



Legislation Details (With Text)

File #: R-2020-279 **Version:** 2 **Name:** Stop Loss 2021
Type: Resolution **Status:** Withdrawn
File created: 9/1/2020 **In control:** Office of Human Resources
On agenda: 12/2/2020 **Final action:** 12/2/2020
Title: A Resolution Of The City Commission Of The City Of Hollywood, Florida, Authorizing The Appropriate City Officials To Execute A One-Year Agreement With Cigna For Stop Loss Insurance For An Amount Not To Exceed \$579,146.70.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Reso Stop Loss CIGNA 2021.pdf, 2. Revised 2021 Stop Loss Recommendation.pdf, 3. 2021 Stop Loss Backup.pdf, 4. 11320 - Hollywood - Revised Stop Loss Quotes.pdf, 5. terinsstoploss

Date	Ver.	Action By	Action	Result
12/2/2020	2	Regular City Commission Meeting	adopt	Pass
10/21/2020	1	Regular City Commission Meeting	withdrew	

A Resolution Of The City Commission Of The City Of Hollywood, Florida, Authorizing The Appropriate City Officials To Execute A One-Year Agreement With Cigna For Stop Loss Insurance For An Amount Not To Exceed \$579,146.70.

Employee Development & Empowerment

Staff Recommends: Approval of the attached Resolution.

Explanation:

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 health insurance program. For the 2020 calendar as of August 2020, there were 15 large claimants with claims exceeding \$100,000.00, totaling \$2.4 million in claims. As of November, 2020 there are currently three large claims exceeding the ISL threshold of \$350,000.00 with stop loss reimbursements for the 2020 calendar year of \$70,100.00. Historically there have been two large claims over the \$350,000.00 ISL since 2015. Gehring Group, the City's benefits consultant conducted an analysis that explored various options to determine the optimal threshold based upon the City's historical large claims and premium savings. Due to premium changes, historical claims data, and the current positive trending forecast of a reduced number of large claimants, Gehring is recommending a change in our ISL from \$350,000.00 to \$750,000.00. This change will decrease the current rates which will provide a 57.1% savings to the City by

reducing the annual premium to \$579,146.70. The renewal premium of \$579,146.70 has an added 10% to the actual premium quoted in the back-up documentation which is \$526,497.00 to allow for fluctuations. It is the City's plan to continue to set aside premium savings by taking on more liability, into an account allowing for the City to be self-insured for such high claimants vs. paying a third party for this insurance. Combining our stop loss vendor with our ASO administrator allows for faster and more accurate stop loss reimbursements to the City. This Resolution seeks City Commission authorization to implement a one-year agreement for Stop Loss Insurance between Cigna and the City for a not to exceed of \$579,146.70.

Fiscal Impact:

Funding for this service is available in the Fiscal Year 2021 Operating Budget account number 558.112006.51900.591990.000000.000.000. The new estimated premium amount is a decrease of approximately \$656,759.40 below the prior year amount. Based on historical experience, the City has chosen to increase the threshold for the stop loss insurance coverage. The savings generated from this reduced coverage will be set aside to offset future expenditures should they occur.

Recommended for inclusion on the agenda by:

Tammie L. Hechler, Director of Human Resources

George R. Keller, Jr. CPPT, Deputy City Manager