

# Agenda

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- 5 | 2019 – 2020 Benefit Recommendations

This presentation summarizes the results of an RFP conducted by HUB International on behalf of the City of League City to assess vendors to administer Stop Loss Reinsurance effective October 1, 2019.

The RFP was conducted with the following objectives in mind:

- Aligns with the City of League City's objectives and is supported by management and Council;
- Demonstrated superior member service and claims processing;
- Ability to proactively meet the City of League City's service needs;
- Willingness, experience and capability to effectively administer the programs;
- Support during the implementation process;
- Options to manage costs.

# RFP Vendor Response List

## Stop Loss Reinsurance



Vision Carrier	RESPONDED / DECLINED / DQ	FINALIST
Cigna (Incumbent)	Responded	No
BCBS	Responded	Yes
SABS/PartnerRe	Declined	No
Stealth/American Fidelity	Responded	Yes

# Stop Loss Reinsurance Analysis



	CURRENT	PROPOSED	PROPOSED
	2018-2019	2019-2020	2019-2020
TPA, NETWORK, STOP LOSS:	CIGNA	BCBS	BCBS
STOP LOSS CARRIER:	CIGNA	BCBS	Stealth/AmFidelity
PPO:	CIGNA	BCBS	BCBS
SPECIFIC STOP LOSS DEDUCTIBLE:	\$125,000	\$125,000	\$125,000
SPECIFIC STOP LOSS LIFETIME MAXIMUM:	Unlimited	Unlimited	Unlimited
SPECIFIC STOP LOSS ANNUAL MAXIMUM	Unlimited	Unlimited	Unlimited
SPECIFIC CONTRACT :	Paid/12 (M, Rx)	24/12 (M, Rx)	24/12 (M, Rx)
AGGREGATE CONTRACT CORRIDOR:	125%	125%	125%
AGGREGATE CONTRACT MAXIMUM:	Unlimited	Unlimited	\$1,000,000
AGGREGATE CONTRACT:	Paid/12 (M, Rx)	24/12 (M, Rx)	24/12 (M, Rx)
<b>SPECIFIC PREMIUM: (Composite)</b>	\$140.46	\$158.30	\$178.38
MONTHLY TOTAL	\$75,287	\$84,849	\$95,612
ANNUAL TOTAL	\$903,439	\$1,018,186	\$1,147,340
<b>AGGREGATE PREMIUM: (Composite)</b>	\$4.78	\$5.15	\$4.28
MONTHLY TOTAL	\$2,562	\$2,760	\$2,294
ANNUAL TOTAL	\$30,745	\$33,125	\$27,529
<b>TOTAL STOP LOSS PREMIUM:</b>			
COMBINED MONTHLY TOTAL	\$77,849	\$87,609	\$97,906
COMBINED ANNUAL TOTAL	\$934,184	\$1,051,310	\$1,174,869
<b>DOLLAR CHANGE FROM CURRENT</b>	n/a	\$117,127	\$240,685
<b>PERCENTAGE CHANGE FROM CURRENT</b>	n/a	12.54%	25.76%
<b>AGGREGATE STOP LOSS FACTORS:</b>			
BUY UP PLAN	\$1,214.98	\$974.73	\$1,275.83
MID PLAN	\$1,117.31	\$974.73	\$1,275.83
HSA PLAN	\$855.80	\$974.73	\$1,275.83
Monthly Aggregate Accumulation	\$599,174	\$522,455	\$683,845
Annual Aggregate Accumulation	\$7,190,090	\$6,269,463	\$8,206,139
<b>Projected Claims - Carrier</b>	<b>\$5,752,072</b>	<b>\$5,015,571</b>	<b>\$6,564,911</b>
<b>PROJECTED ADDED COST OF LASERS</b>	<b>\$375,000</b>	FINAL	<b>\$525,000</b>
<b>DOLLAR CHANGE FROM CURRENT</b>	n/a	-\$736,501	\$812,839
<b>PERCENTAGE CHANGE FROM CURRENT</b>	n/a	-12.80%	14.13%

