Contractor certifies that they are not currently engaged in, and agree for the duration of the contract to not engage in, a boycott of Israel as proscribed in A.R.S. §35-393.

10.5 Forced Labor Prohibition. To the extent applicable under A.R.S. §35-394, Contractor warrants and certifies that it does not currently, and agrees for the duration of the contract that it will not, use:

- a. The forced labor of ethnic Uyghurs in the People's Republic of China.

- b. Any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China.
- c. Any contractors, subcontractors, or suppliers that use the forced labor or any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China.

If Contractor becomes aware during the term of the Contract that Contractor is not in compliance with this paragraph, Contractor shall notify the City within five (5) business days after becoming aware of the noncompliance. If Contractor fails to provide a written certification that Contractor has remedied the noncompliance within one hundred eighty (180) days after notifying the public entity of its noncompliance, this Contract shall terminate unless the Term of this Contract shall end prior to said one hundred eighty (180) day period.

10.6 Federal Laws. Contractor agrees to comply with all applicable federal laws, including but not limited to the Americans with Disabilities Act, the Immigration Reform and Control Act of 1986, and the Drug Free Workplace Act of 1989.

11. COMPLIANCE WITH CITY REQUIREMENTS

11.1 Advertising. No advertising or publicity concerning the City using Contractor's services shall be undertaken without prior written approval of such advertising or publicity by the Contract Administrator and the City Attorney.

11.2 No Donations Allowed. To avoid the appearance of impropriety, Contractor shall not make any donation to the City of any goods or services during the term of this Contract, unless it has specifically been approved by the City Manager or designee.

11.3 Request for Taxpayer I.D. Number and Certification I.R.S. W-9 Form. Upon request, Contractor will provide the required I.R.S. 2-9 Form, which is available from the I.R.S. website at www.IRS.gov under their forms section.

11.4 Records and Audit Rights. City shall have the right to inspect Contractor's performance under this Contract and review any records of Contractor directly related to the services provided hereunder as mutually agreed upon by City and Contractor in order to determine Contractor's compliance with the terms of this Contract. Contractor shall keep full and detailed accounting records and other documentation relating to the services provided hereunder consistent with its provision of such services to clients of similar scope and size as the Plan. After the execution by the City and Contractor of a mutually agreeable scope of audit agreement, the relevant records shall be made available to City and/or to City's authorized representative upon request of City within a reasonable period of time after such a request, at a reasonable location, and during normal business hours for a period of three (3) years after last or final payment, not to exceed one inspection per year.

Contractor shall ensure that its Subcontractors, insurance agents, and material suppliers (payees) comply with the provisions of this Section.

If an audit in accordance with this Section, discloses overcharges, of any nature, by the Contractor to the City in excess of 1% of the total contract billings, the actual cost of the City's audit will be reimbursed to the City by the Contractor. Any adjustments and/or payments which must be made as a result of any audit or inspection of the Contractor's invoices and/or records will be made within a reasonable amount of time (not to exceed 90 days) from presentation of City's findings to Contractor.

11.5 Background Check. Contractor acknowledges that the City may require a background and/or criminal records check of Contractor employees, which may include fingerprinting. If, in the City's sole discretion, the City determines that Contractor refused to participate in a background or criminal records check, or the City no longer wishes to contract with Contractor due to the results of a background or criminal records check, the City may terminate this Contract effective immediately upon the City's notice to Contractor.

11.6 Contractor On Site Safety Requirements. For any non-construction City supplier whose service contract(s) (either singular or in aggregate) results in the contractor working 500 or more hours on site at a City of Scottsdale location(s) in any one calendar quarter, the following documentation must be provided by Contractor to the Contract Administrator ("CA"):

- the contractor's most recent OSHA 300A (if applicable);
- all accident reports for injuries that occurred in the city under the contract during the most recent review period;
- the contractor's current worker's compensation experience modifier;
- the above information is to be provided to the CA initially and every February thereafter as long as the contract is in force;
- the CA will provide this information to Risk Management when requested.

12. MISCELLANEOUS.

12.1 Arizona Law; Venue. This Contract shall be governed and interpreted according to the laws of the State of Arizona, and any cause of action pertaining to this Contract may be brought only in courts in Maricopa County, Arizona.

12.2 Attorney Fees. In the event either party brings any action for any relief, declaratory or otherwise, arising out of this Contract, or on account of any breach or default, the prevailing party will be entitled to receive from the other party reasonable attorneys' fees and reasonable costs and expenses, determined by the court sitting without a jury, which will be considered to have accrued on the commencement of the action and will be enforceable whether or not the action is prosecuted to judgment.

12.3 Severability. If any provision of this Contract is found by a court of competent jurisdiction to be illegal, invalid, or unenforceable, then such provision shall be deemed deleted, the remaining provisions shall not in any way be affected or impaired thereby, and this Contract shall remain in full force and effect.

