



CITY COUNCIL COMMUNICATION

August 11, 2015

SUBJECT: Renewal of Contract for Re-Insurance Services for the City's Health Insurance Plan

SUBMITTED BY: Carolyn Marshall, HR/Risk Administrator

REFERENCE NO: RFP No. 007-13

ACTION REQUESTED:

Consider extension of contract, per RFP No. 007-13, with HM Insurance Group for specific stop loss re-insurance coverage for the City's health insurance program. This extension will cover the period of October 1, 2015 to September 30, 2016.

ALTERNATIVES:

- Table the request
- Deny the request

SUMMARY OF SUBJECT:

Re-insurance provides coverage to limit the City's loss exposure for health insurance claims. Specific coverage limits the loss per individual. HM has provided the City with excellent service over the past two years. Their 2013 proposal provided a one (1) year term with the ability to extend for subsequent policy terms. HM has agreed to an extension of the contract with an increase that is below medical trend. The requested increase is 10%. The policy provisions remain unchanged, with an individual deductible of \$100,000, a \$110,000 aggregating specific deductible, unlimited lifetime maximum coverage, and 1 individual laser. Transplants have been carved out and are covered under a fully insured policy. Pricing is based on the Aetna Signature Administrators Network. Staff believes this increase is reasonable and recommends the extension be granted.

FINANCIAL CONSIDERATIONS:

Revenue Sources: City Contribution
Expenditure Accounts: 610-5015-519-52.03
Budgeted Fiscal Year(s): FY 2016
Budgeted Expenditure: \$507,503.00
Estimated Expenditure: \$482,800.56
Over/**Under** Projection By: \$ 24,702.44
Other Comments:

SUPPORTING DOCUMENTS:

- Proposal Analysis

APPROVED BY:

_____ **LG** _____ City Manager's Office
_____ **KS** _____ City Secretary's Office