

CITY OF LONG BEACH

DEPARTMENT OF HUMAN RESOURCES

R-23

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DEBORAH R. MILLS
DIRECTOR

December 16, 2014

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute an agreement with VOYA (formerly ING), for healthcare specific stop-loss reinsurance coverage with a \$500,000 deductible level at a cost of \$773,783 for a 12-month period effective January 1, 2015; 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 7, 2014, the City Council approved health and life insurance agreements for the plan year that begins on January 1, 2015; 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 eight (8) carriers who participated in the bid process, six (6) declined to submit a quote, and two quotes were received. Sun Life, the existing carrier, proposed a 9.3 percent increase for 2015, and VOYA (formerly ING) proposed the most competitive rate with a zero percent (0%) increase. VOYA has confirmed its ability to data interface with the City's current self-funded medical carriers, for a seamless transition.

The specific stop-loss agreement with VOYA will run concurrently with the City's benefit plan carrier contracts, from January 1, 2015, through December 31, 2015.

This letter was reviewed by Deputy City Attorney Linda Vu on November 20, 2014, and by Budget Management Officer Victoria Bell on December 1, 2014.

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TIMING CONSIDERATIONS

City Council action is requested December 16, 2014, so that the stop-loss carrier will be in place as close to the start of the benefit year, effective January 1, 2015.

FISCAL IMPACT

The estimated annual cost for the City's stop-loss reinsurance coverage with VOYA for the 12-month 2015 plan year is \$773,783, which is budgeted in the Employee Benefits Fund (IS 391) in the Citywide Activities Department (XC). 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:



PATRICK H. WEST
CITY MANAGER