# Self Funded Plan Exhibit 2019-2020



	2018-2019	Proposed 2019-2020
TPA, NETWORK, PBM, STOP LOSS:	Cigna	BCBS
STOP LOSS CARRIER:	Cigna	BCBS
PBM	Cigna	CVS
PPO:	OAP	BLUE CHOICE
SPECIFIC STOP LOSS DEDUCTIBLE:	\$125,000	\$125,000
SPECIFIC STOP LOSS LIFETIME MAXIMUM:	Unlimited	Unlimited
SPECIFIC STOP LOSS ANNUAL MAXIMUM:	Unlimited	Unlimited
SPECIFIC CONTRACT :	24/12 (M, Rx)	24/12 (M, Rx)
AGGREGATE CONTRACT CORRIDOR:	125%	125%
AGGREGATE CONTRACT MAXIMUM:	Unlimited	Unlimited
AGGREGATE CONTRACT:	24/12 (M, Rx)	24/12 (M, Rx)
SPECIFIC PREMIUM: Composite	\$133.93	\$158.30
Dependents	\$133.93	\$158.30
<b>MONTHLY TOTAL</b>	<b>\$71,385</b>	<b>\$84,374</b>
<b>ANNUAL TOTAL</b>	<b>\$856,616</b>	<b>\$1,012,487</b>
AGGREGATE PREMIUM (Per Employee):	\$4.78	\$5.15
<b>MONTHLY TOTAL</b>	<b>\$2,548</b>	<b>\$2,745</b>
<b>ANNUAL TOTAL</b>	<b>\$30,573</b>	<b>\$32,939</b>
AGGREGATE STOP LOSS FACTOR:		
MID PLAN	\$1,117.31	\$974.73
BUY UP PLAN	\$1,214.98	\$974.73
HSA PLAN	\$855.80	\$974.73
Monthly Aggregate Accumulation	\$596,018	\$519,531
Annual Aggregate Accumulation	\$7,152,211	\$6,234,373
Projected Claims - Carrier	\$5,721,768	\$4,987,498
MEDICAL ADMINISTRATION:	\$27.81	\$47.48
<b>MONTHLY TOTAL</b>	<b>\$14,823</b>	<b>\$25,307</b>
<b>ANNUAL TOTAL</b>	<b>\$177,873</b>	<b>\$303,682</b>
DOLLAR CHANGE FROM CURRENT	N/A	\$125,809
PERCENTAGE Δ FROM CURRENT	N/A	70.7%
<b>FIXED MONTHLY TOTAL</b>	<b>\$88,755</b>	<b>\$112,426</b>
<b>FIXED ANNUAL TOTAL</b>	<b>\$1,065,062</b>	<b>\$1,349,108</b>
DOLLAR CHANGE FROM CURRENT	N/A	\$284,046
PERCENTAGE Δ FROM CURRENT	N/A	26.7%
HEALTH REFORM FEES (PCORI)	\$2,331	\$2,331
ESTIMATED FEE CREDITS / ALLOWANCES	\$0	\$40,000
PROJECTED RUN OUT ADMIN COST (3 MONTHS)	\$0	\$20,598
PROJECTED ADDED COST OF LASERS	\$375,000	\$0
MAXIMUM FUNDING	\$716,216.98	\$630,534.21
MAXIMUM ANNUAL FUNDING	\$8,594,604	\$7,566,411
DOLLAR CHANGE FROM CURRENT	N/A	-\$1,028,193
PERCENTAGE Δ FROM CURRENT	N/A	-12.0%
EXPECTED MONTHLY FUNDING	\$597,013.47	\$533,294.66
EXPECTED ANNUAL FUNDING	\$7,164,162	\$6,399,536
DOLLAR CHANGE FROM CURRENT	N/A	-\$417,646
PERCENTAGE Δ FROM CURRENT	N/A	-10.7%

