



Office of Policy and Budgetary Affairs

MEMORANDUM

TO:	Honorable Chairman Anthony Rodriguez and Members, Board of County Commissioners	DATE:	August 12th, 2025
FROM:	Lonnika Bender, Policy and Legislative Manager Office of Policy and Budgetary Affairs 	SUBJECT:	Healthcare Contract Supplemental Analysis- Legistar 251524

Attached is the updated analysis prepared by the Office of Policy and Budgetary Affairs (OPBA) regarding the County employee insurance item scheduled for discussion at the August 13th, 2025 Special Meeting of the Board of County Commissioners.

This analysis summarizes key points of the independent review conducted by Aon Consulting, Inc., as referenced in the agenda item. It is intended to provide context and support public understanding of the discussion and related Board Action.

For additional information regarding the content of this analysis or other legislative matters, please contact Lonnika Bender at Lonnika.Bender@miamidade.gov.

Updated with Aon Consulting, Inc Report**Aon Consulting, Inc Report Review**

Per the Board's request during the July 16, 2025, commission meeting, Aon was retained to provide a second, independent actuarial analysis of the proposals submitted by Aetna and AvMed for the County's Self-Funded Employee Group Healthcare Program. The goal was to determine the more cost-effective option while maintaining service quality. Aon conducted the independent analysis of medical claims during the timeframe of July 22- July 28th, 2025. The report was provided to the board via email on August 8th, 2025.

Summary of Methodology (Aon Approach)

- Aon performed a neutral review without access to Gallagher's original analysis.
- Claims for both vendors were repriced and validated.
- Discount assumptions, capitation, and administrative fees were carefully applied.
- Sensitivity testing confirmed Aetna remained the lower-cost vendor under various scenarios.
- Medicare plans and pharmacy claims were excluded from the analysis.

Main Findings

	AvMed	Aetna	Difference
Medical Repriced Claims	\$308.6 M	\$263.7M	\$44.9M savings
Capitated Service	\$5.6M	\$0	\$5.6M Savings
Total Medical Claims	\$314.2M	\$263.7M	\$50.5M savings
Total Admin/ASO Fees	\$10.5M	\$15.5M	\$5M higher for Aetna
Total Cost (Claims + Fees)	\$324.7M	\$279.2M	\$45.5M Total Savings

Capitation & Administrative Fees Comparison (Exhibit A Highlights from Aon report)

- AvMed includes capitation cost (\$5.6M) and lower ASO fees.
- Aetna does not use capitation and incorporates more comprehensive optional programs (Telehealth, Diabetes, COBRA, Physical Therapy, health expectations pregnancy, Wellness program, and SmartShopper)

Although Aetna's total administrative fees were \$5M higher, their overall pricing still results in greater total savings.

Discount Comparison (Exhibit B highlights from Aon report)

- Aetna offered more favorable discounts across all plan types using a single national network (Aetna Choice POS ii)
- AvMed offered four separate network discounts tied to each plan, with less favorable repricing results.

Aetna's approach provided greater simplicity and cost efficiency in repriced claim values.

Fiscal Impact

- Projected annual savings of approximately \$45.5 million if the County transitions to Aetna.
- This aligns with prior estimates (from Gallagher), which suggested at least \$40 million in savings annually.
- The County's total projected spend would be reduced from \$324.7 million with AvMed to \$279.2 million with Aetna.

Final Recommendation

Based on the independent analysis, Aetna offers the most cost-effective and comprehensive proposal, with an estimated \$45.5 million in total savings over AvMed. Savings are primarily driven by lower medical claims, even when accounting for Aetna's high administrative fees. Aetna's favorable rating was driven by its national network, strong discount methodology, and streamlined model.

File #: 251524

RESOLUTION AUTHORIZING REJECTION OF ALL PROPOSALS RECEIVED IN RESPONSE TO THE COMPETITIVE SOLICITATION AND WAIVER OF COMPETITIVE BIDDING PROCEDURES PURSUANT TO SECTION 5.03(D) OF THE HOME RULE CHARTER AND SECTION 2-8.1(B) OF THE COUNTY CODE, BY A TWO-THIRDS VOTE OF THE BOARD MEMBERS PRESENT, AND AWARD A NON-COMPETITIVE CONTRACT, CONTRACT NO. EVN0004282, SELF-FUNDED EMPLOYEE GROUP HEALTHCARE PROGRAM, TO AETNA LIFE INSURANCE COMPANY IN AN AMOUNT ESTIMATED TO BE \$77,676,808.00 FOR A FIVE-YEAR TERM WITH ONE, TWO-YEAR OPTION TO RENEW FOR THE PEOPLE AND INTERNAL OPERATIONS DEPARTMENT; AND AUTHORIZING THE COUNTY MAYOR OR COUNTY MAYOR'S DESIGNEE TO EXECUTE THE AGREEMENT AND EXERCISE ALL PROVISIONS OF THE CONTRACT, INCLUDING ANY CANCELLATION, RENEWAL, OR EXTENSIONS, PURSUANT TO SECTION 2-8.1 OF THE COUNTY CODE AND IMPLEMENTING ORDER 3-38

This resolution proposes a major shift in health coverage for all County employees and retirees, moving away from a 25-year relationship with AvMed to a new contract with Aetna. The decision was based on a competitive and committee-based RFP process. This item recommends awarding a non-competitive contract for full administrative services for MDC self-funded employee group healthcare program. This includes pharmacy benefits management, disease management, and wellness program services. Though a competitive solicitation was issued and four proposals were received, two were deemed non-responsive. Of the two responsive proposals, Aetna received the highest ranking based on scoring and pricing. However, due to local preference rules, AvMed was initially considered for negotiations.

Fiscal Impact and Source

Estimated contract value: \$77,676,808.00

Term: Five years, with one two-year option to renew

Funding Source: Employee healthcare contributions and departmental funds managed through a self-funded program. Payments will be made via bi-weekly wire transfers from a County-controlled account.