



CITY OF LONG BEACH

DEPARTMENT OF HUMAN RESOURCES

R-26

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DEBORAH R. MILLS
DIRECTOR

January 22, 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 with a \$500,000 deductible level at a cost of \$693,406 for a 12-month period; and execute any subsequent amendments necessary to maintain current benefit levels and remain in compliance with state and federal laws. (Citywide)

DISCUSSION

On October 2, 2012, the City Council approved health and life insurance agreements for the plan year that began on January 1, 2013. Since 2008, the City has obtained stop-loss insurance for large claims that exceed \$500,000 per individual claim, within a plan year. Specifically, it was determined that the City's self-funded medical and prescription drug programs should be supported by a specific stop-loss agreement.

In addition, staff committed to return to City Council with the insurance carrier selected to provide the City's specific stop-loss insurance, followed by a competitive bid process closer to the plan year start date. The selection process has been completed, and Sun Life, via stHealth Benefit Solutions, proposed the most competitive rates and provided the ability to data interface with the City's current self-funded medical carriers. The negotiated contract with Sun Life is 8.1 percent lower than the current carrier, ING Employee Benefits.

The specific stop-loss agreement with Sun Life, via stHealth Benefit Solutions will run concurrently with the City's benefit plan carrier contracts, from January 1, 2013 through December 31, 2013.

This matter was reviewed by Assistant City Attorney Michael Mais and Budget Management Officer Victoria Bell on December 27, 2012.

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TIMING CONSIDERATIONS

City Council action is requested January 22, 2013, so that the stop-loss coverage can be in place for the 2013 benefit plan year.

FISCAL IMPACT

The estimated annual cost for the City's stop-loss reinsurance coverage with Sun Life, via stHealth Benefit Solutions for the 12-month 2013 plan year is \$693,406, 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:



PATRICK H. WEST
CITY MANAGER