



AGENDA MEMO

11/5/2019 Agenda

TO: Honorable Mayor and City Council

FROM: Alicia Dorsey, Director of Human Resources

SUBJECT: Request to Approve Annual Stop Loss Renewal

BACKGROUND:

Each year the Human Resources Department works with the City's Benefits consultant, Holmes Murphy, to review the City's benefits package. During this year's review with the Employee Benefits Committee, staff elected to remain with CIGNA as our stop loss vendor and evaluate renewal offers accordingly.

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. This means that once an individual insurance claim exceeds \$93,500, all future expenses are paid by the City's stop loss vendor.

The City received two renewal options from CIGNA. The first renewal option included an unchanged stop loss deductible of \$93,500 with a 16.7% increased cost in fixed fees, totaling \$110,721. The second renewal option offered an increased stop loss deductible of \$110,000 with a 2.98% increased cost in fixed fees, totaling \$19,743 over the current year.

After reviewing the two proposals staff recommendation is to approve the renewal of our stop loss coverage with CIGNA at the stop loss deductible of \$110,000 for calendar year 2020. With this proposed recommendation, the City's annual fixed costs they pay for stop loss coverage will increase by \$19,743. The proposed recommendation was presented and approved by the Employee Benefits Committee on Wednesday, September 18, 2019.

RECOMMENDATION:

Staff recommends approval of the renewal of our stop loss coverage with CIGNA at the stop loss deductible of \$110,000 for calendar year 2020.

2020 STOP LOSS OPTIONS

Vendor Name	Cigna(Current)	Cigna Renewal	Cigna Alternate
Contract			
ISL Deductible	\$93,500	\$93,500	\$110,000
Stop Loss Policy Covers	Medical/Rx	Medical/Rx	Medical/Rx
Total Fixed Expenses	\$662,880	\$773,600	\$682,623
% vs. Current		16.70%	2.98%
\$ vs. Current		\$110,721	\$19,743
Difference vs. Budget		\$11,288	-\$79,689
Expected Claims	\$2,761,341	\$3,124,898	\$3,183,298
Expected Plan Costs	\$3,424,221	\$3,898,499	\$3,865,921
Maximum Plan Costs	\$4,114,556	\$4,679,723	\$4,661,745