



Legislation Details (With Text)

File #:	20-0326	Version:	3	Name:	2020-21 Employee Stop-Loss Insurance
Type:	Agenda Item	Status:		Approved:	Approved
File created:	7/31/2020	In control:		City Council:	City Council
On agenda:	8/11/2020	Final action:		8/11/2020:	8/11/2020
Title:	Consider and take action on a resolution approving the employee stop-loss insurance with Blue Cross Blue Shield (BCBS) for the period October 1, 2020 to September 30, 2021 (Director of Human Resources and Civil Service)				

Sponsors:

Indexes:

Code sections:

Attachments: 1. Data Sheet, 2. Proposed Resolution, 3. Stop-Loss Renewal Analysis, 4. Unchanged 2020 Premium Contributions

Date	Ver.	Action By	Action	Result
8/11/2020	3	City Council	Approved	Pass

Consider and take action on a resolution approving the employee stop-loss insurance with Blue Cross Blue Shield (BCBS) for the period October 1, 2020 to September 30, 2021 (Director of Human Resources and Civil Service)

Approval of this item will adopt stop loss insurance and authorize the City Manager to execute all contracts related to this program.

The Stop-Loss Request for Proposal (RFP) was released on Tuesday, June 16, 2020 and closed on Wednesday, July 1, 2020. June final claims data was not available until mid-July with best and final offers submitted and received on July 24, 2020. As in previous years, providers typically require claims data that is at least within 90 days of the end of the coverage period.

Stop-Loss Insurance

Responses were received from the incumbent, Blue Cross Blue Shield and two independent carriers. HUB International, our benefits consultant, conducted an initial analysis including the renewal by BCBS (incumbent) prior to the submittal of June claims data. Based on the initial analysis, two finalists were identified: BCBS and SAB/Companion Life.

Following the receipt of June claims, the BCBS best and final offer came in at an overall percentage change that was 7.9% more than the current year's cost (\$509,761.00 dollar change amount). This includes no added individual laser costs and an additional admin credit of \$15,000.00 used for wellness-related items, such as arranging flu shots and lunch 'n learn health-related activities (admin credit totalling \$40,000.00). SAB//Companion Life came in at a 3.3% decrease from the current year's cost (-\$214,982.00). However, the offer did include a \$1 million aggregate contract maximum and an added \$525,000 individual laser cost. The additional liability is included in the expected and maximum plan funding amounts (+\$400K).

The current Plan Year 2020 Funding Rates fund \$7.85 million based on the average plan enrollment of 549 employees; an increase of 13 people from the start of the current plan year. Per HUB, as of June 2020 claims data, it is projected that League City has \$800,000.00 in premiums collected over current claims costs. It is expected that this \$800K surplus will result in the City having enough in its current and future fund balance. Based on this information, City staff recommends that premiums, co-pays and/or deductibles remain unchanged.

While both options are competitive, staff is recommending remaining with BCBS for the next year. Dealing directly with the incumbent allows our employees to have faster turnaround and approval of claims as well as continued excellent customer service.

Premium rates for dental and vision benefits are under a rate guarantee: Cigna dental through September 30, 2021 and Davis Vision through September 30, 2023.

This information will be provided to our Employee Benefit Committee on Thursday, August 6, 2020 and it is anticipated the information will be received positively.

Attachments:

1. Data sheet
2. Proposed Resolution
3. Stop-Loss Renewal Analysis
4. Unchanged 2020 Premium Contributions

FUNDING

{x} Funds are available from the Employee Benefit Fund, Health Insurance account 40301650-54650

{ } Requires Budget Amendment to transfer from Account # _____ to Account # _____

{ } NOT APPLICABLE

STRATEGIC PLANNING

{ } Addresses Strategic Planning Critical Success Factor # _____ and Initiative # _____

{x} NOT APPLICABLE