



AGENDA MEMORANDUM

Action Item for the City Council Meeting September 19, 2023

DATE: September 19, 2023

TO: Peter Zanoni, City Manager

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Service Agreement for Stop Loss Insurance for the City of Corpus Christi for FY 2024

CAPTION:

Motion authorizing a one-year service agreement with Stealth Partner Group, LLC., of Scottsdale, Arizona, for stop loss coverage for the City's self-funded employee health benefits from October 1, 2023, through September 30, 2024, with funding from the proposed FY 2024 Operating Budget for an estimated amount of \$2,463,012.00 payable from various City employee Health Funds.

SUMMARY:

This motion authorizes a one-year service agreement with Stealth Partners Group, LLC., to provide stop loss insurance for the City of Corpus Christi for FY 2024.

BACKGROUND AND FINDINGS:

Under the Affordable Care Act, health plans hold unlimited claims liability. Stop loss coverage is reinsurance for the City's health plans to mitigate the City's claims risk by capping the City's maximum cost per claimant at \$300,000 for the plan year. Once the City has paid a \$300,000 deductible per claimant in the plan year, then the stop loss insurance begins reimbursing the City for claims over that deductible.

Stop loss insurance is a premium-based, fully insured plan. Premiums are charged per employee per month (PEPM) for each month an employee is enrolled in the health plan. The current fiscal year premiums are \$66.18 PEPM, for a Stop Loss Policy with a \$300,000 deductible per member in the plan year. Once the City has paid more than \$300,000 in medical and pharmacy claims for a plan member, the City is then eligible to submit its own claim under the stop loss insurance policy. At that point we receive reimbursement for anything over \$300,000 for the respective plan member. The stop loss provides the ceiling for the max amount the City will pay for claims in the plan year for any member.

The City is utilizing the stop loss insurance and has received \$528,572 in claims reimbursements

through June of the current plan year (July, August, and September are still outstanding on claims reimbursements for the current plan year). This mitigates the impact of medical and pharmacy expenditures for high-cost claimants that have exceeded the \$300,000 deductible.

Over the past five years, the City has averaged 10 high cost claimants per fiscal year. For FY 2023, the City has 13 claimants. The total available year-to-date claims amount for the 13 claimants is approximately \$3.9 million. Based off that figure, staff estimates that through the end of FY 2023, the total claims amount that the City would have to pay for the 13 claimants if it did not have stop loss insurance would be \$4.5 million.

The current agreement for stop loss insurance is with Summit Risk Advisors, LLC., dba SA Benefit Services. The current agreement is for one year for an estimated amount of \$2,496,000.00. The current agreement will expire on September 30, 2023.

PROCUREMENT DETAIL:

A Request for Proposal was issued for a new stop loss reinsurance agreement. The City received three proposals which were evaluated by the City's evaluation committee and health benefits consultant. The evaluation committee was comprised of five members, with representation from the Fire, Police, Human Resources and Finance Departments. The Request for Proposal committee evaluated all aspects of the company's current capabilities, which accounted for 50 of the possible points, 40 possible points for pricing, and 10 possible points for local preference. Final scores were tabulated for each firm to determine the highest-ranking firm offering the best value to the City for stop loss coverage.

The City recommends awarding Stealth Partner Group, LLC. They are the recommended vendor because they submitted the most competitive and highest-ranking proposal with a PEPM cost of \$66.21, which is \$0.03 cents more than the current agreement's stop loss rate. Stealth Partner Group, LLC. also proposed no additional cost for specific lasers, resulting in additional savings from fiscal year 2023, an overall 11.05% reduction cost.

The current agreement for the City's stop loss is with SA Benefits. However, in FY 2020, the City used Stealth Partners Group, LLC., for stop loss insurance. They provided excellent service during that agreement, and the City expects the same level of service for the proposed one-year agreement. Both the City and HUB have had positive experiences with Stealth Partners Group, LLC. and, therefore, recommend the proposed agreement with them.

ALTERNATIVES:

The City may choose to not purchase Stop Loss Coverage. However, under the Affordable Care Act, health plans hold unlimited claims liability and that becomes the responsibility of the City to pay. Stop loss coverage is reinsurance for the City's health plans to mitigate the City's claims risk by capping the City's maximum cost per claimant at \$300,000 for the plan year.

FISCAL IMPACT:

There will be no fiscal impact for the FY 2023 budget for this agreement. The funding has been included in the FY 2024 Operating Budget through the various City employee health funds for the estimated contract value of \$2,463,012.00.

FUNDING DETAIL:

Fund:	5608	EmpHth Fire
Organization/Activity:	40602	Citicare - Fire
Accounts:	537385	Stop Loss Premium-Active

	537386	Stop Loss Premium-Retiree
Amount:	\$193,068.25	
Fund:	5608	EmpHth Fire
Organization/Activity:	40606	Fire CDHP
Accounts:	537385	Stop Loss Premium-Active
	537386	Stop Loss Premium-Retiree
Amount:	\$182,740.00	
Fund:	5609	EmpHth Police
Organization/Activity:	40605	Police CDHP
Accounts:	537385	Stop Loss Premium-Active
	537386	Stop Loss Premium-Retiree
Amount:	\$411,561.25	
Fund:	5610	EmpHth Citicare
Organization/Activity:	40600	Citicare
Accounts:	537385	Stop Loss Premium-Active
	537386	Stop Loss Premium-Retiree
Amount:	\$783,396.50	
Fund:	5610	EmpHth Citicare
Organization/Activity:	40601	Citicare CDHP
Accounts:	537385	Stop Loss Premium-Active
	537386	Stop Loss Premium-Retiree
Amount:	\$892,246.00	

Total: \$2,463,012.00

RECOMMENDATION:

Staff is recommending that the City execute a one-year service agreement with Stealth Partner Group, LLC., for award of the stop loss coverage, as presented.

LIST OF SUPPORTING DOCUMENTS:

Evaluation Matrix
Service Agreement