



AGENDA MEMORANDUM

Action Item for the City Council Meeting September 24, 2019

DATE: September 24, 2019

TO: Peter Zaroni, City Manager

FROM: Rosa Medina, Interim Director of Human Resources
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Service Agreement for Stop Loss Insurance

CAPTION:

Motion authorizing a one-year service agreement in an amount not to exceed \$2,500,000.00 with stHealth Benefit Solutions, LLC, dba Stealth Partner Group and Sun Life Assurance Company of Canada to provide stop loss coverage for the City's self-funded employee health benefits, beginning October 1, 2019 to September 30, 2020, with funding available in the FY 2020 Fire, Police and Citicare Employee Health General Funds.

SUMMARY:

This motion authorizes a contract with stHealth Benefit Solutions, LLC, dba Stealth Partner Group and Sun Life Assurance Company of Canada to provide stop loss insurance for an amount not to exceed \$2,500,000.00. Stop loss coverage is reinsurance for the City's health plans in order to mitigate the City's claims risk.

BACKGROUND AND FINDINGS:

Stop loss coverage is reinsurance for the City's health plans, which under the Affordable Care Act hold unlimited claims liability. Once the City has paid \$250,000.00 for a claimant in one plan year, the stop loss insurance begins reimbursing the City for expenses over that amount for that claimant. This benefit is for City employees, including both Fire and Police labor groups.

The current contract for stop loss insurance is with SA Benefit Services. This is a one year contract that is expiring September 30, 2019. A Request for Proposal No. 2255 was issued to start the process for a new contract. The City received three proposals for this service, and evaluations of the proposals began by the City's evaluation committee and health benefits consultant. The evaluation committee was comprised of five members, with representation from Fire, Police, Human Resources and Finance. The City considered all three firms as finalist, and no interviews were conducted. The proposals were evaluated, and final scores were tabulated for each firm to determine the highest-ranking firm offering the best value to the City for stop loss coverage. Staff

is recommending stHealth Benefit Solutions, LLC, dba Stealth Partner Group and Sun Life Assurance Company of Canada for award of the stop loss coverage.

ALTERNATIVES:

The City may choose to not purchase Stop Loss Coverage and retain the unlimited claims risk for the health plans.

FISCAL IMPACT:

The fiscal impact the Human Resources Department is an estimated value of \$2,500,000.00 for this one-year term. Health plan enrollment may alter the total cost. Funding is available in the FY 2020 Fire, Police and Citicare Employee Health Funds.

Funding Detail:

Fund:	5608	EmpHth Fire
Organization/Activity	40602	
Mission Element	213	Develop and manage health and benefits program
Project # (CIP Only)	N/A	
Accounts:	537385	Stop Loss Premium-Active \$415,200.00
	537386	Stop Loss Premium-Retiree \$56,000.00

Fund:	5609	EmpHth Police
Organization/Activity	40603	
Mission Element	213	Develop and manage health and benefits program
Project # (CIP Only)	N/A	
Accounts:	537385	Stop Loss Premium-Active \$369,000.00
	537386	Stop Loss Premium-Retiree \$32,000.00

Fund:	5609	EmpHth Police
Organization/Activity	40605	
Mission Element	213	Develop and manage health and benefits program
Project # (CIP Only)	N/A	
Accounts:	537385	Stop Loss Premium-Active \$76,000.00
	537386	Stop Loss Premium-Retiree \$4,800.00

Fund:	5610	EmpHth Citicare
Organization/Activity	40600	
Mission Element	213	Develop and manage health and benefits program
Project # (CIP Only)	N/A	
Accounts:	537385	Stop Loss Premium-Active \$693,600.00
	537386	Stop Loss Premium-Retiree \$13,000.00

Fund:	5610	EmpHth Citicare
Organization/Activity	40601	
Mission Element	213	Develop and manage health and benefits program
Project # (CIP Only)	N/A	
Accounts:	537385	Stop Loss Premium-Active \$693,000.00
	537386	Stop Loss Premium-Retiree \$3,500.00

Fund:	5610	EmpHth Citicare
Organization/Activity	40604	
Mission Element	213	Develop and manage health and benefits program
Project # (CIP Only)	N/A	
Accounts:	537385	Stop Loss Premium-Active \$143,000.00
	537386	Stop Loss Premium-Retiree \$900.00

RECOMMENDATION:

Staff recommends approval of this motion authorizing a one-year service agreement with stHealth Benefit Solutions, LLC, dba Stealth Partner Group and Sun Life Assurance Company of Canada for stop loss insurance as presented.

LIST OF SUPPORTING DOCUMENTS:

Service Agreement
Evaluation Matrix
Presentation