12.4 Entire Agreement. This Contract constitutes the entire understanding between the Parties and supersedes all previous representations, written or oral, with respect to the subject matter contained herein.

12.5 Amendments. This Contract may not be modified or amended except by written agreement of the Parties, signed by the Purchasing Director or designee and the Contractor's authorized representative.

12.6 Cooperative Use of Contract. This Contract may be extended for use by other municipalities, government agencies and governing bodies, including but not limited to the Arizona Board of Regents, and political subdivisions of the State of Arizona, that has, at the time of request, a cooperative purchasing agreement with the City, or that participates in the Strategic Alliance for Volume Expenditures (SAVE) cooperative. Any usage by other entities must be in accordance with the ordinances, charter, and/or rules and regulations of the respective entity and must be approved by Contractor. Each participating entity that orders goods or services under this Contract as provided above is solely responsible for paying Contractor for those goods and services. The City is not responsible for any disputes arising out of transactions made by other entities.

12.7 Assignment. Services covered by this Contract may not be assigned or sublet in whole or in part without first obtaining the written consent of the Purchasing Director or designee and Contract Administrator; provided however, that City acknowledges that Contractor has established relationships with vendors, affiliates, and subcontractors in the marketplace to perform or augment the performance of certain obligations under this Contract in an effort to make use of their expertise and to enhance Contractor's offerings to its clients. These established relationships service Contractor's entire book of business and have not been contracted to service the specific contractual arrangement(s) between the City and Contractor. Accordingly, Contractor may assign any right, interest, or responsibility under this Contract to its affiliates and/or subcontract specific obligations under this Contract; provided; however, that Contractor remains liable for every act and service for which it contracts with City hereunder.

12.8 Counterparts. This Contract may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

12.9 Authority. Each party warrants and represents that it has full power and authority to enter into and perform this Contract, and that the person signing on behalf of each has been properly authorized to enter into this Contract.

12.10 Successors and Assigns. This Contract extends to and is binding upon Contractor, its successors and assigns, including any individual, company, partnership or other entity with or into which Contractor merges, consolidates or is liquidated, or any person, corporation, partnership or other entity to which Contractor sells its assets.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have executed this Contract as of the date first set forth above.

CITY OF SCOTTSDALE, an

ATTEST:

Arizona municipal corporation

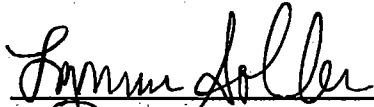
Lisa Borowsky, Mayor

Ben Lane, City Clerk

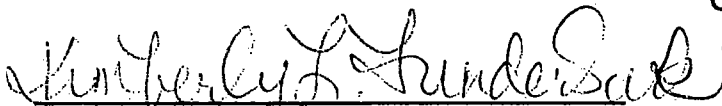
CONTRACTOR:

Cigna Health and Life Insurance Company
8888 E. Raintree Drive
Scottsdale, AZ 85260

REVIEWED BY:



Lynna Soller
Contract Administrator

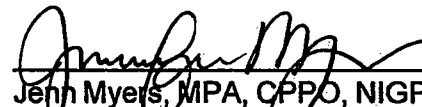


Authorized Representative Signature

Kimberly L Funderburk

Name
Vice President

Title

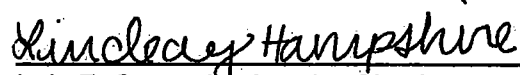


Jenn Myers, MPA, CPPD, NIGP-CPP, CPPB
Purchasing Director



George Woods
Safety and Risk Management Director

APPROVED AS TO FORM:



Luis E. Santaella, Interim City Attorney
By: Lindsay Hampshire, Asst. City Attorney



City of Scottsdale Cigna Exhibit A

Presented By:
 Charlie Broucek, SVP
 Julie Hickey, VP Benefits Consultant

Exhibit A



Pricing

	Cigna Proposed
Administration Fee PEPM	\$20.31
Enrollment	2,182
Additional Implementation Credits	
Annual Fixed Cost	\$531,797
Fixed Cost Including Credits	\$531,797
Stop Loss \$350,000 Firm 20% increase	\$96.00
Stop Loss Contract Type	Paid
Repricing (In-Network)	65.9% Inpatient 73.9% Outpatient 64.8% Physician 71.2% Other Medical Ancillary Total 69.9%
Administration Fee Rate Guarantees	Guaranteed for 2 years with 4% escalators for years 3-5. Includes \$0.36 for Vision.
Performance Guarantees	\$50,000 for medical Network Discount. Valued at \$106,706 for one year
Shared Savings	35% with a cap of \$30K per claim

Exhibit A



Network Disruption & Health Advocacy Programs



Network Disruption

99.89% Total
81.89% LocalPlus

Health Advocacy Programs

Utilization and Clinical Management, value-based contract reimbursements, Healthy Pregnancies Healthy Babies, Your Health First chronic condition coaching, comprehensive oncology cancer support, behavioral health management, high tech radiology, One Guide, PHT Personal Health Team, Lifestyle management

City of Scottsdale has the below.
Buy-Up Options: Omada for pre-diabetic and diabetic outcome-based pricing.
Embarc is a fee of \$1.25 PMPM to get a % of premium back.