# BCBS Plan Design 2019-2020



MEDICAL BENEFITS	HDHP / HSA	Mid Plan	Buy Up
	BCBS	BCBS	BCBS
<b>Deductible</b>			
In-Network	\$2,700 Ind./ \$5,200 Fam.	\$1,000 Ind./ \$2,000 Fam.	\$500 Ind./ \$1,000 Fam.
Non-Network	\$5,200 Ind. / \$10,600 Fam.	\$5,000 Ind. / \$10,000 Fam.	\$2,000 Ind./ \$4,000 Fam.
<b>Out Of Pocket Max</b>	Includes Ded. / Coins. / Copays	Includes Ded. / Coins. / Copays	Includes Ded. / Coins. / Copays
In-Network	\$5,200 Ind./ \$10,000 Fam.	\$3,500 Ind./ \$6,000 Fam.	\$2,000 Ind / \$4,000 Fam.
Non-Network	\$10,600 Ind. / \$20,000 Fam.	\$15,000 Ind./ \$30,000 Fam.	\$10,000 Ind./ \$20,000 Fam.
<b>Coinsurance</b>			
In-Network	15%	15%	15%
Non-Network	40%	40%	40%
<b>Lifetime Max</b>	Unlimited	Unlimited	Unlimited
<b>Preventive Care</b>			
In-Network	\$0 - No Cost Sharing	\$0 - No Cost Sharing	\$0 - No Cost Sharing
Non-Network	Ded./ 40%	Ded./ 40%	Ded./ 40%
<b>Physician Office Visit</b>			
In-Network Dep. Child Age 0-19	Virtual Visit- Ded./ 20%	Virtual Visit- \$0 copay	Virtual Visit- \$0 copay
In-Network >19	Ded./ 15%	\$10 Copay	\$10 Copay
Non-Network	Ded./ 15%	\$20 Copay	\$20 Copay
	Ded./ 40%	Ded./ 40%	Ded./ 40%
<b>Specialist Office Visit</b>			
In-Network Dep. Child Age 0-19	Ded./ 15%	\$10 Copay	\$10 Copay
In-Network >19	Ded./ 15%	\$35 Copay	\$25 Copay
Non-Network	Ded./ 40%	Ded./ 40%	Ded./ 40%
<b>Basic Lab &amp; Radiology</b>			
In-Network	Ded./ 15%	15%*	15%*
Non-Network	Ded./ 40%	Ded./ 40%	Ded./ 40%
<b>Emergency Room</b>			
In-Network	Ded./ 15%	\$150 Copay, then Ded/Coins	\$150 Copay, then Ded/Coins
Non-Network	Ded./ 40%	\$150 Copay, then Ded/Coins	\$150 Copay, then Ded/Coins
<b>Urgent Care</b>			
In-Network	Ded./ 15%	\$50 Copay	\$50 Copay
Non-Network	Ded./ 40%	Ded./ 40%	Ded./ 40%
<b>Rehabilitative Therapy PT / OT / ST</b>			
In-Network Dep. Child Age 0-19	Ded./ 15%	\$10 Copay	\$10 Copay
In-Network >19	Ded./ 15%	\$35 Copay	\$25 Copay
Non-Network	Ded./ 40%	Ded./ 40%	Ded./ 40%
Note: This is a brief summary and not intended to be a contract.		Covered under Office Visit Copay when service occurs in office visit setting; Covered under coinsurance when procedure occurs in outpatient or independent lab.	Covered under Office Visit Copay when service occurs in office visit setting; Covered under coinsurance when procedure occurs in outpatient or independent lab.

