

July 07, 2025

Tammie L. Hechler
2600 Hollywood Blvd, Suite 206
City of Hollywood, FL 33022

Re: 2026 Gehring Group Recommendation of Stop Loss Insurance Renewal

Dear Ms. Hechler,

The City of Hollywood's stop loss insurance is currently up for renewal for the 2026 calendar year. Below, please find an analysis of the renewal, along with our recommendation.

Currently, the City holds stop loss insurance for both Individual Stop Loss (ISL) and Aggregate Stop Loss (ASL) with Cigna who also administers the City's self-insured medical and prescription insurance program. In 2021, the City raised the ISL level from \$350,000 to \$750,000 with a strategy to create premium savings and self-fund a portion of the large claimant activity. For the 2025 calendar year to date through May, there are 2 large claimants with claims exceeding \$200,000, totaling \$597k in claims. Of these large claimants, there are no large claimants exceeding the ISL threshold of \$750,000. For the rolling 12 months (June 2024 – May 2025), there are 17 large claimants exceeding \$200,000, totaling \$5.1 million in claims.

Gehring Group has conducted an analysis that explores various alternatives in the ISL levels to determine the optimal threshold based on the City's historical large claims. Based on the past 12 months of claims data and the firm and final renewals provided by CIGNA, the \$350k alternate ISL level is estimated to be 15.4% higher (totaling \$907k in added costs) than the \$750k as-is renewal. The \$500k alternate ISL level is estimated to be 7.9% higher (totaling \$468k in added costs) than the \$750k as-is renewal. Through this analysis, Gehring Group is recommending that the City should not change its ISL threshold of \$750,000 due to various factors including: premium changes, historical claims, and the rising cost of healthcare, specifically around specialty medications.

It is Gehring Group's recommendation that the City renew the stop loss insurance with Cigna at the current ISL threshold, guaranteed for 12 months. This renewal results in a 7.9% increase to the current rates (ISL + ASL premium). This increase is below market trend of 15%, which is mainly driven by the forecasted increase in health and prescription costs. In addition, combining the stop loss vendor with the ASO administrator allows for faster and more accurate stop loss reimbursements to the City. This increase in stop loss premium is factored into the established 2026 Cigna premium equivalents in which the City's employee contributions are based on.

The following is a summary of the renewal terms:

- Carrier: CIGNA
- Individual Specific Limit: \$750,000
- Aggregate Claims Corridor: 120%
- ISL Premium (City paid): \$20.21 PEPM
- ASL Premium (City paid): \$5.02 PEPM
- Rate Guarantee: 12 Months

Please do not hesitate to reach out with any additional questions.

Thank you,

Dustin Kuehn

Dustin Kuehn, Senior Benefits Consultant
Gehring Group, a Risk Strategies Company