

# CITY OF LONG BEACH R-14

DEPARTMENT OF HUMAN RESOURCES

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**DEBORAH R. MILLS**  
DIRECTOR

December 17, 2013

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Authorize the City Manager to execute an agreement with Sun Life, via stHealth Benefit Solutions, for healthcare specific stop-loss reinsurance coverage at a cost of \$792,500 for a 12-month period, with a \$500,000 deductible level; and execute any subsequent amendments necessary to maintain current benefit levels and remain in compliance with state and federal laws. (Citywide)

## DISCUSSION

Since 2008, the City has purchased stop-loss insurance for large claims that exceed \$500,000 for individual claims within a plan year to support the City's self-funded medical and prescription drug programs. On October 1, 2013, the City Council approved health and life insurance agreements for the plan year that begins on January 1, 2014; however, at that time, the stop-loss insurance rates had not yet been finalized and staff committed to return to the City Council for authorization to contract for the specific stop-loss insurance.

Alliant Insurance Services, the City's current health insurance consultant, conducted a competitive bid process based on the City's current rate and historical large claims experience. Of the 14 carriers that were invited to submit a quote, only two quotes were received. Sun Life, via stHealth Benefit Solutions, the City's current stop-loss carrier proposed the most competitive rate, which is an 18% increase over the 2013 rate; the other quote was 39.8% higher than the current rate.

The specific stop-loss agreement with Sun Life will run concurrently with the City's benefit plan carrier contracts, from January 1, 2014 through December 31, 2014.

This matter was reviewed by Deputy City Attorney Linda Vu on November 21, 2013 and Budget Analysis Officer Grace Yoon on December 2, 2013.

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TIMING CONSIDERATIONS

City Council action is requested December 17, 2013, to ensure that the stop-loss insurance is in place for 2014 benefit year.

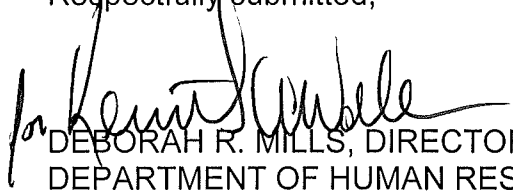
FISCAL IMPACT

The estimated annual cost for the City's stop-loss insurance coverage with Sun Life, via stHealth Benefit Solutions, for the 12-month 2014 benefit year is \$792,500, which is budgeted in Citywide Activities (XC), Employee Benefits Fund (IS 391). There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,

  
DEBORAH R. MILLS, DIRECTOR  
DEPARTMENT OF HUMAN RESOURCES

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APPROVED:

  
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PATRICK H. WEST  
CITY MANAGER