



CITY OF LONG BEACH

DEPARTMENT OF HUMAN RESOURCES

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ALEJANDRINA R. BASQUEZ
DIRECTOR

December 11, 2018

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to execute an agreement with VOYA, for healthcare specific stop-loss reinsurance coverage with a \$500,000 deductible level, at an estimated cost of \$1,190,502, for a 12-month period effective January 1, 2019; and, execute any subsequent amendments necessary to maintain current benefit levels and remain in compliance with state and federal laws. (Citywide)

DISCUSSION

The Human Resources Department administers the Employee Benefits Program (Program) for active and retired City employees and their qualified dependents. The Program includes a self-insured PPO medical plan option and stop-loss insurance to protect the City against large claim losses. The stop-loss insurance reimburses the Program in the event an individual plan participant has medical claims that exceed \$500,000 within a plan year. Industry trend for coverage at this level is at or above 25 percent.

On September 11, 2018, the City Council approved health and life insurance agreements for the plan year that begins on January 1, 2019; 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 carriers who were solicited to provide stop-loss coverage, seven carriers declined to quote due to the City's ongoing high cost claimant risk concerns; therefore, one quote was received. VOYA, the City's current stop-loss carrier, proposed the most competitive rate with a 19.29 percent increase from the current 2018 plan year cost of \$997,951. The estimated annual cost for the City's stop-loss reinsurance coverage with VOYA for the 12-month 2019 plan year is \$1,190,502. The stop-loss insurance coverage is an important component to the City's employees benefit program to provide protection against catastrophic or unpredictable losses due to high-cost claims.

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The specific stop-loss agreement with VOYA will run concurrently with the City's benefit plan carrier contracts, from January 1, 2019 through December 31, 2019.

This matter was reviewed by Principal Deputy City Attorney Gary J. Anderson on November 26, 2018 and by Budget Management Officer Rhutu Amin Gharib on November 21, 2018.

TIMING CONSIDERATIONS

City Council action is requested December 11, 2018, to ensure continuation of stop-loss insurance coverage.

FISCAL IMPACT

The estimated annual cost for the City's stop-loss reinsurance coverage with VOYA for the 12-month 2019 plan year is \$1,190,502, 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,



ALEJANDRINA R. BASQUEZ, DIRECTOR
DEPARTMENT OF HUMAN RESOURCES

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APPROVED:



PATRICK H. WEST
CITY MANAGER