



AGENDA MEMORANDUM

Action Item for the City Council Meeting September 21, 2021

DATE: October 12, 2021

TO: Peter Zaroni, City Manager

FROM: Eyvon McHaney, Director of Human Resources
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Service Agreement for Stop Loss Insurance
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CAPTION:

Motion authorizing an amendment to the Service Agreement with BlueCross BlueShield of Texas, a Division of Health Care Service Corporation, to add stop loss coverage for the City's self-funded employee health benefits from October 1, 2021 to September 30, 2022 with funding in the FY 2022 Operating Budget in an estimated amount of \$3,252,100.00 through the Fire, Police and Citicare Employee Health Funds.

SUMMARY:

This motion authorizes a revision to the current agreement with BlueCross BlueShield of Texas to provide stop loss insurance for the City of Corpus Christi. 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 \$250,000 for the plan year. Once the City has paid \$250,000 for a claimant in the plan year, the stop loss insurance begins reimbursing the City for claims over that amount.

BACKGROUND AND FINDINGS:

The current contract for stop loss insurance is with BlueCross and BlueShield of Texas, a Division of Health Care Service Corporation. This is a one-year contract that is expiring September 30, 2021

A Request for Proposal was issued for a new stop loss reinsurance contract. 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 Fire, Police, Risk Management, and Human Resources. Final scores were tabulated for each firm to determine the highest-ranking firm offering the best value to the City for stop loss coverage.

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. During Fiscal Year 2020-2021, premiums were \$74.25 PEPM. This year, BlueCross BlueShield submitted the most competitive bid of \$90.79 PEPM, an increase of 22.3% over this fiscal year's premium.

ALTERNATIVES:

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

FISCAL IMPACT:

There will be no fiscal impact for the Human Resources Department in FY 2021 for this agreement. The funding has been included in the FY 2022 Operating Budget through the Fire, Police and Citicare Employee Health Funds for the estimated contract value of \$3,252,100.00.

Funding Detail:

Fund:	5608	EmpHth Fire	
Organization/Activity	40602	Citicare - Fire	
Mission Element	213	Develop and manage health and benefits program	
Project # (CIP Only)	N/A		
Accounts:	537385	Stop Loss Premium-Active	\$217,896
	537386	Stop Loss Premium-Retiree	\$53,385

Fund:	5608	EmpHth Fire	
Organization/Activity	40606	Fire CDHP	
Mission Element	213	Develop and manage health and benefits program	
Project # (CIP Only)	N/A		
Accounts:	537385	Stop Loss Premium-Active	\$291,981
	537386	Stop Loss Premium-Retiree	\$9,805

Fund:	5609	EmpHth Police	
Organization/Activity	40605	Police CDHP	
Mission Element	213	Develop and manage health and benefits program	
Project # (CIP Only)	N/A		
Accounts:	537385	Stop Loss Premium-Active	\$506,608
	537386	Stop Loss Premium-Retiree	\$33,774

Fund:	5610	EmpHth Citicare	
Organization/Activity	40600	Citicare	
Mission Element	213	Develop and manage health and benefits program	
Project # (CIP Only)	N/A		
Accounts:	537385	Stop Loss Premium-Active	\$1,622,237
	537386	Stop Loss Premium-Retiree	\$8,716

Fund:	5610	EmpHth Citicare	
Organization/Activity	40601	Citicare CDHP	
Mission Element	213	Develop and manage health and benefits program	
Project # (CIP Only)	N/A		
Accounts:	537385	Stop Loss Premium-Active	\$507,698
	537386	Stop Loss Premium-Retiree	\$0.00
			\$3,252,100.00

RECOMMENDATION:

Staff is recommending that the City execute a revised service agreement with BlueCross BlueShield of Texas for award of the stop loss coverage.

LIST OF SUPPORTING DOCUMENTS:

Evaluation Matrix
Service Agreement