Exhibit A



BROWN & BROWN | 3

On-Site Coordinator



On-Site Wellness Coordinator

Yes

Wellness

\$200,000 to support wellness
\$25,000 for communications
\$20,000 in funds to support Your Call Program
\$10,000 in funds to launch onsite/near site clinic

Exhibit A



BROWN & BROWN | 4

Pricing Dental

	Cigna (Incumbent)
	Years 1 & 2 (packaged with medical)
Administration Fee	DPPO: \$2.94 DHMO: EE \$11.38 EE+SP \$18.67 EE+CH \$25.52 FAM \$29.94
Enrollment	DPPO: 761 DHMO: EE 213 EE+SP 71 EE+CH 36 FAM 104
Annual Fixed Cost	DPPO: \$26,848 DHMO: \$7,782
Provider Disruption	DPPO: 88% DHMO: Raw data provided
Notes	DPPO & DHMO: See proposal for years 3-5 pricing Performance Guarantee: \$11,000



Exhibit A

Pricing EAP

	Cigna
Administration Fee	10 visits: \$3.15 12 visits for first responders Non-members: \$160/visit See pricing sheet for additional year costs.
Implementation	Incumbent; only implementing the renewal.
Reporting	Standard reporting included
Plan Administration	Will utilize the same team as medical Life threatening emergency: immediately Non-life-threatening emergency: not to exceed 6 hours Urgent care: not to exceed 2 days. Routine care: within 10 business days Online resources include work life services Online and phone support 24/7



Exhibit A

Plan Administration

Cigna

Programs	<p>Employee, management, and organizational services:</p> <p>Confide Enhanced EAP (worth \$140K), unlimited telephonic EAP consultations, live chat for EAP support, find a provider service, face to face or virtual sessions, access to Talkspace (video-based and or text therapy), EAP national wellness webcasts available bi-monthly, on-demand videos, Healthy rewards program for discounts on a wide range of healthcare services and products. For a more extensive list please go to page 56-59 in the proposal.</p>
Programs at an Additional Cost	<p>\$50 per month buy-up for emergency responder support line</p> <p>Currently, the City has two onsite providers, they are billed \$95-\$120 an hour depending on the contracted provider fee. There must be a minimum of 4 onsite hours per week.</p>



Exhibit A

PHARMACY PRICING SUMMARY

City of Scottsdale

7/1/2026



Start Dates:

Current

7/1/2025	7/1/2026
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Membership

Subscribers:	2,212	2,212
Customers:	4,904	4,904

Admin

Administrative Fee (Retail and HD):	Per Script	\$0.00	\$0.00
Administrative Fee:	PEPM	\$0.00	\$0.00
Clinical Program Fee:	PEPM	\$0.00	\$0.00

Consultant Fees

Annual Fee:	Lump Sum	\$0.00	\$0.00
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Network Discounts & Dispense Fees

Single Source Generics are considered:

Generic Generic

Retail-30 Day Network

Retail Brand Discount:	AWP	19.60%	20.00%
Retail Generic Discount*:	AWP	84.20%	86.50%
Retail Brand Dispensing Fee:	Per Script	\$0.60	\$0.55
Retail Generic Dispensing Fee:	Per Script	\$0.60	\$0.55

Retail-90 Day Network

Retail Brand Discount:	AWP	27.00%	23.00%
Retail Generic Discount*:	AWP	85.70%	88.00%
Retail Brand Dispensing Fee:	Per Script	\$0.00	\$0.00
Retail Generic Dispensing Fee:	Per Script	\$0.00	\$0.00

Cigna Home Delivery

Cigna Home Delivery Brand Discount:	AWP	27.00%	23.00%
Cigna Home Delivery Generic Discount*:	AWP	87.20%	90.00%
Cigna Home Delivery Dispensing Fee:	Per Script	\$0.00	\$0.00

EnReach Rx

EnReach:	Opt-In	Opt-In
EnReach Retail Discount:	19.75%	19.75%
EnReach Mail Discount:	20.00%	20.00%
EnReach Professional Service Fee:	\$25.00	\$25.00
EnGuide Shipping Fee (Mail Only):	\$10.00	\$10.00

Specialty

Specialty Discounts on a Combined Basis (Retail, HD, Brand, Generic):	AWP	20.75%	24.75%
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*Limited Distribution Drugs are excluded from specialty discount guarantees

Rebate Sharing

For proposed period, rebates will be paid based on the greater of: Percentage of rebates earned, or minimum rebate guarantees per brand script

Drug List:	Standard	Standard
Sharing:	Per Brand	Per Brand
Retail-30:	\$300.00	\$425.00
Retail-90:	\$660.00	\$1,100.00
Home Delivery:	\$940.00	\$1,100.00
Home Delivery Specialty:	\$2,880.00	\$4,750.00
Sharing %:	100%	100%

*Discounts include non-specialty generic drugs.

