

STATEMENT OF BUDGET IMPACT
(Policy Number 94-45)
Budgetary Review of Proposed Resolution &
Ordinances with Financial Implication.

Date: November 12, 2015

File: BIS 16 – 040

File: TMP-2015-00557

Proposed Legislation:

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA, AUTHORIZING THE APPROPRIATE CITY OFFICIALS TO ACCEPT A ONE-YEAR POLICY BETWEEN FLORIDA BLUE, ADMINISTERED BY HM LIFE INSURANCE COMPANY, AND THE CITY OF HOLLYWOOD FOR STOP LOSS INSURANCE COVERAGE FOR AN ESTIMATED ANNUAL PREMIUM AMOUNT NOT TO EXCEED 110% OF \$898,761.

Statement of Budget Impact:

1. ☐ No Budget Impact associated with this action;
2. ☒ Sufficient budgetary resources identified/available;
3. ☐ Budgetary resources not identified/unavailable;
4. ☐ Potential Revenue is possible with this action;
5. ☒ Will not increase the cost of Housing;
6. ☐ May increase the cost of Housing; (CDAB review required)

Explanation:

This Resolution seeks authorization for the appropriate City Officials to enter into and accept a one (1) year policy from Florida Blue administered by HM Life Insurance Company for the provision of stop loss insurance coverage for an amount not to exceed 110% of \$898,761.00. Previously, Ascension Benefits & Insurance Solutions, "Ascension", as Agent of Record for the City for the purpose of soliciting insurances for the City including Stop Loss Insurance solicited for and received six (6) quotes from various insurance carriers for Stop Loss Insurance coverage. Ascension has reviewed and evaluated the six proposals and has found that three (3) proposals were lower than the bid received from HM Life Insurance Company, "HM Life", the City's current administrator of Stop Loss Insurance coverage provided through Florida Blue. However, these three proposing companies are considered "non-captive" carriers and do not work simultaneously with Florida Blue. As a consequence, a third party would need to be

retained to file the stop loss claims as they are received with Florida Blue which reduces any cost savings from the proposal costs. Moreover, two other proposals, while initially lower in cost, are, by the terms of the submitted proposals, subject to further disclosure and claims reviews with potential higher deductible amounts (laser liability) for certain claimants with potential high claims.

HM Life, on the other hand, is a captive carrier and is integrated into the Florida Blue system and provides simultaneous funding of all claims above the specific deductible amount which allows the City to avoid having to pre-fund these claims and wait for reimbursement. Additionally, the HM Life contract will renew on a 48/12 basis as opposed to a 24/12 basis which will provide the City with broader claims coverage (up to 48 months.)

Funding is available in the City's Self Insurance Fund (58) and principally in account #58.1241.00000.590.009199 for the desired Stop Loss Insurance.

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