



CITY COUNCIL COMMUNICATION

August 31, 2010

SUBJECT: Re-Insurance Services for the City's Health Insurance Plan
SUBMITTED BY: Carolyn Marshall, HR/Risk Administrator
REFERENCE NO: RFP No. 014-10

ACTION REQUESTED:

Consider award of RFP No. 014-10 for re-insurance coverage for the City's health insurance program for October 1, 2010 to September 30, 2011 as follows: Specific Stop Loss Coverage to HM Insurance Group and Aggregate Excess Loss Coverage to Aetna Insurance Company.

ALTERNATIVES:

- Approve as requested
- Award to different vendor
- Reject proposals

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 and aggregate coverage limits the plan's total loss.

The policies will have an effective date of October 1, 2010 and will have a term of one (1) year. The proposals include a deductible of \$100,000 per person with a \$110,000 aggregating specific deductible.

Staff recommends awarding the Specific Stop Loss Coverage to HM Insurance Group. They submitted the lowest price based on the requested individual deductible of \$100,000, with a \$110,000 aggregating specific deductible, unlimited lifetime maximum coverage and pricing based on the recommended Aetna Signature Network. The annual fixed premium is \$348,485.64. Additionally, staff considered the individual lasers taken by each company. HM has the least exceptions to the \$100,000 deductible. Other proposals resulted in a smaller annual premium but with significantly more lasers and with higher individual deductibles.

Staff recommends awarding the Aggregate Excess Loss Coverage to Aetna Insurance Company based on the best overall value. While the annual fixed premium is the

highest at \$25,787.16, they provided the lowest annual exposure at \$4,211,620.20. This coverage limits the plans overall exposure and will reimburse the plan if aggregate claims exceed the exposure limit.

FINANCIAL CONSIDERATIONS:

Revenue Sources: 610-0000-490-20-01; 610-0000-491-21-01
Expenditure Accounts: 610-5015-519-52-03
Budgeted Fiscal Year(s): 2010-2011
Estimated Expenditure: \$374,272.80
Over/(Under) Projection By: \$4,116.80
Other Comments:

SUPPORTING DOCUMENTS:

- Reinsurance Quotes
- Vendor List

APPROVED BY:

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