PRESCRIPTION FINANCIAL UNDERWRITING CAVEATS

City of Scottsdale

7/1/2026

General

- The effective date for this quotation is 7/1/2026 and the policy term will run for 36 months. Fees and rates represented within this quotation are valid for the policy
- This quotation assumes a total in-force of 2,212 employees covered under the pharmacy plan. Should actual enrollment vary by +/- 10 percent, at any time after the effective date, Cigna's prescription drug rates, administrative fees, dispensing fees, and manufacturer consideration sharing guarantees included in this proposal will be subject to change.
- Our discount and dispensing fee guarantees are offered pursuant to the language provided in our ASO contract or amendment, and will only be reconciled and payment issued according to the terms offered and agreed upon in a signed document between CHLIC and the client.
- Employee contribution percentages will be the same as the current arrangement.
- Quotation assumes Cigna standards of implementation, financials, edits, banking, plan operations, formulary, programming, reporting, systems capabilities, online functionality and consulting. Any non-standards may result in fees billable to the client.
- Quotation assumes Cigna is the exclusive provider of mail order, retail and specialty benefits.
- Quotation assumes no client specific network, in-house pharmacy, or onsite pharmacy.
- Quotation assumes exclusive home delivery for specialty medication.
- Quotation assumes a (30) day fill at home delivery for specialty medication.
- Quotation for retail 90 pricing assumes up to a ninety (90) day fill at retail pharmacies through Cigna's 90 Now CVS network. Retail 90 discount, dispensing fee, and rebate will apply to a minimum 83 day supply.
- Quotation assumes Cigna's 90 Now CVS retail pharmacy network.
- Quotation assumes Cigna's Standard prescription drug list.
- Quotation assumes aggregate specialty discount is based on client's specific drug mix.
- Remittance of rebates will be provided within ninety (90) days after the close of each applicable calendar quarter.
- Brand claims for purposes of rebate reconciliation exclude 340B, Run-Out, Reversals, DMR, Medical Specialty Drugs, Covid Therapy, Fertility, LTC, Home-Infusion Pharmacies, Non-Standard Facility Claims (Indian Tribal, Military, Veterans Administration), Compounds and Vaccines.
- Quotation assumes any amount directly or indirectly provided by a manufacturer or other third party that is allocated to reduce and/or wholly or partially satisfy a member's cost-sharing obligation for a covered drug shall not be considered a rebate for the purposes of rebate payments to employer but may be included when reconciling CHLIC's performance against any rebate minimum guarantee set forth in this quotation.
- Unless otherwise indicated, this proposal assumes applicable requirements of the Patient Protection and Affordable Care Act will be implemented on the effective date/renewal date unless you direct otherwise.
- Cigna reserves the right to revisit and revise the fees if any of the following occur:
 - Additional optional services are requested or client structure requirements change significantly
 - Modifications to proposed benefit options are requested

Government Regulations

- At Cigna's option, this quotation, and any rate, fee, trend, or other guarantee included in this quotation, or agreements arising from this quotation, shall be void in the event of federal, state or local action impacting the benefit levels quoted herein or affecting our ability to meet our obligations to you, to your employees/our members or to our contracted providers. Should this happen, Cigna will make a good faith effort to work with the Employer to reach a new agreement that equitably reflects the circumstances as altered by government action.

Exclusivity

- This quotation assumes Cigna will be the exclusive pharmacy carrier for all employer worksites. Other competitors "like" products will not be offered in conjunction with the products noted above.

Optional Services

- Additional charges may apply if Cigna is requested to interface with a non-Cigna network, utilization management, third party mental health, prescription drug, or other third party vendor sample.

Average Wholesale Price (AWP)

- References in this proposal to the average wholesale price, or "AWP," of pharmaceutical products are based on the AWP as published by Medi-Span or other alternative industry-accepted publication reasonably designated by Cigna. In the event of any change in the markup, methodologies, processes, or algorithms underlying the published AWP(s), or if Cigna chooses a benchmark different than AWP or chooses a different source for the AWP, Cigna may adjust any or all of the AWP-based charges to reflect the economics of this proposal prior to such change.

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