# Proposed Premium Cost 2019-2020



Proposed Premium Cost 2019-2020													
Buy Up Plan	Full Time Employees	Medical Rate	City Contribution (\$)	City Contribution (%)	Employee Contribution (\$)	Employee Premium	Premium Increase (\$)	Premium Increase (%)		Buy Up Plan	Premium	City Contribution	Employee Premium
Employee	78	\$756.24	\$673.57	89.1%	\$82.67	\$82.67	\$0.47	0.6%		Employee	\$756.24	\$673.57	\$82.67
+ Spouse	9	\$945.32	\$623.82	66.0%	\$321.50	\$404.17	\$2.29	0.6%		Emp/Spouse	\$1,701.56	\$1,297.39	\$404.17
+ Child(ren)	17	\$741.12	\$489.07	66.0%	\$252.05	\$334.72	\$1.90	0.6%		Emp/Child(ren)	\$1,497.36	\$1,162.64	\$334.72
+ Family	18	\$1,588.12	\$1,048.01	66.0%	\$540.11	\$622.78	\$3.53	0.6%		Family	\$2,344.36	\$1,721.58	\$622.78
<b>Total Contributions</b>	<b>78</b>	<b>\$1,304,158</b>	<b>\$1,023,973</b>	<b>78.5%</b>	<b>\$280,184</b>								
Mid Plan	Full Time Employees	Medical Rate	City Contribution (\$)	City Contribution (%)	Employee Contribution (\$)	Employee Premium	Premium Increase (\$)	Premium Increase (%)		Mid Plan	Premium	City Contribution	Employee Premium
Employee	430	\$683.63	\$673.63	98.5%	\$10.00	\$10.00	\$0.00	0.0%		Employee	\$683.63	\$673.63	\$10.00
+ Spouse	42	\$854.55	\$623.82	73.0%	\$230.73	\$240.73	\$1.31	0.5%		Emp/Spouse	\$1,538.17	\$1,297.45	\$240.73
+ Child(ren)	83	\$669.96	\$489.07	73.0%	\$180.89	\$190.89	\$1.03	0.5%		Emp/Child(ren)	\$1,353.59	\$1,162.70	\$190.89
+ Family	77	\$1,435.63	\$1,048.01	73.0%	\$387.62	\$397.62	\$2.20	0.6%		Family	\$2,119.26	\$1,721.64	\$397.62
<b>Total Contributions</b>	<b>430</b>	<b>\$5,952,015</b>	<b>\$5,245,801</b>	<b>88.1%</b>	<b>\$706,214</b>								
Core HSA Plan	Full Time Employees	Medical Rate	City Contribution (\$)	City Contribution (%)	Employee Contribution (\$)	Employee Premium	Premium Increase (\$)	Premium Increase (%)		Core HSA Plan	Premium	City Contribution	Employee Premium
Employee	28	\$594.75	\$594.75	100.0%	\$0.00	\$0.00	\$0.00	0.0%		Employee	\$594.75	\$594.75	\$0.00
+ Spouse	3	\$743.45	\$623.82	83.9%	\$119.63	\$119.63	\$0.68	0.6%		Emp/Spouse	\$1,338.20	\$1,218.57	\$119.63
+ Child(ren)	1	\$582.86	\$489.07	83.9%	\$93.79	\$93.79	\$0.53	0.6%		Emp/Child(ren)	\$1,177.61	\$1,083.82	\$93.79
+ Family	5	\$1,248.98	\$1,048.01	83.9%	\$200.97	\$200.97	\$1.13	0.6%		Family	\$1,843.74	\$1,642.76	\$200.97
<b>Total Contributions</b>	<b>28</b>	<b>\$308,535</b>	<b>\$291,044</b>	<b>94.3%</b>	<b>\$17,491</b>								
<b>HSA Contributions</b>	<b>28</b>	<b>\$46,500</b>	<b>\$46,500</b>		<b>\$0</b>								
<b>Total Contributions Incl HSA</b>	<b>28</b>	<b>\$355,035</b>	<b>\$337,544</b>		<b>\$17,491</b>								
		Individual	Family										
ER HSA Contr.		\$1,500	\$2,000										
All Plans	Full Time Employees	Total Medical Cost	City Contribution (\$)	City Contribution (%)	Employee Contribution (\$)								
<b>Total Contributions - All Plans</b>	<b>536</b>	<b>\$7,611,207</b>	<b>\$6,607,318</b>	<b>86.8%</b>	<b>\$1,003,889</b>								
<b>Change from current (\$)</b>		<b>\$56,912</b>	<b>\$51,509</b>		<b>\$5,402</b>								
<b>Change from current (%)</b>		<b>0.8%</b>	<b>0.8%</b>		<b>0.5%</b>								



# 2019 – 2020 Recommendation

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## **Stop Loss Reinsurance**

BCBS is recommended at \$125,000 Specific deductible based on the responses provided and no proposed Individual deductible laser.

Alternatives to increase deductible to \$150,000 and \$175,000 were reviewed but were not competitive based on risk and financial review.

## **Group Medical Plan Design and Contributions**

Based on the cost-effective results of the RFP and the reduced Stop Loss Reinsurance through liability with BCBS, the overall increase to rates proposed is 0.8% for 2019-2020 plan year. HUB has reviewed and provided premium costs to fund the plan cost and claims liability for 2019-2020 for Staff and Council approval.