



AGENDA MEMO
12/4/2018 Agenda

TO: Honorable Mayor and City Council

FROM: Alicia Dorsey, Director of Human Resources

SUBJECT: Request to Approve Cigna as the City's Stop Loss Vendor for 2019

BACKGROUND:

Each year the Human Resources Department works with the City's Benefits consultant, Holmes Murphy, to review the City's benefits package. Based on that recent review staff chose to issue a Request for Proposal (RFP) for stop loss coverage. In a self-insurance program stop loss coverage is provided to minimize the City's exposure to large insurance claims. Currently the City's stop loss coverage is \$93,500 per claim and is provided by Cigna. This means that once an individual insurance claim exceeds \$93,500, all future expenses are paid by the City's stop loss vendor. This year the City elected to bid this coverage.

A request for proposal (RFP) was sent to 15 vendors who provide this coverage. The City received two responses. The majority of the other vendors were not competitive and declined to provide a bid quote. The reasons given were the size of the City, ongoing large claimants and their proposed rates were not competitive. After reviewing the two proposals staff recommendation is to approve Cigna as the City's stop loss vendor for 2019. With this proposed recommendation the City's annual fixed costs for stop loss coverage will increase by \$90,500 for a total cost of \$628,567. The proposed recommendation was presented to the Employee Benefits Committee on November 29 and the committee approved the proposed recommendation.

RECOMMENDATION:

Staff recommends that Cigna be approved as the City's stop loss vendor for 2019.