



12/04/2014

Tammie Hechler
Director of Human Resources
2600 Hollywood Blvd., PO Box 229045
Hollywood, FL 33022-9045

RE: Recommendation for 2015 Stop Loss Insurance Renewal Coverage

Dear Mrs. Hechler,

We have completed our market solicitation, review and analysis of the renewal options for the 2015 stop loss insurance coverage on behalf of the City's self-funded medical plan. After final review of claims through 10/31/2014 we have received firm terms from the most competitive markets as outlined in the 2015 Stop Loss Market Analysis comparing all market responses. The attached analysis reflect the contract basis, premium rates and aggregate claim factors for the current \$350,000 specific deductible and an option for \$375,000 should the City wish to reduce the premium and take on a bit more risk. In addition to your renewal offer from Florida Blue/HM Insurance, we received quotes from Optum (part of the UHC family of companies), Voya (formerly ING) and Symetra (the City's SL carrier up until last year when replaced by HM). AIG and SunLife declined as they could not be competitive and we failed to receive a response from Berkley. Each of these carriers is a direct writer and is a significant player in the stop loss insurance market. Optum has provided the most competitive quote based on fixed cost (premium) and aggregate claims liability. However, despite the higher renewal cost there are several advantages to be aware of in renewing the stop loss insurance coverage with Florida Blue/HM Insurance as follows:

- The renewal quotes is firm no disclosure or updated claims required.
- Since this is the captive carrier for Florida Blue they provide simultaneous funding of all claims above the specific deductible level, so the City does not have to pre-fund these claims and wait for reimbursement as would be the case with all the other carriers.
- Because HM and Florida Blue are an integrated system it makes transactions faster, more efficient as claims can be processed, applied to appropriate stop-loss insurance, paid, categorized and reported quickly by the connected systems. There is no information being passed between different systems/companies, which makes for a more streamlined process.
- If a different carrier is chosen confirmation on who/how stop loss insurance claims will be filed and reported needs to be established. As Florida Blue will not file stop loss claims with a non-captive carrier. Ascension could provide this service, but there would be an additional fee to do this estimated at \$1,600/per month or \$19,200/annual.
- A final advantage of HM is that their policy will renew on a 36/12 contract basis, while the other carriers will be 24/12. Not a major advantage, but does provide broader coverage.

Final terms from Florida Blue/HM insurance resulted in a reduction in the initial renewal terms from +32% down to +15% for the specific premium and a reduction in the aggregate claims factors/premium of -4.50% for an overall reduction of about 4% in total plan costs and claims liability for 2015 compared to 2014. Our recommendation based on the final terms received and the advantages noted above is for the City to renew their stop loss insurance coverage with Florida Blue/HM Insurance for the 2015 plan year.

Respectfully Submitted,


Jim Davis

Executive Vice President – Employee Benefits Brokerage/Consulting

Ascension Benefits & Insurance Solutions

700 Central Parkway, Stuart, FL 34994

800.431.2221 *office* | 772.919.8575 *direct*

772.287.1387 *fax* | ascensionins.com

jdavis@ascensionins.com